



# The Aviva Real Retirement Report Issue Three

September 2010

# Foreword

This is the third Aviva Real Retirement Report, a quarterly analysis of the finances and related concerns of people in three distinctive ages of retirement (55 - 64; 65 - 74 and over 75) (see page 3). This report covers the quarter to September 2010.

As the media interest grows in the issue of retirement and how longevity will impact on individuals as well as the economy, we have used this Report to look at the difference between the length of a person's working life compared to the length of their retirement (page 6). The report also looks at the unexpected expenses that over 55s face and how they fund them (page 4).

In addition, we track the latest trends on subjects covered in previous reports to develop the broadest possible understanding of this key population group. The key trends identified in this quarter's report are:

## September Spotlights:

- **Unexpected expenses eating into savings** - 25% of over 55s have dipped into savings that provide them with an income in order to pay for unexpected expenses (see page 4)
- **Retirement vs. work imbalance** - Currently, over 55s are trying to finance every year of retirement with just under two years of work (see page 6)

## Overview of the Three Age Groups' Finances:

- **Food is largest single expenditure** – 23% of over 55s' expenditure is on food so the relative stability of this cost is a bonus for this hard-pressed age group (see page 8)
- **Income increases but gender divide still significant** – Men have 34% more income in retirement than women (see page 10)
- **State pension is primary income source** – Largest single source of income for the over 55s is the state pension (23%) (See page 10)
- **Over 55s' biggest fear is the rising cost of living** – both for the next six months and the next five years (see page 14)

# The Three Ages of Retirement

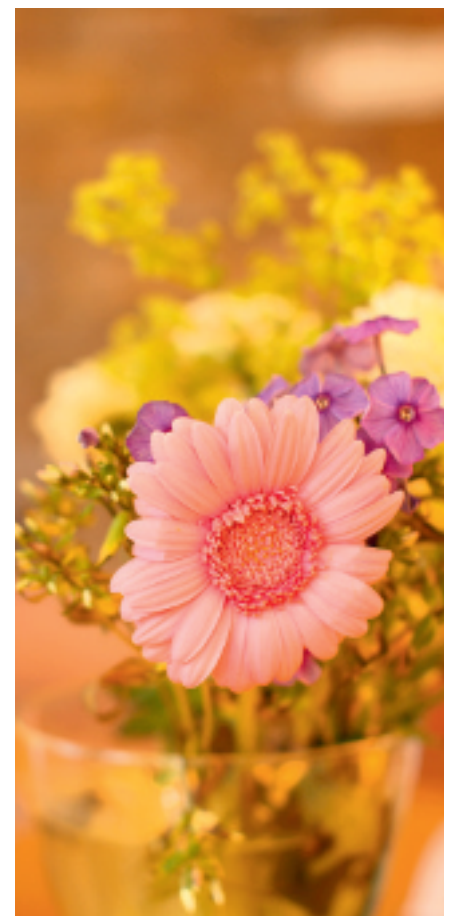
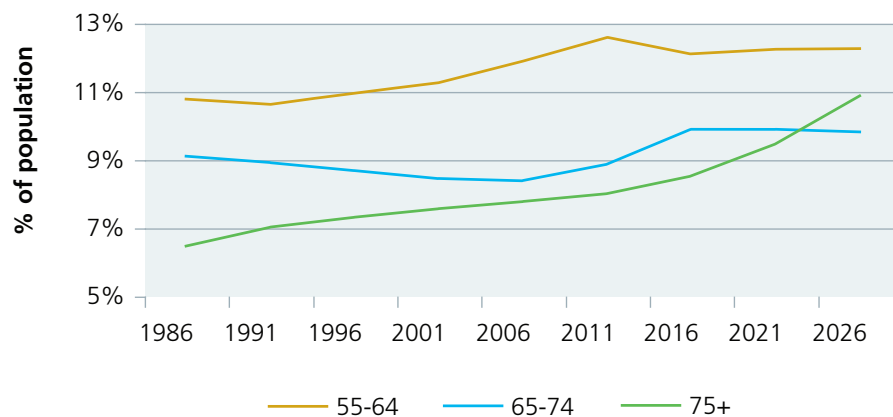
The Aviva Real Retirement Report considers retirement as three stages to reflect the fact that 'retirement' has several different ages, rather than simply being a single event.

## Three Ages of Retirement

- **Pre-retirees** - (55 to 64 years old) are on the countdown to retirement but many still have outstanding mortgages and may not be saving enough to fund the retirement lifestyle they desire.
- **Retiring** - (65 to 74 years old) have passed the current Government retirement age and while some may still be working, many are looking to relax after a long working life.
- **Long-term retired** - (75 years and older) most are 10 years or more into retirement. The majority of people with private pensions will have been collecting income from their annuities for several years now.

See the Appendix for a more detailed review of the three retirement ages.

