

Retirement readiness

How much is “enough”



Can today's savers afford tomorrow?

Think of retirement as a long trip. A good map, a sensible suitcase and a few small preparations make the difference between a relaxing holiday and a frantic airport sprint. Right now, the picture in the UK is concerning, many people are heading towards a retirement that might be leaner than they'd hoped.¹

Retirement isn't just a personal problem. When employees can't afford to retire, businesses feel it — through succession headaches, and, potentially, low engagement and therefore low productivity amongst those who want to retire but cannot afford to.

When it comes to pensions, the goal is simple: financial freedom in retirement. But what does that really look like? To help answer this question, Pensions UK (previously the PLSA) has developed the Retirement Living Standards (RLS).² They translate pension income into the kind of lifestyle it can support, from covering the essentials to a comfortable, enjoyable retirement.

Standard	Single (per annum)	Couple (per annum)
Minimum	£13,400	£21,600
Moderate	£31,700	£43,900
Comfortable	£43,900	£60,600

¹ [Analysis of Future Pension Incomes 2025 - GOV.UK](#)

² [Home - Pensions UK - Retirement Living Standards](#)



The UK outlook

According to UK government analysis, the outlook is concerning. 13% of individuals won't reach the minimum income for a basic standard of living.¹ This is worrying when you consider that the RLS minimum for a couple is only £1,320 above the median household income poverty threshold, which is (before housing costs) £20,280 per annum.³

The dream of a retirement free from money worries, for many, remains just that, a dream. Low earners are especially at risk, with nearly half (47%) of those with less than £15,900 gross pre-retirement earnings per year projected to fail to achieve the minimum RLS.¹

On the national trajectory, most savers look set to land below “comfortable” — about 60% between minimum and moderate, 18% between moderate and comfortable, and only 9% achieving comfortable.¹

However, not all pension schemes are the same. Our data shows that the Mercer Master Trust (MMT), when assessed against the same RLS scale, presents a more optimistic outlook. We have a smaller number of members projected not to reach the minimum standard and a large cohort already on track to exceed comfortable.

This isn't PR spin. It's measurable. The difference comes down to how members engage with their finances and the tools and communications MMT provides.

	Government data ¹ based on current savings levels	Mercer Master ⁴ Trust data
Won't reach the minimum income needed for a basic standard of living.	13%	11%
Are between the minimum and moderate RLS standards.	60%	45%
Are between the moderate and comfortable RLS standards.	18%	15%
Will reach or exceed the comfortable RLS standards.	9%	29%

³Households Below Average Income: an analysis of the UK income distribution: FYE 1995 to FYE 2024 - GOV.UK

Median equivalised disposable household income: Before housing costs (BHC): £650 per week / After housing costs (AHC): £562 per week / 60% of median poverty thresholds: 60% BHC = 0.6 × £650 = £390/week → annual = £390 × 52 = £20,280 pa

⁴ Pension adequacy. Mercer Master Trust results. Master Trust pension and connected pension details from MoneyHub for 4,904 of the members.

Connection matters

People generally don't have their retirement sewn up in one neat pension pot. They have multiple pensions, ISAs, savings, maybe some investments. If you only look at the single pension pot your current pension provider administers, you miss the wider picture. Mercer Money, the Mercer Master Trust's member app and portal, offers open finance capabilities to enable members to connect their financial accounts, including pension pots, savings and investments. Among members who have connected their finances: 99% are on course to meet at least the RLS minimum and 74% to exceed comfortable. This compares with those who have not connected their pension accounts where only 43% reach or exceed comfortable.⁵

Small steps early on make a big difference later. Over half (53%) of MMT members under 30 are on track for a comfortable retirement, as measured by the RLS.⁵ This contrasts with national projections that forecast only 9% of individuals planning to retire in the 2060s will reach the PLSA's comfortable standard.¹

How is the MMT bucking the trend? By combining smart data, intuitive tech and expert advisers to build an understanding of our members, their circumstances, hopes and dreams. Data underpins everything, but it's what we do with it that counts. We spot patterns, shape better propositions and deliver timely, relevant contact that nudges, not nags, so members get the right help at the right moment.

The result? Personalised retirement journeys that protect pots and increases engagement.



⁵Pension Adequacy. Mercer Master Trust Results July 2025



What this means for employers

If your workforce's retirement outcomes cluster around the RLS minimum (or below), that signals potential future hardship and a likely impact on your business: delayed retirements and succession bottlenecks.

But there are some small steps you could take that could have a big impact:

Benchmark where you are.

Ask for a retirement readiness report for your scheme that maps your workforce against the RLS. Mercer can provide this benchmarking to show gaps and priorities.

Join the pots.

The evidence from the MMT is clear: connecting accounts, either virtually or physically, and seeing the big picture presents a more engaging and optimistic view of the future.

Communicate early and regularly.

Retirement planning support should be available to all your employees, whatever their age.

Offer a mix of channels and content.

Guides, videos, workshops, drop-in sessions and personalised retirement coaching can help you reach your entire employee base and catalyse better decisions.

The bottom line

Too many people in the UK are heading toward a retirement that is likely to be leaner than expected.¹ But with the right support, the story can change. MMT members are proof that proactive, connected planning delivers better outcomes.

Are your employees on track to retire with confidence?

Speak to us today to see how we can help you.

Contact your existing Mercer Master Trust relationship manager or email mmtinsights@mercer.com



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