

Retirement living standards in the UK in 2021

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1. Introduction

One of the things is that I think that younger people should be advised on how to make sure that you know not to rely on an old aged pension like I obviously have done, and for them to start saving now while they can do because you know in thirty years' time they ... you know there may not be such a thing as state pension, so what are they going to live on, do you know what I mean?

Woman, Online Covid-19 discussion group, 2021

When the first research establishing publicly determined Retirement Living Standards for the UK was published in October 2019 (Padley and Shepherd, 2019), few would have predicted that the following two years would be dominated by a global health crisis, caused by Covid-19. The pandemic has changed and challenged much of what many of us take for granted in our day-to-day lives, placing restrictions on what we are able to do, who we are able to spend time with, and where we can go. The impact of Covid-19 on living standards has extended beyond these kinds of short-term constraints, affecting many people's employment and incomes, and radically altering public spending plans as the UK Government responded to the pandemic by introducing temporary financial support for individuals and businesses.

As we slowly find our way back to something that feels more like 'normal' it is difficult to know exactly what the longer term impacts of Covid-19 will be on everyday life, and more specifically on people's experiences of and plans for retirement. One immediate impact on living standards in retirement will result from the recent Government announcement of a one-year suspension of the triple-lock to avoid an 8% increase in 2022-23 linked to increases in wages. The state pension will instead be increased by the higher of either 2.5% or inflation next April, with a commitment to reintroduce the triple-lock in 2023-24. There continues to be debate around the future sustainability of the triple-lock following the pandemic (see Mafra et al., 2020), but it remains important that the mechanisms to increase the state pension keep pace with and reflect broader changes in the cost of living.

While the broader context has changed, discussions of living standards in retirement – and what people will need to provide these – are as critical now as they were in 2019. Since the Retirement Living Standards were first published, the research has been adopted by a growing number of organisations across the pensions industry, providing the basis for the development of tools and guidance aimed at helping people think and plan in a more structured, evidence-based way about their own retirement. The research has also been used in further analysis and debate around pensions adequacy (Hurman et al., 2021). The rich descriptions of different living standards in retirement that sit at the heart of this research mean that these discussions are not simply about 'how much' people will need when they reach this point, but are rooted in everyday life and in concrete description – publicly determined – of what retirement would look like at a minimum, moderate and comfortable living standard.

Just as research on minimum living standards in retirement continues through the annually-updated Minimum Income Standard (see Davis et al., 2021), this report updates the work

undertaken in 2018 and 2019, setting out the latest research that has been undertaken by the Centre for Research in Social Policy, Loughborough University. This research has reviewed the retirement living standards established in the initial research. Groups of members of the public have discussed the publicly determined descriptions of moderate and comfortable living standards in retirement, reflecting on whether or not anything within these descriptions needs to change, or if anything is missing. The definitions of retirement living standards that provide the basis for these discussions are those established in the first research in 2019. Research this year has asked groups to reflect on what is needed to meet these standards in 2021:

A moderate standard of living in retirement in the UK is about more than just meeting your basic needs. It means being able to access a range of opportunities and choices, having a sense of security and the option to do some of the things that you would like to do.

A comfortable standard of living in retirement in the UK is about more than just meeting your basic needs; it is about having a broad range of opportunities and choices, peace of mind and the flexibility to do a lot of the things that you would like to do.

The report sets out how the research was undertaken within the constraints imposed by Covid-19, as well as outlining the principles central to the regular review of retirement living standards. It goes on to explore in detail the discussions of both the moderate and the comfortable retirement living standards, looking at the changes made to these 'budgets', continuities within the rich descriptions of what is needed and some themes emerging from the discussions. The report ends by setting out the implications of this new research for the expenditure needed to reach a moderate or a comfortable standard of living in retirement.

