

# Retirement support in 3 years' time: Where will you turn?

Exploring the future of  
information, technology and trust



# What Do People Need?

Retirement is more than just a financial milestone; it's an emotional journey. The shift from saving to spending can feel like jumping off a diving board for the first time, exciting yet terrifying! Individuals may find themselves unprepared for this change, and struggle with the mindset shift required to embrace their new financial reality.

When defined benefit pensions were the norm, individuals could easily transition from saving to spending. Now people move from a consistent income to a situation where there is no guarantee unless they buy an annuity. Instead, many retirees face the challenge of managing a pot of money that they must draw down on over time.<sup>1</sup> Couple that with the fact that half of people aged over 55 are worried that their retirement savings won't last their lifetime,<sup>2</sup> and it's easy to see how financial insecurity can overshadow the more optimistic aspects of retirement planning.

Individuals need to understand the complete picture of their savings to feel optimistic about their future. This understanding helps them avoid overspending and potentially running out of money, whilst also preventing the fear of running out leading to underspending. Confidence in their retirement plan is essential to enable individuals to confidently switch from a saving to a spending mindset.<sup>3</sup>

With only 29% of 55-59 year-olds reporting having a clear plan for their retirement, while a staggering 17% are unaware they need to make any choices,<sup>4</sup> it's not surprising that retirement can be an emotional as well as financial challenge.

With 38% of Brits lacking confidence in their financial security for retirement, rising to 50% among Gen X,<sup>5</sup> it's clear financial concerns can significantly impact mental well-being. In fact, 79% of those worried about finances report feeling the strain.<sup>6</sup>

But it's not just finances that need to be considered in a retirement plan; individuals also need to think about what they will do with their lives. For some, their social life, identity, and purpose are all tied to their careers, making the transition to retirement a holistic process that requires planning.

Supporting early engagement in retirement planning can make a meaningful difference. Providing access to individual retirement transition coaching, personalised retirement planning tools and educational webinars, can encourage individuals to start talking about, and engaging with, the concept of retirement early. As well as considering key questions like:

- When do I want to retire?
- When can I retire?
- How will I fund it?

Addressing these questions early helps people develop a clearer picture of their future, reduces uncertainty, and builds confidence in their ability to manage this transition. After all, surely as an industry our goal is to equip individuals with the knowledge and support, they need to actively engage in their future emotionally as well as financially?

<sup>1</sup> [Retirees can struggle to shift the 'saver mindset'](#)

<sup>2</sup> [Half of people over 55 are worried about running out of money - Which?](#)

<sup>3</sup> [Mastering the transition from saving to savoring for retirement](#)

<sup>4</sup> [Planning and Preparing for Later Life - GOV.UK](#)

<sup>5</sup> [Reality starts to bite for pension under-savers](#)

<sup>6</sup> [Financial worries impact mental wellbeing for more than half of UK adults, finds Schroders Personal Wealth IFA Magazine](#)









# What's available? Guidance, advice and targeted support

In the world of pensions, the rise of defined contribution (DC) pensions, combined with Freedom and Choice, has made accessing your money more complex than ever. Navigating a DC pension can feel like trying to solve a Rubik's Cube blindfolded. Numerous factors come into play - tax implications, product choices, charges, life expectancy, investment risk, income levels, timing of withdrawals, and cash flow needs. With the responsibility squarely on individuals to make these complex financial decisions, it's clear they require assistance in making the most of their finances in retirement. But what help is available and, does it meet their needs?

The terms "advice" and "guidance" often get tossed around like confetti at a party. But they are fundamentally different. Picture this: a group of parents at a playground, swapping stories about their children. One parent shares how they tackled a tricky situation with their child. This is guidance, helpful, friendly, and full of good intentions, but it's like a buffet without a menu. You get a plateful of information, but it's up to you to figure out what works for your personal situation.

Now, enter the realm of advice. This is where the professionals come in, armed with qualifications and a keen understanding of your personal circumstances.