## Population Trends



# September Spotlight 1

## Unexpected expenses eating into savings

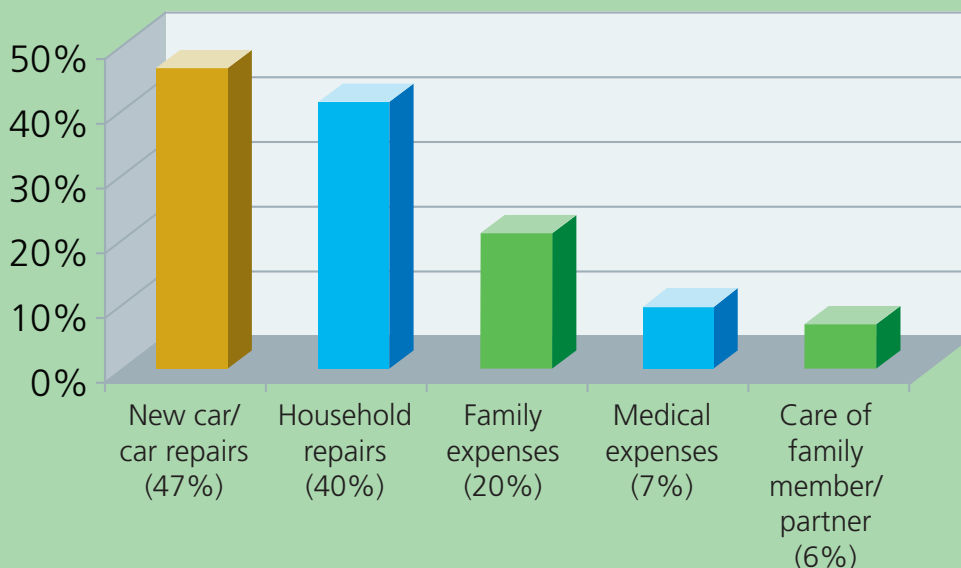
### Unexpected Expenses – The Reality

Aviva research shows that 61% of over 55s worried about how they will pay for unexpected expenses of £500 or more. With this in mind, this issue of the Real Retirement Report takes a closer look at how older people cope with these unforeseen costs.

### Most Common Unexpected Expenses

Nine out of ten (92%) of over 55s have been faced with unexpected expenses in the last five years, so while people focus on saving to maintain their lifestyle in retirement, 'rainy day' cash is also very important. The most common unplanned expenses were the need for a new car or to repair an existing one (47%), financing household repairs (40%) and paying for a family event such as a wedding (20%). Holidays (40%), while planned, were also named as an expense that this age group had not prepared for.

### Most Common Unexpected Expenses



### No Emergency Savings Fund

While 92% of over 55s experienced unexpected expenses in the last five years, 55% did not make any provision for these unplanned outlays. Indeed, only 6% have made any provision for long term care, 9% for private medical care and 23% for the upkeep of their homes.

“People constantly worry about putting enough into their pension, but often forget that retirees need to save for unexpected expenses too. Indeed, we find that very few people consider the implications of needing care and support as they age. It is vitally important that this type of expense is considered prior to retirement”

Stephen Burke, Chief Executive of Counsel and Care, the national charity for older people, their families and carers

The older age group (over 75) is the least prepared for unexpected expenses (only 39% budget for these costs) followed by the retiring (45%) and the newly retired (48%). In addition, women (42%) are slightly less likely to prepare for these types of potential expenses than men (48%) – potentially highlighting a reliance on their spouses' savings.

### **Financing Unexpected Expenses**

Taking a closer look at how these expenses have been funded in the last five years, 45% dipped into an emergency savings fund and 25% used income-generating savings such as bonds and ISAs. In addition, 17% cut back in other areas, 11% took out a credit card or loan and 6% sold assets.

The long-term retired - who have been economically inactive for an average of 12 years - were most likely to dip into their income-generating savings (27%) and least likely to use emergency savings (38%). This might then suggest some over 75s may have used up their 'rainy day' savings in early retirement, and are now forced to sacrifice potential future income to pay for immediate expenses.

The youngest age group (55 – 64) is the most likely to take out a loan or a credit card (13%) to pay for unexpected expenses. However, this does raise the question of how this credit will be paid off at a time when saving for retirement is key.



# September Spotlight 2

## Financing Retirement – The Financial Equation

The increased longevity of the UK population and the significant trend of 'under-investment' in retirement provision is a real and growing problem. Therefore, this section looks at the 'financial equation' behind retirement – comparing the average amount of time in retirement to the average length of a working life. The results are shocking! Analysis of data from the Office of National Statistics reveals that today's over 55s typically retire when they reach 63 and a half and can expect to reach an average age of just over 88 years. This means that having typically started work at 17 - and factoring in periods of economic inactivity - they will have enjoyed a working life of 44 years, and then can look forward to a retirement of 25 years. This means that they are seeking to finance each year of retirement with just under two years in work – a potentially difficult imbalance, considering how little most people save towards their retirement each year.

	Average lifespan	Average length of working life	Average length of time in Retirement	Average time at work per year of Retirement
All Over 55s	88	44	25	1 year 10 months
55 – 64	83	44	19	2 years 3 months
65 – 74	85	44	21	2 years
Over 75	93	44	30	1 year 6 months

### Longevity Issues

The longer a person lives, the more likely they are to reach a significant age so the long-term retired (over 75) are expected to live to 93 years of age and will be the hardest pressed to make their pension last throughout their 30 year retirement.

“Longevity is an incredibly complex issue and many people don't realise that the longer you live, the longer your total life expectancy. Therefore, it is vitally important that people ensure that they have sufficient pension provision to cover their retirement which could last for 30 years or more.”

Clive Bolton, 'at retirement' director for Aviva

This group will only have worked for one and a half years for every year of retirement they enjoy and the imbalance is clearly shown by their finances. Indeed, 26% of over 75s survive on income of less than £750 per month. This figure is likely to be due to inadequate lifetime savings as well as the fact that 90% of people choose a level annuity (which does not increase with inflation).