2. Reviewing Retirement Living Standards: the research process

- 84 participants took part in 10 online discussion groups in June and July 2021
- These 10 groups were focused on reviewing the Retirement Living Standards established in 2019: this included 6 groups with participants from across England, Wales and Scotland and 4 groups with participants from across Inner and Outer London, focusing on Retirement Living Standards in the capital.
- All groups included participants who were retired and non-retired individuals over the age of 55.
- In total, 30 hours of discussions were undertaken with groups of members of the public, reviewing what is needed for both a Moderate and a Comfortable Retirement Living Standard, in the UK and in London.

The clear focus of the initial Retirement Living Standards (RLS) research in 2018/2019 (Padley and Shepherd, 2019) was on the question ‘how much do people need for different standards of living in retirement?’. Ongoing work on what is needed for a minimum, socially acceptable standard of living (see Davis et al., 2021) continues to regularly review and update what the public agree is needed for a minimum, adequate income in retirement, as well as what is needed by working age households. The Minimum Income Standards (MIS) research provides a benchmark – or sets a ‘standard’ (Hirsch 2020) – used by an ever-growing number of organisations as *the* reference point in policy and practice. It also enables an annual assessment of how many people who are retired lack the income needed for this publicly determined minimum standard of living (Padley and Stone, 2021).

A critical element of the MIS approach is the regular reviewing and updating of the ‘baskets of goods and services’ which both describe this publicly determined living standard *and* establish the income needed to reach this. Rather than depending on descriptions of living standards from a single, fixed point in time, updated by inflation indices on an annual basis, central to the MIS approach – and therefore the RLS approach – is a recognition that the world changes over time. This means that social norms and expectations about what represents and describes a minimum – or a moderate or comfortable – standard of living are not fixed, but change as societies change. Developments in technology, changes in public services, external global or national ‘shocks’ can and do impact on shared views and expectations around living standards. Undertaking regular research with members of the public helps to capture the impact of social change, the result being ‘baskets of goods and services’ which reflect the world as it is now, rather than the world as it was at a fixed point in the past.

The review of the retirement living standards explored in this report is focused on subtly different questions to the initial research:

- Is what is needed for a moderate or comfortable standard of living in retirement in 2021 the same as it was in 2019?
- If not, what has changed and why?

While these key questions are different, the approach taken in discussion groups with members of the public is broadly similar to that used in the initial research (see Padley and Shepherd, 2019). Importantly, groups were asked to focus on changes in needs over time, outside of those short term or short lived changes that may have resulted from Covid-19 since March 2020. This is not to ignore the impact of COVID on retirement or expectations about retirement – separate research in 2021 explored the consequences of Covid-19 for people’s views, thinking about, and planning for retirement (see Padley and Shepherd, forthcoming, 2021). What this focus on a world without COVID does do is recognise that restrictions on, for example, people’s ability to participate in leisure activities or to eat out, does not mean that these are not still considered critical elements of both a moderate and a comfortable standard of living in retirement. The remainder of this chapter sets out the research undertaken in reviewing the retirement living standards.

Online discussion groups

All of the discussion groups for this latest research were held online, using Zoom. Conducting online groups does bring with it some challenges, often a consequence of the technology itself. It is also the case that undertaking research online can exclude participants from particular groups in society with limited access to the necessary technology or the skills required to participate in online groups. For this reason, the preference remains for in-person groups, whenever possible. However, the experience of undertaking the discussion groups in this way was a positive one for researchers and participants, enabling participation from a wide range of different locations and of those who may otherwise have found it difficult to travel to an in-person group.

Recruitment

The participants for this research were recruited online, rather than through in-person, on-the-street recruitment as in the previous research. Although many of the restrictions introduced in response to Covid-19 had begun to be relaxed during the recruitment and fieldwork period, in-person recruitment had not begun again in earnest.

In total, 84 people took part in ten online discussion groups. As groups were conducted online, it was possible to include participants from across a wider range of locations than would have been possible had the groups been held in-person. Table 1 shows the geographic region for each of the ten groups.