They are your financial GPS, guiding you through the twists and turns of your financial journey. Advisers are regulated, ensuring that the advice you receive is not just a shot in the dark, but a well-thought-out recommendation tailored just for you. Guidance tells you what you could do, advice tells you what you should do.

# Is guidance enough?

Pension Wise offers free and impartial guidance, in person or via the phone, to help individuals make decisions about their DC pension savings. But here's the issue, only 20% of consumers aged 50 or over with a workplace or personal pension used Pension Wise.<sup>7</sup>

And unfortunately, it's not because they don't need guidance:

- 81% of members entering drawdown did not use their pension pot to provide an income.<sup>8</sup>
- Members are three to four times more likely to access their pension cash at age 55 than at 60 or 65,<sup>9</sup> indicating a tendency to withdraw funds much earlier than expected.
- 70% of individuals have not confirmed or adjusted their target retirement age,<sup>9</sup> suggesting a disconnect between aspiration and reality.
- Only 4 in 10 individuals looked at the tax implications of withdrawing a taxable lump sum from their pension.<sup>7</sup>

Government data supports these findings, indicating that many individuals are not always using their pension savings to replace their employment income. Alarming, 38% of individuals accessing their DC pensions used the funds for immediate living costs, and 59% of those accessing their DC pensions

before State Pension Age had no other private pension provision.<sup>10</sup> This reliance on pension funds for short-term needs undermines the very purpose of these savings, which is to ensure a sustainable income throughout retirement. Recent proposals in the Pensions Bill highlight the importance of developing more structured, guided, and income-driven retirement products to better support individuals in achieving this goal.

Research from The Centre of Economics and Business Research, categorises the UK as a 'weak performer' on financial literacy compared to similarly developed countries.<sup>11</sup> With almost one-third of people either opting against accessing support or not knowing where to get it,<sup>12</sup> it's clear change is needed. Too many individuals are navigating retirement decisions without the necessary knowledge or information, highlighting the need for more proactive, accessible, solutions.

<sup>7</sup> <https://moneyweek.com/personal-finance/pension-freedoms-what-choices-have-pension-savers-made>

<sup>8</sup> Mercer Master Trust member data

<sup>9</sup> MMT Admin data Feb 2024

<sup>10</sup> [Planning and Preparing for Later Life - GOV.UK](#)

<sup>11</sup> [What is the UK's level of financial knowledge? | Wealthify.com](#)

<sup>12</sup> [One in six savers don't know where to access pensions advice | News | Pensions Expert](#)





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**1 in 4**

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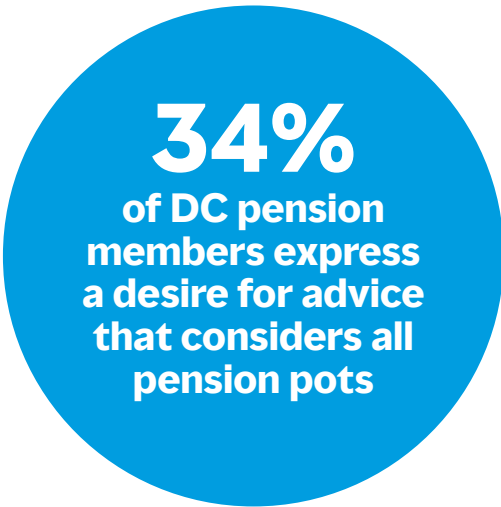
# Facing the decumulation dilemma

While automatic enrolment (AE) has successfully driven passive participation during the accumulation phase, the challenges faced by many individuals approaching the decumulation phase remain unsolved. A recent report by the Pensions Policy Institute<sup>13</sup> highlights that transitioning to accessing pension savings requires a level of engagement that many individuals are unprepared for, leading to poor decision-making and leaving many savers vulnerable and, quite simply, worse off.