### Underestimating Life Expectancy

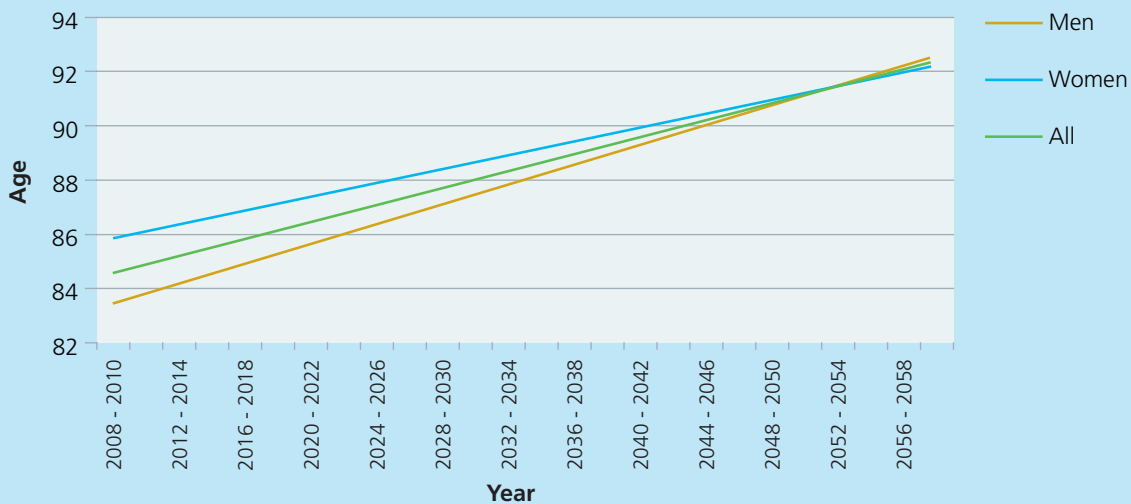
In addition, those with private pension provision tend to live longer than those without. This is partly due to the fact that across all ages those with serious medical issues are less likely to be in employment and also because employability, earning potential and longevity are correlated. For example, 60-year-olds with private pensions can be expected to live 3 years and 5 months longer than the average UK person. Consequently, these people need to finance a retirement which is almost 23 years rather than 19 years.

However, while they do live longer, these individuals often assume that their life span will be in line with the national average (83 years vs. 86 years) and therefore under-prepare for this longevity. This is an average and the tables published by the Continuous Mortality Investigation Board suggest over a third of these people will live to over 90 and a sixth to over 95. This can be a serious issue as anecdotal evidence – backed up by figures from the Aviva Real Retirement Report – suggests that the final few years of a person's life are when their assets are the most depleted and their costs - especially around care - are the highest.

## Looking to the Future

Prior to the election, the Labour Government announced that the state pension age would climb to 68 years in 2044 and the current regime has indicated that this may happen sooner. However, our projections highlight the fact that further radical changes need to be made to the typical length and definition of retirement.

### Longevity



Assuming that the average person starts work at 22, they have a working life - barring periods of unemployment - of 46 years, if they retire at 68 in the year 2056. However, as longevity is steadily improving, they will have a lifespan of just under 92 years and will then spend 24 years in retirement. This is over the current average period of retirement (21 years) for people aged 65-74 and suggests that as longevity increases, significant steps will need to be taken to increase retirement saving or decrease the period of retirement.

“People are starting work later and living longer so someone starting work today and planning to stop at 60 would be retired for almost as long as they were working. Each year of retirement would have funded by just one year and two months of work.”

Clive Bolton, ‘at-retirement’ director for Aviva

The recent Government announcement on the scrapping of the compulsory retirement age is likely to have some impact in the future, but there will also need to be a change of mind-set.

### Men Catching Up

While women have traditionally outlived men, current longevity statistics suggest that by 2050 both sexes - who reach the age of 68 - can expect to live until 91 years old. This raises the question of when the retirement age will be standardised, and how to ensure that both sexes make equal provision for retirement.

# Inflation and Spending Patterns

While general inflation (RPI) rose at a roughly similar rate for non-pensioners as it did for pensioners over the last ten years, the 'pensioner's shopping basket' is skewed towards certain products and services. As a result they experience different peaks and troughs than other consumers.

## Annual Inflation Rate

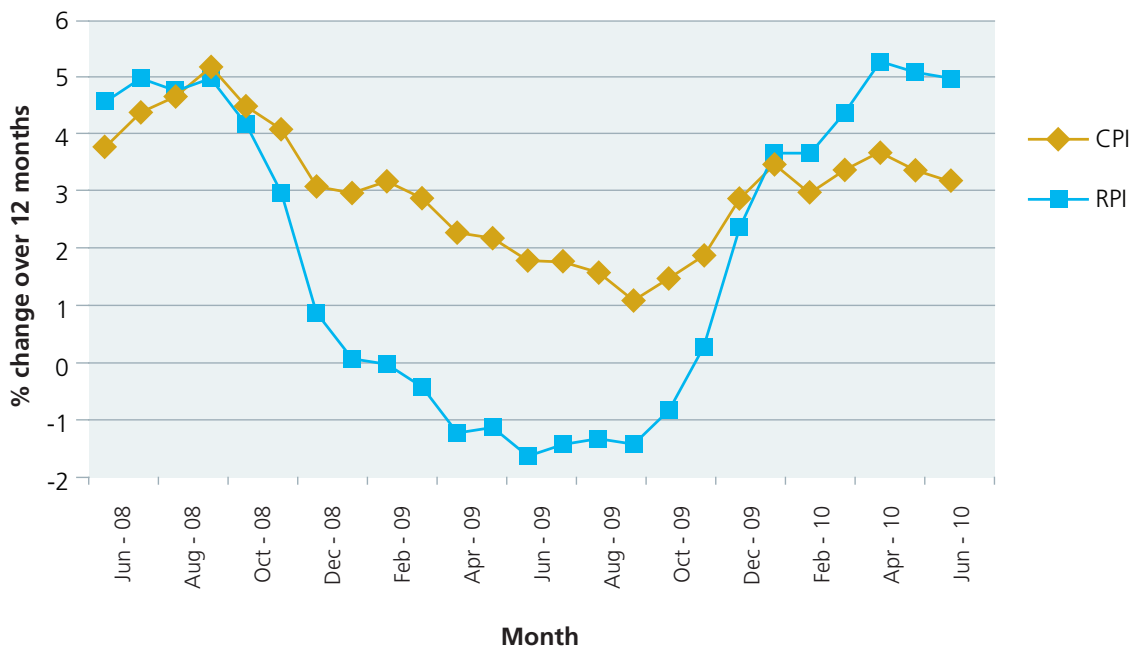
For over 55s, the cost of living in the year to June 2010 increased by 3.45% (Retail Price Index - RPI) which is below the 5.01% (RPI) experienced by all population groups in the UK.