Table 1: Participants by geographic region

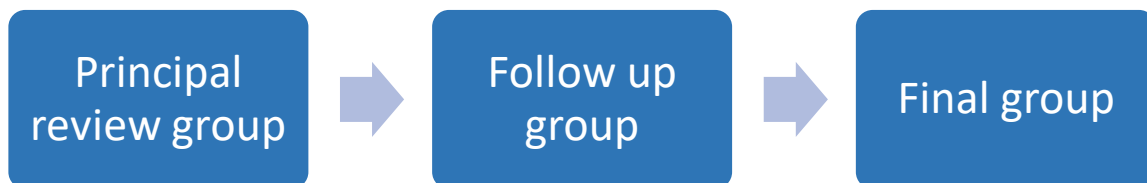
	Moderate Retirement Living Standard	Comfortable Retirement Living Standard
UK		
Principal review group	East Midlands	North West
Follow-up group	South West	Wales
Final group	Scotland	West Midlands
London		
Principal review group	Inner and Outer London	Inner and Outer London
Final group	Inner and Outer London	Inner and Outer London

As in the previous research, groups were recruited to include participants from across a range of socio-economic backgrounds. This is a crucial feature of the MIS and RLS approach. Recruiting participants from across different socio-economic circumstances helps to ensure that the baskets of goods and services described by groups reflect and capture consensus across the population, rather than reflecting a particular experience of the world: the RLS research is not, for example, participants from higher income groups discussing what people need for a comfortable standard of living in retirement, but instead is people from across different income groups discussing and agreeing what is needed for this standard. Groups also comprised participants who were retired and those aged 55+ who were not-yet-retired. This mix helps to ensure that discussions are informed both by lived experience of being retired *and* by expectations of retirement by those not yet at this point. Finally, participants were recruited to include a reasonable balance of genders and individuals from different household compositions (i.e. single and partnered).

The research process

Regularly reviewing existing ‘budgets’ – the detailed lists of goods and services which together describe a given living standard – is central to the MIS approach and consequently to the RLS approach. Just as in the initial research to establish retirement living standards, the RLS review comprises a sequence of deliberative discussion groups. Each sequence of groups is focused on reviewing what is included in the budgets for either a moderate or a comfortable standard of living in retirement. Figure 1 sets out this sequence of groups, which is repeated for each of the living standards being reviewed.

Figure 1: The sequence of groups within the RLS review



The first group of the RLS review – or the principal review group – are presented with the detailed list of goods and services that was agreed in the previous retirement living standards research. So, the principal review group discussing the moderate RLS for the UK were presented with the detailed list describing this living standard; the group discussing the comfortable RLS for the UK were presented with the detailed list describing this living standard. The role of the groups in this first stage is to consider this list and answer the questions outlined above: is what is needed for a moderate or comfortable standard of living in retirement in 2021 the same as it was in 2019? If not, what has changed and why? Groups work through all of the goods and services specified in the previous research and discuss whether or not what was included then, still provides a given living standard in 2021. For example, where there is agreement that what is needed for a moderate standard of living in retirement has changed, or that something additional is required, groups discuss in detail why these needs have changed and/or why additional needs have emerged. The result of these detailed deliberations is an agreed ‘basket’ of goods and services including any changes (additional items, amended items or removed items) in what is needed for a given living standard in 2021.

The follow-up group are presented with this amended list, and as a group consider and discuss whether or not this 'basket' of goods and services provides, for example, a moderate standard of living in retirement. Facilitators present amended lists, but also inform groups what has been changed by the preceding group and why. This stage of groups then consider both the changes in baskets *and* the rationales for these changes. The purpose of the final groups is to review the lists that are a product of the first two stages of groups – changes to the baskets of goods and services are confirmed, amended or rejected at this stage. Ultimately, the baskets of goods and services are only changed if there is broad consensus about these changes both within and across the three stages of groups.

Two stages of groups in London review the finalised lists describing what is needed for the two retirement living standards in urban UK – the critical question in these groups is whether or not people retiring in London would need different goods and services to reach a given living standard than those living in urban areas outside London.