Given the complexity of the choices people face at retirement, one might expect individuals to seek professional advice. However, the reality is quite different. Across all pot sizes, over 70% of withdrawals occurred without professional advice.<sup>13</sup> In fact, the majority of DC pots accessed for the first time were accessed by people who had not sought any guidance or advice.<sup>14</sup>

While financial advice is desirable for making informed decisions at retirement, traditional advice models often feel inaccessible and costly.<sup>13</sup>

Yet, individuals are open to advice. In fact, 34% of DC pension members express a desire for advice that considers all their pension pots, while a further 34% value support that encompasses their entire financial situation.<sup>13</sup> It's clear that individuals need advice, but it must be accessible, and that means affordable. The reality is, for a significant number, regulated advice is as accessible as a secret club with a bouncer at the door.



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<sup>13</sup> [20250514-assessing-the-uk-retirement-income-market-vfm.pdf](#)

<sup>14</sup> [Individuals-challenges-managing-pensions-through-retirement-1.pdf](#)



# The need for support

Recognising the growing need for assistance as individuals approach retirement, the FCA is consulting on a framework to provide 'targeted support', to bridge the gap between general guidance and full financial advice. This may be extended to trust-based schemes in future. This initiative will see pension providers able to suggest tailored solutions based on consumer segments to help individuals make better informed decisions about their retirement choices.

The FCA expects Targeted Support to operate via the following basis:

1. Pre-define key situations to enable the delivery of targeted support
2. Pre-define consumer segments into groups with shared characteristics
3. Pre-define ready-made suggestions for each consumer segment
4. Deliver ready-made suggestions aligned to the relevant consumer segment, with verification to ensure suitability

With 70% of workers aged 45-65 reporting their employer offers no financial wellness initiatives and half of these employees saying that businesses have a "responsibility" to help them understand their retirement options<sup>15</sup> it's evident more support is needed. While targeted support will be a big step forward, it relies on firms to ask the right verifying questions to identify the correct cohort to allocate individuals to. Any support provided will only be based on a limited amount of information about the individual. If people are looking for advice that encompasses all their finances and their individual circumstances, and we know that at least a third are,<sup>16</sup> surely as an industry, we still need to be doing more to provide personal solutions. Because if we don't, there is a risk that individuals will go elsewhere to find these.

<sup>15</sup> [Workers look to employers to "take responsibility" for financial wellness gap](#)

<sup>16</sup> [20250514-assessing-the-uk-retirement-income-market-vfm.pdf](#)



**70%**  
of workers aged  
45-65 report their  
employer offers no  
financial wellness  
initiatives



**4.5bn**

views of TikTok's  
#Fintok hashtag

**62%**

of 18-29 year  
olds follow  
finfluencers

**80%**

of financial  
advice content on  
YouTube is made  
by someone with  
no qualifications

# Where are people going for help?

## The rise of the ‘finfluencer’

In the age of social media it's perhaps no surprise that nearly 1 in 10 individuals consult sites like YouTube for financial advice.<sup>17</sup> While TikTok's #Fintok hashtag has amassed nearly four and a half billion views.<sup>18</sup> Financial influencers, or 'finfluencers' are becoming primary sources of financial content, reshaping financial literacy.

These social media stars aim to make financial topics feel as exciting as the latest TikTok dance challenge, and to a certain extent it's working. Nearly two-thirds (62%) of 18 to 29-year-olds follow finfluencers and three quarters (74%) of them trust their advice. With nine in ten young followers saying they have been encouraged to change their financial behaviour.<sup>19</sup>

So, what's the attraction? Why are they doing this? It may be because they trust the individual, particularly if they are a social media star or celebrity. Celebrity endorsements after all, are nothing new. But also, because the advice is generally affordable, or free, and accessible. One in five (19%) consult 'finfluencers' because it provides them with "free access to financial experts," while a quarter (26%) say that this style of content is "quick and easy to use".<sup>20</sup>

As an industry, we have long battled with the issue of engaging people with their pensions, so are the reality stars and YouTubers quietly addressing the issue for us? They have certainly provided a channel and a style, but unfortunately many individuals are being let down as the advice can sometimes be as reliable as a fortune cookie.

