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## NEWS RELEASE

15 September 2020



### Mind the gap – We’ve reached ‘State Pension Shortfall Day’

- Key date when retirees’ average yearly spending exceeds annual State Pension
- ‘Shortfall Day’ is Wednesday 16<sup>th</sup> for single pensioners and Saturday 12<sup>th</sup> for couples
- Single pensioners face annual gap of £3,656, while couples must find an extra £7,712

With more than a quarter of the year still to go, we have now reached the point in 2020 when the average retired single person will have already spent income equivalent to the full annual State Pension. This marks the arrival of **State Pension Shortfall Day**, according to research by retirement specialist, **Just Group**.

	Full State Pension income (/a)	Average spend (/a)	Average shortfall	Shortfall Day
Single pensioners	£9,110.4	£12,766 <sup>1</sup>	<b>£3,656</b>	16 <sup>th</sup> September
Pensioner couples	£18,220.8	£25,932.4 <sup>2</sup>	<b>£7,712</b>	12 <sup>th</sup> September

The full State Pension is £9,110 a year and official figures show that the average annual spending for a one-person retired household is £12,766. This leaves a gap of £3,656 that needs to be plugged by additional sources of income such as private pension provision or other savings and investments, otherwise the retiree faces running out of money by 16<sup>th</sup> September.

A two person retired household, where both people are entitled to the full State Pension, receives double the State Pension income and spends £25,932 a year on average. This represents a shortfall of £7,712, and means without additional sources of income they would face running out of income on 12<sup>th</sup> September this year.

New research from Just Group<sup>3</sup> also revealed that the majority of savers who have already accessed a defined contribution pension recognise the importance of additional revenue sources in retirement, with just 17% agreeing that the State Pension is “enough to live off.”

“If the average single retiree was given their State Pension in full on 1 January, by 16<sup>th</sup> September they would have spent the entire amount and be reliant on other sources of income,” said **Stephen Lowe, group communications director at Just Group**. “Pensioner couples would have used up their income slightly quicker and exhausted their combined State Pension income on 12 September.

“The data highlights the shortcomings of the State Pension for pensioners who rely on it for their sole source of income but still hope to maintain a decent standard of living in retirement. It illustrates the importance of building up other savings to provide additional income when they are no longer working.

“It’s a reminder that putting off saving or opting out of a workplace pension scheme can leave people struggling for income in later life. And those thinking of accessing pensions cash before they retire will want to consider what that might mean for their income in a few years’ or decades’ time.

“The Government’s free, independent and impartial guidance service – Pension Wise – helps people approaching retirement to understand their options better. Before tapping into pension savings, we urge all adults to make use of the service, it is proven to improve people’s knowledge of their retirement options and equip them with greater confidence to make good decisions about their retirement finances.

“Those in retirement struggling for income should also find out what State Benefits they might be entitled to because large amounts go unclaimed. A good online source is [direct.gov.uk](https://www.direct.gov.uk) but Citizens Advice and other charities might also be worth contacting.”

## Enquiries

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### Notes to Editors:

#### Sources:

- 1: ONS Figures: [Expenditure of one person retired households by gross income quintile group: Table A54](#)
- 2: ONS Figures: [Expenditure of two adult retired households by gross income quintile group: Table A55](#)
- 3: Research conducted by Opinium on behalf of Just Group between 3rd and 10th August 2020 with 1,000 people aged 55+ who have already accessed a DC pension

#### About Just

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- Individually underwritten retirement income products delivering a guaranteed income for life;

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- Long term care plans that provide those people moving into residential care with peace of mind by knowing a regular payment will be made to the care provider for the rest of their life;
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