The product of this sequence of groups is a detailed list of goods and services for each living standard under consideration that is agreed to describe either a moderate or a comfortable standard of living in retirement in 2021, both in the UK and in London.

[Calculating the cost of retirement living standards](#)

The rich description and detail of each retirement living standard established through the initial research and built upon here remains a critically important element. However, just as updating what is included in the baskets of goods and services associated with different living standards is a valuable and crucial task, it is also important to update what single and partnered pensioners would need to spend in order to have a moderate or comfortable standard of living in retirement.

The costs of retirement living standards have been updated here, based on the Consumer Prices Index measure of inflation, to 2021 prices. This process involves assigning each item within the detailed lists of goods and services compiled in the initial research, for all of the twelve costed budgets in the table below, to the appropriate CPI sub-category. Updating is undertaken on an item by item basis then rather than applying a broad CPI-category factor, capturing changes in prices from April to April, to the broad budget areas through which the detail of each retirement living standard is organised. So, for example, the food category of the retirement living standard budgets is updated using the 'Food' CPI category (0.1.1) for food bought during the weekly shop and the 'Catering Services' CPI category (11.1) is used to update the costs of eating out and takeaway, where these have not been changed by groups; the costs of sofas, which sit within the household goods budget area of the retirement living standards, is updated using the 'Furniture, furnishings and carpets' CPI category (05.1), while the tumble dryer – in the same RLS budget area – is updated using the 'Household appliances, fitting and repairs' CPI category (05.3). In this way the updating process takes into account inflation at a more granular level than simply applying the overall rate of CPI to the whole basket of goods and services. Where cash amounts are specified in the baskets of good and services, these too are updated by the relevant CPI category, except where groups have specified that these cash amount remain appropriate. In these instances, cash amounts are not updated by inflation. The full list of CPI categories used to update the retirement living standards is included in the Appendix.

The calculation of each budget for 2021 also takes into account the changes made through the review process: where different or additional items have been agreed by groups, these have been costed in the specified retailers and this cost included in the 2021 calculation.

Table 2: Retirement Living Standard budgets

	Moderate Retirement Living Standard	Comfortable Retirement Living Standard
UK (outside London)	Single female pensioner	Single female pensioner
	Single male pensioner	Single male pensioner
	Partnered pensioner	Partnered pensioner
London	Single female pensioner	Single female pensioner
	Single male pensioner	Single male pensioner
	Partnered pensioner	Partnered pensioner

3. Retirement Living Standards in the UK in 2021: change and continuity

This chapter explores the detailed discussions, by groups of members of the public, of what is needed for a moderate and a comfortable standard of living in retirement in 2021. It draws out changes to the baskets of goods and services made in the review of retirement living standards, as well as identifying some areas of continuity. In general, this review process has not resulted in a substantial number of amendments to the content of the baskets, but the changes discussed and agreed within and across the discussion groups do reflect changing expectations and social norms. The chapter is structured in a way that reflects the organisation of the discussions within groups, where participants are ‘walked through’ a home and consider what is needed within each ‘budget’ area for a moderate or a comfortable standard of living in retirement (listed in the box below).

Box 1: Budget areas covered in discussion groups

Food and alcohol (including eating out)	Housing and related costs
Household goods and services	Personal goods and services
Clothing	Social and cultural participation
Holidays	Transport

The intention of this chapter is to provide an account of what the public agree is needed at each living standard in 2021, but not to exhaustively list *all* that has been included for single and partnered pensioners, at each of the three levels, in the UK outside London and within the capital. As in the previous report, the boxes at the start of each budget area provide an illustration of the differences between the three retirement living standards.

