

Half of UK employees want to phase into retirement

2 years ago



While many older UK workers are delaying plans to retire amid mounting financial concerns, another group of employees are taking a different path – phasing into retirement. That’s according to new survey research from [WTW](#), a leading global advisory, broking and solutions company.

The 2024 Global Benefits Attitudes Survey found nearly half (49%) of workers aged 50 and older either have already started phasing into retirement (17%) by reducing their work hours or job responsibilities as they near retirement, or want to do so (32%). Most of these employees want to transition into retirement over a long period of time. For example, those who started phasing into retirement at age 56 expect to work ten more years. The survey found similar results for workers who want to phase into retirement when they are older.

Most workers who are currently phasing have reduced their work hours (75%) or job responsibilities (31%). Slightly fewer want to change to a different role or job in their industry or change where or how they work. When asked what was driving their decisions about when and how to retire, the top reason was financial security (68%) followed by their health (61%) and having more time for family, leisure and travel (56%).

Interest in phased retirement comes at a time when four-in-ten (39%) of workers aged under 50 expect to work past age 70, a sharp rise from 27% two years ago. Additionally, eight in 10 workers (79%) admit they aren’t saving as much for retirement as they should be, and less than half (47%) report being on the right track to retirement.

“Phased retirement can be a win-win for both employees and employers,” said Helen Holman, Head of defined contribution consulting at WTW. “Working fewer hours even with reduced pay can help employees

transition into retirement both financially and emotionally. At the same time, companies want to hang on to experienced employees and encourage them to pass on their wealth of knowledge to younger employees. Still, most employees think their employers can do a much better job of leveraging the skills of older workers.”

Indeed, only 30% of respondents rate their employer as effective at using the skills and knowledge of older workers. Interestingly, two-thirds of employees (66%) believe it’s important to be a mentor and to help train less experienced colleagues before they retire.

The importance of a pension in creating financial security

According to the survey, over half of employees (55%) said their employer-provided pension is more important than ever, with 70% saying it is the primary way they save for retirement. Additionally, four-in-ten (41%) cited their pension as an important reason to stay with their current employer.

“These findings show that employees are recognising they might need, or want, to re-think when and how they retire to balance all their needs in later life, including financial. Employees working later in life can be an opportunity for employers to retain valuable skills and experience but might also present a challenge. What’s clear is that employees still consider their employer’s pension scheme as their primary savings vehicle for retirement and more can be done to ensure better outcomes from these. Paying more into pensions will improve member outcomes but that clearly comes at a cost for both employees and employers. Whilst increasing costs might be challenging, some employers might prefer to invest in employees’ retirement provision now, rather than bear the cost of an aging workforce later,” said Holman.