

Pension Panic: only half of Gen-Z think pensions are important

2 years ago



Only half of Gen-Z professionals think pensions are important, in stark contrast to three-quarters of Gen-X who prioritise their pension contributions.

This comes as the average base pay needed for a single person to retire comfortably stands at around [£43k a year](#). But as living and rental costs are rising faster than salaries, it's harder than ever for young professionals to save for retirement.

Recent research from [Robert Walters' upcoming Benefits Guide](#) - surveying over 3,000 white-collar professionals - warns that Gen-Z professionals shouldn't overlook their pension contributions.

Chris Eldridge, CEO of Robert Walters UK & Ireland comments: "Pensions aren't something that you should start only considering as you get closer to retirement age - you should be putting something aside from your first day of professional employment. Young professionals neglecting their pension contributions now, could see their retirement postponed later in life due to insufficient savings."

'Not on my mind yet'

The [general rule of thumb](#) for calculating what you should be saving towards your pension is taking your current age and dividing by two (e.g. 25 year olds should be saving around 12%).

Meanwhile, 51% of Gen-Z professionals are either currently, or have at some point paused their pension contributions, to use the money immediately.

A further 18% have stated that retirement savings 'aren't on their mind' with 21% saving 'nothing at the

moment' towards retirement.

10% more professionals over the age of 27 (36%) are currently saving between 6-10% towards their pension compared to just over a quarter of Gen-Z professionals (26%).

Chris comments: "By and large, Gen-Z professionals have spent the least amount of time in the labour market and will generally have the least amount of money saved towards their eventual retirement. Yet many are already putting their savings on hold to afford their daily expenses."

Companies giving senior workers more?

Gen-Z professionals (31%) are the generation most likely to receive the statutory minimum pension contribution of 3%.

They are also least likely to receive between 7-10%+ - with only 23% receiving this compared to almost half (47%) of Gen-X professionals.

Chris comments: "Professionals under-30 are at a crucial time in their career to craft a solid foundation for their pension pot. But, as our research suggests, many are not getting the chance to do so with their current employer.

"However - professionals should calculate what they can afford to set aside each month - even contributing 4% of your annual salary can be brought up by a minimum employer contribution to a healthier 7% - this provides a solid basis which can then be built up."

Adding to financial woes

The survey also found, that Gen-Z professionals are not only most likely to be in non-managerial positions (79%) on significantly lower pay than their senior peers. They are also the generation least likely to receive any financial benefits like an annual bonus, car allowance, tuition contributions, discounted stocks and shares & equity.

Despite being the generation that values 'bonus schemes' as the most important financial benefit when considering an employment offer (82%) they are the group least likely to be eligible for it - 14% less than Gen-X.

Chris comments: "Not only are Gen-Z more likely to be earning less, but they are also less likely to be eligible for any financial benefits to supplement their base salary - making it even more difficult for them to put any savings aside for the future."

However - it isn't just Gen-Z who should be worried about their future financial health, only 34% of UK professionals (of all ages) are satisfied with their employer's contributions to their pension.

Meanwhile FTSE-listed companies like BP and Unilever have strengthened their pension contributions, offering up to 20-25% respectively. This allows their employees decide whether to use the full amount towards pension savings, or to use some as a salary top-up.

Chris comments: "Right now, every penny counts so it's vital when considering a new job offer that professionals weigh-up what potential employers can offer them in the long-term.



“Employers offering meaningful financial benefits outside of just base salary will not only ensure employees have an equal opportunity to save for a secure retirement, their investment will also be repaid with better attraction, retention and company loyalty.”