The RPI is traditionally viewed as more volatile than the Consumer Price Index (CPI) which tracks a similar 'basket of products' with the exclusion of housing. Many over 55s spend a far lower percentage of their income on this 'basket' than other groups (14% vs. 27%).

## Pension Income

The Government recently recognised the relative stability of the CPI when it was announced that occupational pensions would be linked to this index rather than the RPI going forward. This brings private sector defined benefit schemes in line with public sector and state pensions which were moved from their RPI link in June's Emergency budget. Whether this change will have a negative or positive impact on the tracked age groups will be revealed over the coming months.

## CPI vs RPI



## Inflationary Pressure Points

While the pre-retirees (55 – 64) are likely to be economically active, they spend the highest percentage (15%) of their income on housing which has seen annual inflation of 4% (2% - May 2010). This does not bode well for their retirement savings and highlights the fact that we are likely to see more people entering full economic retirement with mortgages.

Food is the largest single expenditure for each of these age groups – 23% (55 – 64), 25% (65 – 74) and 25% (over 75) – so the stability of this cost (2% - June 2010 and 2% - May 2010) – is likely to come as a relief for the over 55s. However, while there is some short term stability, pensioners are feeling the substantial increases over the last three years and - going forward - will feel the VAT increase in January 2011 which will hit some food stuffs.

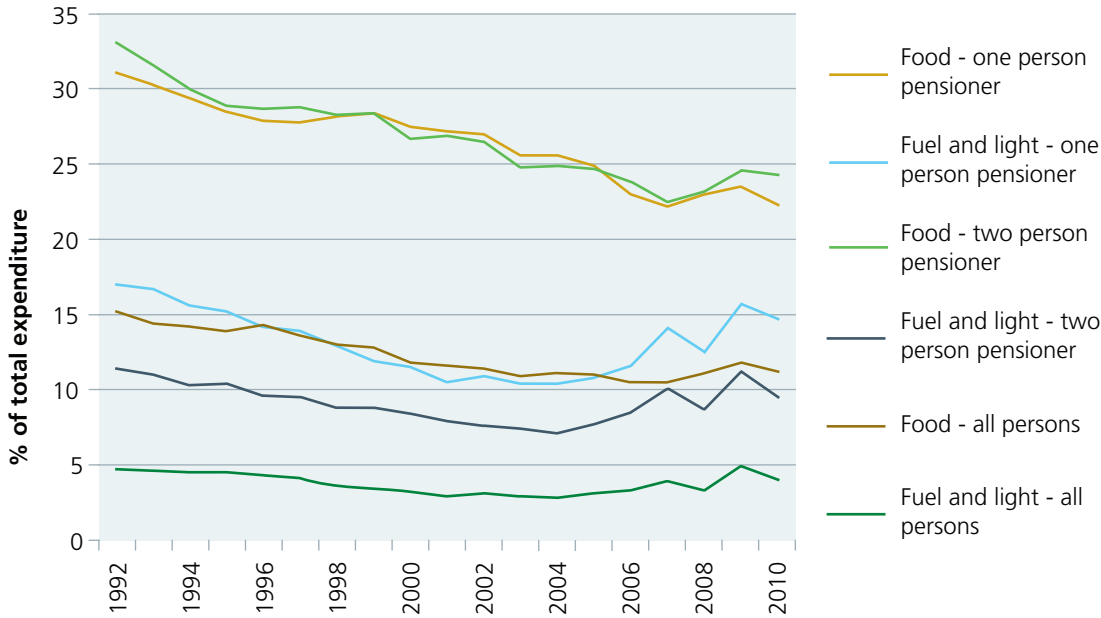


### Inflationary Highs and Lows

Annual motoring inflation (15%) while down from the previous quarter (May 2010 – 17%) still had the largest increase. This is unlikely to impact on the over 55s considerably as they currently only spend an average of 8% of their income on this cost. However, as the number of older drivers is set to double to six million over the next 20 years, changes to these costs are likely to have a larger impact on the three tracked age groups in the future.

Other notable increases were personal goods and services (4% to 6%) and postage, telephone and internet (4% to 5%). Fuel and light account for 12% of this age group’s spending and is the only area in which we have seen deflation (-2%). However, this may change over coming months as seasonal demand pushes prices up.

### Food, fuel and light as a percentage of expenditure



### Age-Specific Pressure Points

The top three expenses for each of these age groups were food (23%), housing (14%) and fuel and light (12%). The retiring spent more on housing (15%) than the newly retired (10%) and long-term retired (12%). The impact of increased leisure time in retirement becomes apparent as we see the proportion of income devoted to entertainment, recreation and holidays increase by 2% from 55-64 (8%) to over 65s (10%).