The issue is that the individuals giving the advice are often not qualified or authorised to give sound financial guidance. 80% of financial content on YouTube is made by someone with no qualifications and, unfortunately, 74% of those who followed financial guidance from social media lost money or experienced an undesired outcome.<sup>21</sup> In 2024, The Financial Conduct Authority brought charges against several former reality TV stars for promoting an unauthorised financial trading scheme.<sup>22</sup>

Given this landscape, it's as unrealistic for the pensions industry to expect customers to completely avoid consulting unqualified 'finfluencers' as it is for doctors to tell their patients to stop Googling their symptoms. People will seek out information wherever they can find it, and social media has become a primary source of financial content for many, especially younger audiences. The challenge for the industry is not to try to eliminate these sources but to find ways to engage with them, improve the quality of information, and guide consumers towards trustworthy, regulated advice. Without this, individuals remain vulnerable to misleading guidance that can lead to poor financial outcomes.

<sup>17</sup> [Nearly 1 in 10 Brits Rely on YouTube for Financial Advice, Despite Only 26% Believing It's a Trustworthy Source](#)

<sup>18</sup> [A third of Gen Z look to TikTok 'finfluencers' for financial advice | This is Money](#)

<sup>19</sup> [The rise of finfluencers: Who are they and why are they causing concern? | ITV News](#)

<sup>20</sup> [Clare Francis on social media and 'finfluencers' | UK economy | Barclays](#)

<sup>21</sup> [Where do people go for financial guidance? - Capital One](#)

<sup>22</sup> [Reality TV stars charged over promoting risky investment - BBC News](#)



# Where are people going for help?

## The role of AI

In addition to unregulated influencers, individuals are increasingly turning to AI for support. In an age of 'always on', 'personalisation' and 'instant access' it's clear that AI has a role to play. In fact, most of us have been using AI for some time, whether through chatbots, facial recognition on phones, Google Search or even when sending an email.<sup>23</sup>

As people face complex decisions as they plan for, approach and reach retirement, AI Large Language Models, like ChatGPT provide a tempting solution for those seeking guidance and even advice. In fact, over 18 million individuals are either using, or considering using, ChatGPT for financial advice.<sup>24</sup>

The problem is AI models inherit inaccuracies and biases from the data on which they are trained. Research shows that answers to financial queries were generally summaries prone to inaccuracies.<sup>25</sup>

Also, most publicly available AI agents lack built-in guard rails like encryption and automatic deletion of data once they have been processed. Once data goes in, there's no way to know what will happen with it, leaving individuals exposed to fraud, identity theft, phishing and ransomware attacks.<sup>26</sup> Any data entered may be used to further train models or replayed in future answers to other users.

It's clear that, as an industry, we need to provide members with advice via the channels they are most comfortable with.

<sup>23</sup> [A day in the life of AI | Artificial intelligence \(AI\) | The Guardian](#)

<sup>24</sup> [Over 18 million Brits have used ChatGPT for financial advice or would consider doing so - IFA Magazine](#)

<sup>25</sup> [Hey AI! Can ChatGPT help you to manage your money? | Artificial intelligence \(AI\) | The Guardian](#)


<sup>26</sup> [Chat-GPT Danger: 5 Things You Should Never Tell The AI Bot](#)



**18m**

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A middle-aged couple with a beard and blonde hair are smiling and looking at a laptop screen. The man is in the foreground, and the woman is leaning over his shoulder from behind. They are both wearing blue shirts. The background is a soft-focus indoor setting with light-colored curtains.

**52%**  
of pots being  
modelled for  
retirement are  
non-pension

**49%**  
of households  
are using ISAs  
as part of their  
retirement  
plans

**30%**  
of households  
are using other  
investments  
as part of their  
retirement plans



# Democratising advice

While influencers and AI agents may not be the answer, they are showing the need to make advice accessible and affordable. Navigating the complexities of retirement planning can be daunting. How can we expect people to make the very best decisions when trying to juggle multiple pots of money and various savings vehicles across multiple platforms and providers? Let's face it, some nights just deciding what to have for dinner can be a challenge; navigating tax implications and investment risks is a whole different ball game.