# Income

## Average Incomes

Average pensioner household income was £1,313 per month which is broadly stable on six months ago (February - £1,284). However, while the average pensioner saw their income remain steady, there are extremes of rich and poor.

While the majority (59%) of these households have a monthly income of between £751 and £2,500 per month, the UK is also home to some relatively well-off over 55s (21% on £2,501 or more) and other over 55s who are struggling (21% on less than £750).

“Over the last thirty years, people have generally seen retirement as an opportunity to relax after a long working life and enjoy the fruits of their labour. However, these figures reveal that one in five households is struggling to get by on almost a third of the national average income. This data really highlights the importance of building up retirement savings over your entire life.”

Clive Bolton, 'at-retirement' director for Aviva

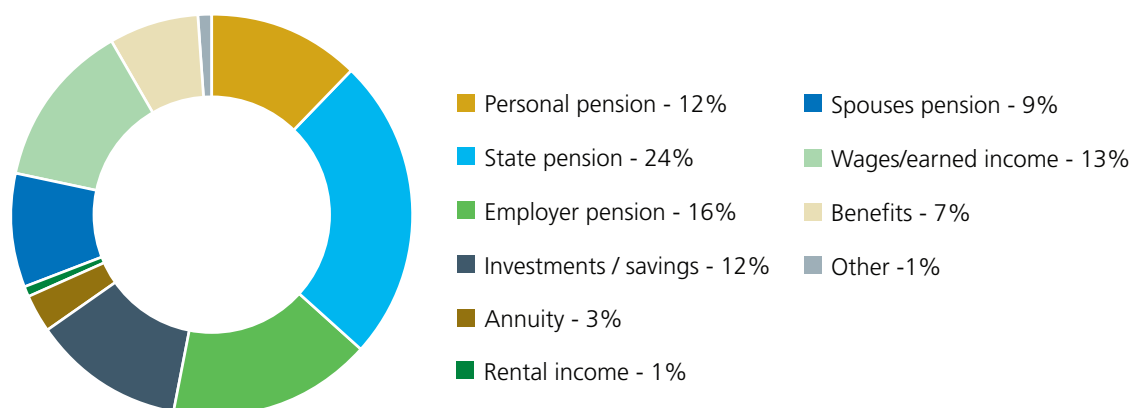
Unsurprisingly, the over 75 age group has the highest percentage of households living on less than £750 per month (26% or over a quarter). Pre-retirees (22%) have the next largest number on this low income, followed by the retiring (18%). This may then suggest that as some people start drawing their Government pension, they find their income increasing.

The youngest age group (55-64), where people are more likely to be economically active, has the highest number of people earning over £2,500 per month (23%).

## Income Sources

The data compiled exclusively for this Aviva Real Retirement Report looks at the variety of sources of income rather than the value of each source. The largest single source of income (24%) for the over 55 age group is the state pension.

### What are the sources of your (and your partners) monthly income?



However, while the 65-75s (30%) and over 75s (35%) are heavily reliant on this form of Government funding, the more economically active 55-64s rely on their own earned income (24%). The pre-retirees (55-64) are also significantly more reliant on benefits (10%) than the older age groups (4% and 7%) – indicating higher levels of involuntary unemployment and redundancy.

The number of people who claim benefits remains high amongst this group; it has fallen from 12% in May 2010 – giving weight to the hope of an economic upturn.

Personal pension provision provides just 12% of the over 55s income – half of what the state pension provides. However, while this lack of retirement saving raises concerns for the future, today's over 55s also have company pensions to fall back on and they account for 16% of this age group's income.

### **Rental Properties Provide Retirement Income**

It is interesting to note that the number of people reliant on income from rental property (September 2010 – 1%) has fallen over the last quarter (May 2010 – 2%) – potentially as a result of the current speculation around Capital Gains Tax and its implications for residential property. However, with 66% of people of all ages saying that they believe that property is a better investment for the future than a pension, we may see a growing reliance on this income source over the next few years.

### **Reliance On Spouses' Pensions**

A significant number of over 55s are heavily reliant on their spouses' pension - which raises the question of what happens in the event of their partner's death. For 11% of married/cohabitating couples, their spouse's pension plays a role in their finances, compared to just 5% of widows/widowers. This suggests that some people might find themselves struggling financially if their partner was to die. This could potentially be due to the fact that their spouse did not choose a joint annuity.



# Savings

## Savings Income Continues to Plummet

12% of over 55s' income comes from a pot of savings and investments worth £16,296. Therefore, the fact that the Bank of England (BOE) base rate continues to remain at a historic low – with many pundits predicting no movements in the short term – is a real concern for many people.

### The Savings Divide

As with the income divide, there is also a savings divide with 29% of over 55s having less than £2,000 in savings and investments. This is up 6% since May 2010 and a clear indication that people are starting to dip into their savings rather than using the interest. At the other end of the spectrum, 21% of people have savings of more than £100,000.

All tracked age groups have seen an increase in the number of savers with savings below £2,000. However, somewhat surprisingly, the youngest age group which is more likely to be economically active has the largest proportion of people with less than £2,000 of savings (33%). This is a 6% increase on May 2010 and highlights the financial pressures on those approaching retirement.

### Monthly Savings Remain Steady

With the final few years of employment approaching and families becoming more self-sufficient, there may be an assumption that pre-retirees (55-64) would be the most avid savers. However, this age group has the second highest number of people (40%) saving nothing per month – 65-74 (41%) and over 75 (37%).