Digital advice has the potential to significantly reduce costs and make regulated advice accessible to everyone. The Mercer Master Trust's Destination Retirement service, developed with HUB Financial Solutions and available on the Mercer Money app, provides access to advice without any initial fees, and we've already seen thousands of members register for it. This service enables members to model various pension scenarios, offering a complete view of all their finances, including multiple pots and saving vehicles, to help them understand the implications of their choices.

Insights from Destination Retirement reveal that individuals are relying on a variety of sources beyond their pension pots to fund their retirement, including savings, investments, and ISAs

## The facts<sup>27</sup>

- 52% of savings pots being modelled for retirement are non-pension, highlighting the need for a diversified approach to retirement.
- 49% of households are using ISAs as part of their retirement plans.
- 30% of households are using other investments as part of their retirement plans.

The era of individuals dedicating their entire careers to a single employer and relying on one company pension is behind us. Instead, people now accumulate an average of 11 different pension pots throughout their working lives.<sup>28</sup> Data from the FCA indicates that, of the 57% of pension pots emptied in the tax year 2022-23, the majority were valued at £10,000 or less.<sup>29</sup> This highlights the risks of viewing pension pots in isolation, which can adversely affect decision-making. Most providers can only see the pot that they look after, which means they lack a true picture of an individual's entire situation. By giving individuals, the opportunity to see all their assets as well as gain access to advice, we can better support our members on their journey to a richer retirement.

<sup>27</sup> Based on Destination Retirement users 4 July 2022 to 24 April 2025

<sup>28</sup> [Which? comments on Pensions Policy Institute report on lost pension pots - Which?](#)

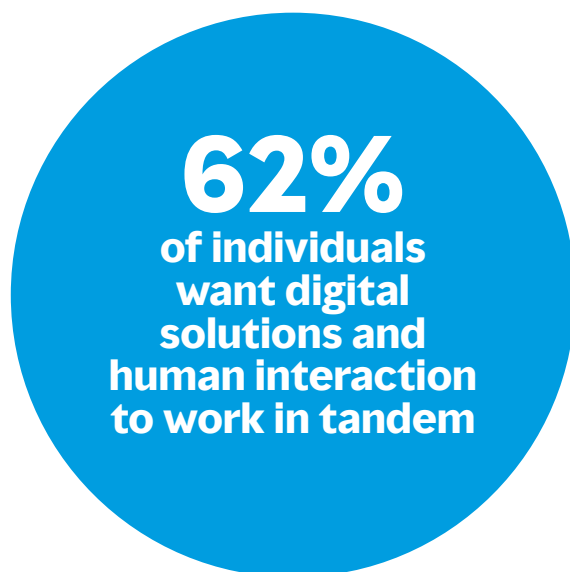
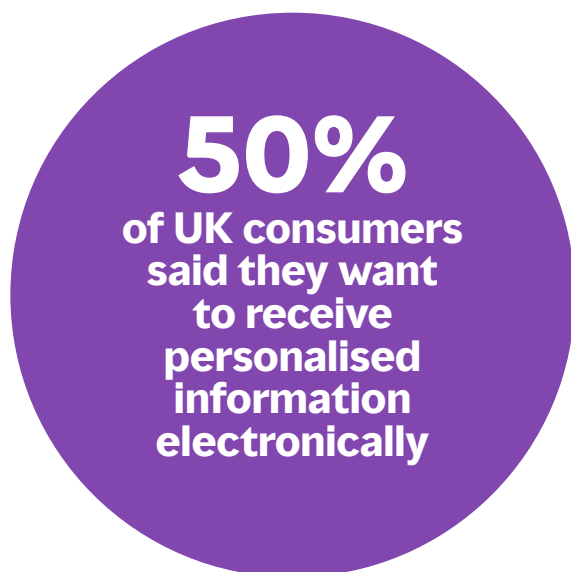
<sup>29</sup> ['Too many savers are draining their pension pots' - FTAdviser](#)