Overall, the tightening of belts across the nation has affected the over 55s and we have seen a small increase in the number of savers from 59% (May 2010) to 60% (September 2010). This has resulted in a tiny increase in the median or typical monthly savings for this group - May (£142) vs. September (£143).

While pre-retirees and the retiring reported an increase in savers, the long-term retired saw a 4% fall in the number of people saving – indicating how the RPI increase is biting into fixed incomes.

### Women Saving Proportionally More than Men

Women have 36% lower incomes (£1,075) than men (£1,629) but only 31% lower average savings (£112 vs. £163). These figures seem to indicate that while men save more, women work hard to put aside a higher percentage of their income.

### Debts

While the average over 55 household has no non-mortgage debts, some people in this age group are still struggling to pay off credit cards, loans and overdrafts. Indeed, 7% of this age group uses some of their income for debt repayment each month. The retiring (8%) are most likely to be paying off these types of debts followed by the pre-retirees (7%) and the long-term retired (5%) – highlighting the fact that some people go into retirement without repaying these loans.

“The last ten years before retirement have traditionally been a time when people look to maximise their pension and savings contributions. However, these figures highlight the fact that some people need to clear debts before they can start this essential process.”

Clive Bolton, 'at-retirement' director for Aviva

While the average debt for the over 55s fell marginally between May (£2,736) and September (£2,719), pre-retirees (+5%) and long-term retired (+58%) saw increases. The average amount owed by those 75 and over saw a steep increase - £975 (May 2010) to £1,542 (September 2010) – that can in part be attributed to the relatively low starting levels of debt.

However, although this is significantly below the average UK household debt (£18,263), it suggests that this age group is relying more heavily on credit than previously thought.

# Homeownership

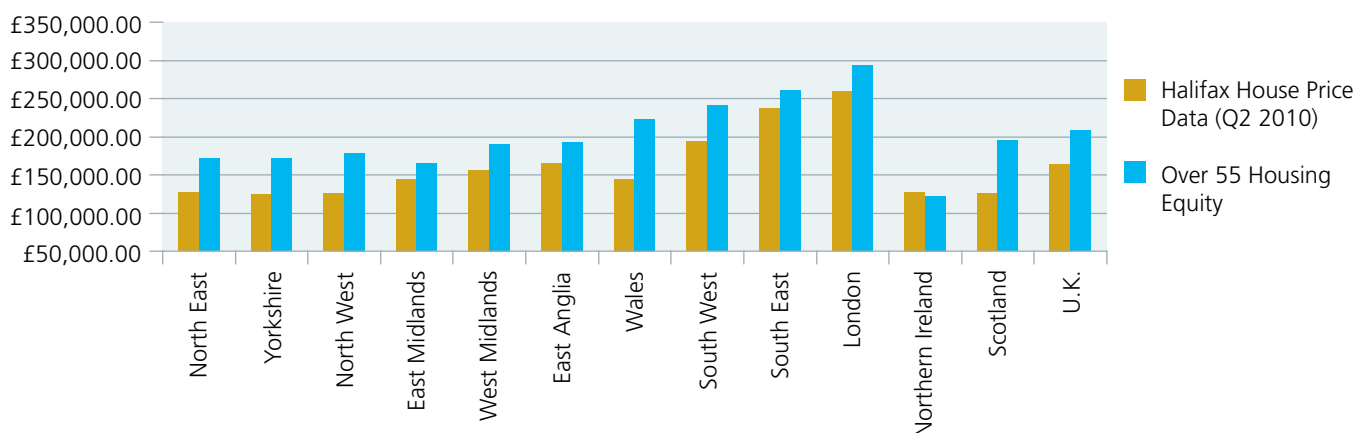
83% of the entire 55 and over age group own their homes either with a mortgage (20%) or outright (63%). The average home value of the 55 and above age group is £224,346 (September 2010) which is higher than the most recent UK average (£167,425 – July 2010) and fell 6% over the quarter (May - £236,654). The average equity in over 55s' property is currently £211,109 and the average mortgage £13,237.

“For most people, their house is their largest asset and these figures clearly show that most over 55s have a considerable amount of equity in their homes. With some people struggling to survive on a very meagre income, it clearly states the case for the use of this asset to improve their standard of living in retirement.”

Andrea Rozario – Director General of SHIP, the equity release trade body

While the majority of over 55s have no mortgage debt, of those who do, it is a significant level - £60,440 on average, a 17% increase on the last quarter (May 2010 - £50,402). As highlighted above, this increase corresponds with other types of debt, which have also risen in the last quarter.

## House Price vs Over 55 Housing Equity



## Age Group Differences

The long-term retired own homes which are marginally more valuable (£231,500) than the retiring (£230,413) and pre-retirees (£218,203). However, this age group has a lower incidence of homeownership – 72% (over 75), 86% (65 – 74) and 82% (55 – 64). Due to their age and potential health issues, they are the most likely of all the tracked age groups to live in sheltered housing (7%) and with their families (3%).

The pre-retirees (30%) are the least likely to have paid off their mortgage followed by the retiring (11%) and the long-term retired (4%). It is worrying to see that one in 10 retiring people (65 – 74) has an average mortgage of £55,625, especially as they are likely to give up work over the next few years and will need to meet these repayment obligations from a far more fixed income than they are used to.

While people do see their income increase at retirement (65-74), just under one in five (18%) has an income of less than £750. This means that maintaining a basic standard of living and meeting mortgage repayments would be almost impossible. This fact does however state the case for these people using some of the equity tied up in their property – 55 - 64 (£148,896); 65 – 74 (£158,942) and over 75 (£112,901) – to repay the mortgage.

## Multiple Property Ownership

More than one in 10 (11%) of over 55s own more than one property. The mean value of these properties is £216,810 and the mean equity £149,503. However, only 1% earns any income from renting out second properties so this suggests that the incidence of holiday and second home ownership is high amongst certain sections of this age group.

# Over 55 Fears

## Six Month Outlook

In light of the recent Government announcements on VAT increases and proposed austerity measures, it is not surprising that the rising cost of living (67%) is the biggest fear for the over 55s at the moment. They are also concerned about the falling return on savings (34%), unexpected expenses (30%) and an increase in taxes (27%).

In addition, marginally more people are concerned about redundancy (+1% to 8% - September 2010) and retiring generally (+1% to 4% - September 2010). These fears are not unfounded as Aviva research shows 18% retired people between the ages of 50 and 70 would prefer to retire later than they actually do.

“While the Government’s recent move to abolish the mandatory retirement age will mean that fewer people will be forced to give up work, ill health will remove any choice over retirement age for some. Therefore, it is important not to rely solely on working significantly later than the ‘normal’ retirement age.”

Clive Bolton, ‘at-retirement’ director for Aviva

All these concerns centre on the over 55s finding their already squeezed incomes fall further or being forced to pay for additional expenses out of this money. The long-term retired (20%) are the least likely to believe that there will be threats to their standard of living over the next six months.

However, the pre-retirees (11%) are expecting a drop in income when they retire and are least confident that their standard of living will remain unaffected.

## Over 55 Fears - Five Year Overview

Over the next five years, people over 55 continue to fear the rising cost of living more than anything else (64%). This is a significant increase (+46% from 18% in May 2010) and underlines how the fallout from the recent economic turmoil and the Government’s move away from a welfare state have impacted on this age group’s hopes and fears.

How they will manage on their retirement income is forefront of their minds. Fears include worries about unexpected expenses (+6% to 32% in September), returns on savings (+17% to 29%) and returns on investment (+8% to 20%). The current low interest rate environment is particularly damaging to these age groups as a typical saver (£16,296 – September 2010) would only get an annual income of £117 (branch based notice account) from their savings.

“When you consider that for a savings pot of £16,296, you would get an annual gross income of just £117 from the standard branch based notice account, you can understand why many over 55s are very worried about their finances. Although saving is vital, it is important to choose a product that is linked to inflation or offers other benefits such as tax breaks.”

Clive Bolton, ‘at-retirement’ director for Aviva

Worries about finances have now overtaken all other concerns to such an extent that only 10% of people cited fear of their partner dying in the next five years as a top three concern - compared to 35% in May 2010.

Although the Aviva Real Retirement Report shows that the retiring (£1,464) have a higher average income than the pre-retirees (£1,383), 19% of 55 – 64s are worried about retiring. While worries about loss of income are certainly part of the issue, some of the concerns could be around self-perception and emotional wellbeing as highlighted in the last issue this report.

On a more positive note, the over 55s appear to believe that the Government has made the bulk of their changes to the tax system and just 26% (-38% from 64% in May 2010) are concerned about an increase in taxes.



# So what does all this tell us?

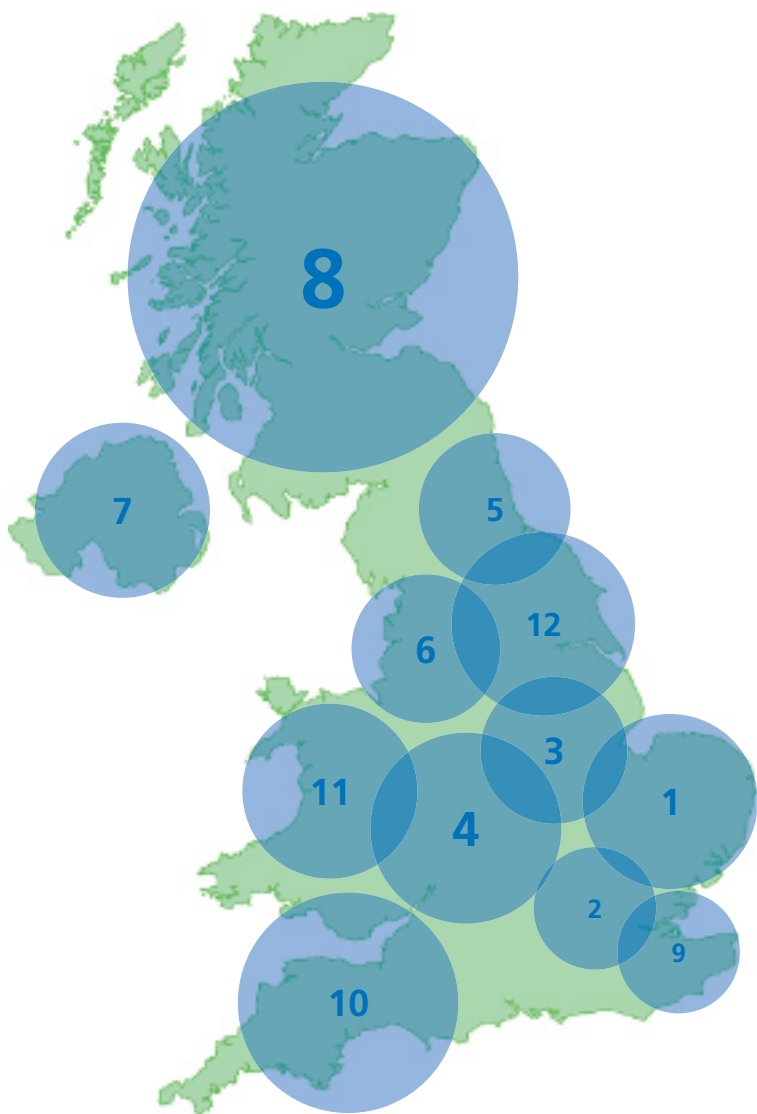
“Aviva’s latest Real Retirement Report gives us a really good understanding of the finances and related concerns of people in the three different stages of retirement. We know people save for retirement in a variety of ways, from traditional pension funds to ISAs, property, or even investments relating to their hobbies such as antiques or classic cars. The important thing is to start planning for retirement early, and at Aviva we would always encourage individuals to seek advice on the best ways of saving for the future.”