# From confusion to clarity

What will retirement support look like in three years' time, and where will individuals turn for help? After all, every individual, regardless of their financial situation, deserves access to help at retirement. Whether that's through guidance, targeted support or advice people need to be able to access the most appropriate route for them, not to have to settle or choose alternative unregulated options due to cost or accessibility. Digital advances are paving the way for a more inclusive approach, making financial advice not only affordable but also accessible to a wider audience via channels that suit them.

Half of UK consumers across all income and age groups said they want to receive personalised information electronically from their adviser to track pensions, investments and access personalised content.<sup>30</sup>

By harnessing technology, we can break down the barriers that have traditionally kept professional advice out of reach for many. A significant 62% of individuals want digital solutions and human interaction to work in tandem.<sup>30</sup> Surely the utopia is a situation where we can see a complete picture of each individual's financial landscape to provide tailored recommendations that truly reflect their unique circumstances.



<sup>30</sup> Survey among 4,000 UK consumers finds rising demand for technology to access financial planning - IFA Magazine

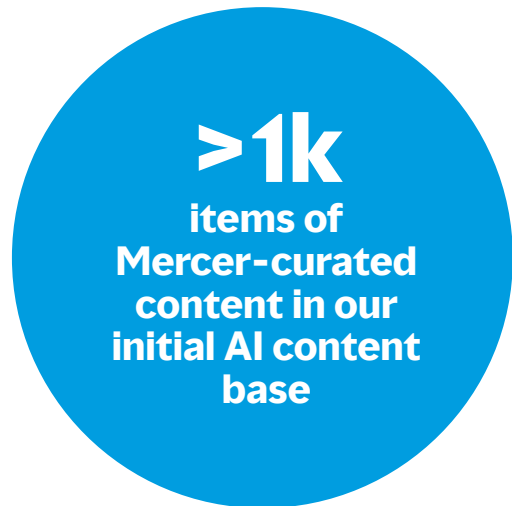
# Harnessing AI for better decision making

Our vision is to develop ways to use member data at an individual level to be able to support the very best decision-making. We believe that AI will be a game-changer in its ability to assimilate, analyse and interpret data and then play these insights back to people in a natural, conversational way.

We're working closely with Engage Smarter AI who are developing a Pensions Expert AI model, which in tests, already delivers higher accuracy than generalist AI or typical helpdesks.<sup>31</sup> This tool will help users test their thinking, check their understanding, and, crucially, have the confidence they can trust the accuracy of the information they receive.

We created an initial content base of over 1,000 items of Mercer-curated content relating to the Mercer Master Trust, as well as general pension information, for the AI pension guidance agent to draw on.

The AI pension agent prototype will be available within Mercer Money, our member app, as well as via instant messaging services, allowing members to use the agent via their preferred channel. This demonstrates that, with careful curation and validation, AI can become a reliable tool to support members in understanding and managing their pensions.



<sup>31</sup>ES/Mercer AI development tool research data 2024



# A financially inclusive future

Feeling confident about your financial future shouldn't be a luxury reserved for the elite; it should be a right for everyone. As retirement planning evolves, so do the channels through which people seek help. Whether through traditional advisers, digital platforms, or social media influencers, individuals are changing how they approach financial decisions. As an industry we must consider not only what people need in terms of advice and guidance but also how they prefer to access it.

By integrating traditional advice with digital solutions, every individual, regardless of their financial literacy, will have the tools and support to make informed decisions about their retirement. In a relatively short time, possibly three years, we think that highly personalised education, guidance and advice will be within affordable reach for everyone. By nurturing a culture of engagement, support and advice, we can help people not just dream about their retirement but plan for it effectively, turning those dreams into reality.







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