“This latest report highlights the simple fact that as a nation, we need to save more for retirement. With the high cost of living, we can’t all afford to put substantial amounts away each month, but even small amounts add up over the years and will help ensure that retirement is not characterised by a struggle to survive on a tiny income.”

Clive Bolton, ‘at-retirement’ director for Aviva



# Regional Overview



The over 55s in London (May 2010: £1,731 and September 2010: £1,856) continued to enjoy the highest monthly household incomes. By contrast, those in the Midlands (May 2010: £1,338 and September 2010: £1,248) had the lowest mean income.

With regards to income sources, those in Yorkshire derive the highest percentage of their income from the state pension (27%). A personal pension was the largest source of income for those in Wales (14%) who also derived the lowest percentage of their income from an employee pension (14%). Those in Northern Ireland (26%) are the most likely to benefit from an employee pension.

Londoners (£31,250) also have the highest typical savings as well as the highest number of over 55s with more than £100,000 in savings (31%). Those in Northern Ireland (£10,000) have the lowest typical savings.

For many people in this age group, their house is their most significant asset and on average 82% own their own homes (entirely or with a mortgage). However, those in London which traditionally has the highest house prices are less likely to own their properties outright (61%) when compared to those in the Wales (78%) and Northern Ireland (86%).

		Average house price	Average Mortgage	Own house outright
1	East	£203,219.00	£90,625	63.95%
2	London	£304,291.04	£55,833	61.73%
3	East Midlands	£174,067.16	£47,917	64.56%
4	West Midlands	£198,412.70	£52,778	50.62%
5	North East	£175,892.86	£37,500	68.75%
6	North West	£187,500.00	£47,917	64.62%
7	Northern Ireland	£131,730.77	£37,500	85.71%
8	Scotland	£206,166.67	£50,000	58.51%
9	South East	£277,812.55	£61,184	61.17%
10	South West	£260,302.20	£96,875	57.66%
11	Wales	£234,042.55	£52,500	78.18%
12	Yorkshire	£179,729.73	£51,786	71.25%
	UK	£224,345.93	£60,440	62.95%

# Appendix

## Aviva Real Retirement Report: today's UK's retirees at a glance – Q3

	All over 55s	Aged 55-64 Pre-retirees	Aged 65-74 The retiring	Aged 75+ Long-term retired
DESCRIPTOR	A TIMEBOMB?	WORRIED? "lowest savings, significant mortgage debt, below average homeownership, lowest average house price, highest amount saved per month"	COPING? "highest savings, highest property ownership, least number surviving on under £750 per month, highest number not saving and some burdened by large mortgages"	COMFORTABLE? "second highest savings, highest property wealth, least mortgaged, highest spenders on utilities, a few still mortgaged"
% surviving on under £750 per month	19%	19%	16%	25%
Savings and investments**	£16,296	£13,333	£23,000	£13,999
Zero savings	15%	18%	11%	10%
Savings of £2000 or less	29%	33%	22%	24%
Savings of £100,000 or more	21%	19%	23%	19%
% not saving monthly	40%	40%	41%	37%
Amount saved monthly**	£142.66	£161.24	£125.69	£115.49
% who are homeowners	83%	82%	86%	72%
% who own their home outright	63%	53%	75%	68%
% with a mortgage	20%	30%	11%	4%
Average mortgage (those with a mortgage)	£60,440	£61,061	£55,625	£95,833
Average house price	£224,346	£218,203	£230,413	£231,500
Average house equity*	£149,503	£148,896	£158,942	£112,901
Spending on food as % of all spending	23%	23%	25%	25%
Spending on housing as % of all spending	14%	15%	10%	12%
Spending on fuel and light as % of all spending	12%	11%	13%	14%

\* mean/true average \*\* median/typical



## Methodology

The Real Retirement Report was designed and produced by Wriglesworth Research. As part of this over 2,400 UK consumers from the age of 16 was interviewed – including more than 1,000 aged over 55 (July 2010). This data was used to form the basis of the Aviva Real Retirement Report.

Additional data sources include:

- Halifax House Price Indices
- 2010 RAC Driving Report
- Aviva Management Information
- Consumer Research on 1,000 UK consumers (May 2010)
- Office of National Statistics
- British Bankers Association
- McCambridge Duffy (IVA)
- Continuous Mortality Investigation Board

## Technical Notes

- A median is described as the numeric value separating the higher half of a sample, a population, or a probability distribution, from the lower half. Thus for this report, the median is the person who is the utter middle of a sample.
- An average or mean is a single value that is meant to typify a list of values. This is derived by adding all the values on a list together and then dividing by the number of items on said list. This can be skewed by particularly high or low values.

## Press office contact

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