Food and drink

A minimum retirement living standard

Food shop: Tesco, mainly Tesco brands

Alcohol: 3 cans beer e.g. Carling, £4 bottle of wine

Eating out and takeaway: *Couple*: £15 per couple once a month for takeaway, £15 each per month for eating out; *Single*: £10 a month for takeaway, £15 a fortnight for eating out

Celebration food and drink: £50 per household

A moderate retirement living standard

Food shop: Tesco, 50% branded goods

Alcohol: 3 cans of beer e.g. Brooklyn Lager, £6 bottle of wine

Eating out and takeaway: £100 per person per month for eating out/takeaway, including alcohol

Celebration food and drink: £150 per household

A comfortable retirement living standard

Food shop: Sainsburys, 75% branded goods

Alcohol: 3 cans of beer e.g. Punk IPA, £8 bottle of wine

Eating out and takeaway: £50 per person per week for eating out/takeaway including alcohol. **PLUS** £100 per household per month to take others out for a meal

Celebration food and drink: £300 per household

In order to arrive at a weekly shopping basket of food and drink, groups are asked to discuss and describe a typical day in terms of the sorts of meals, snacks and drinks consumed. In 2021, as in the previous research, groups agreed that each of the three retirement living standards would involve a 'standard' pattern of three meals each day plus snacks, tea, coffee and soft drinks as well as occasional alcohol. There was agreement across all groups that the ways in which people shop, the sorts of food being purchased, and the supermarkets being used for weekly grocery shopping had not changed over the past two years. The distinctions drawn between the three retirement living standards evident in the previous research – and set out in the box above – persist in 2021, with a greater proportion of branded goods being purchased at the comfortable retirement living standard than at a moderate or minimum level, and with differences in the quality of alcohol purchased at each level.

There was a perception across groups that the price of a weekly food shop had been slowly increasing over time, but this did not change what should be included in a weekly food shop at each living standard. Changes in the amount needed for a weekly food shop at both at a moderate and a comfortable retirement living standard consequently reflect changes in prices, as captured through CPI, between 2019 and 2021 rather than changes in specification.

An annual budget to cover the cost of additional food and drink for celebrations was considered to be something needed at each living standard level. In 2021, there was a clear view from groups across the different retirement living standards, that this should be described as a budget for 'celebration food' rather than specifically being associated with Christmas. At the minimum an additional £50 is included per year to meet this cost, while

groups reviewing the moderate retirement living standard agreed that £150 per household per year remained a sufficient amount and would cover the cost of celebration food and drink. At the moderate living standard, there was still a view that, for example, at Christmas there would not be an expectation of hosting large family gatherings or parties, but the additional amount would enable people to contribute food and drink when attending such social occasions. At the comfortable retirement living standard however, groups agreed that more was needed than previously to provide food and drink for celebrations, and increased the annual budget for this from £250 to £300. In part, this increase was seen as a result of increases in the cost of food, but there was also a greater pressure at this living standard to host social gatherings for friends and family.

Eating out continues to be seen as important across the different retirement living standards, and reflecting on the previous 18 months, groups stated how much this had been missed during periods of national lockdown and restrictions on social gatherings resulting from Covid-19.

I would say that because of Covid a lot of people are realising how important that was and therefore how much they missed it. Now during the lockdown, I can certainly speak for myself, I, you know I guess I went out for meals once a month. When it stopped, I didn't realise the psychological and sort of almost emotional effect it would have. My view of it has dramatically changed therefore and to be honest, I would ... if I had a list of priorities of things to spend my money on, it would have been about number twenty five before and it's about number two or three now. I hadn't realised how important it is for emotional wellbeing and so on, just the act of sitting down and breaking bread with friends and family, so ... I guess what I'm saying is I think that ... once Covid has finished, that's going to go up because a lot of people have realised how important it is.

Man, Wales, 2021

Groups discussing the moderate living standard in retirement agreed that going out for a meal with family or friends was essential – while at one time this may have been seen as an extravagance, this was no longer the case.

*Man 1: Eating out is ... at one time it would have been a luxury, but these days
Woman: Because I'm ... I've been widowed recently, that [amount] is very reasonable for me because it's ... my life's changed and this will happen in retirement, won't it, one of you will go first and to me, that's easily what I spend a month because it's ... because then you're with people.*

Man 2: Yeah, yeah, makes sense.

Man 3: Well that's the sort of point I was trying to make, at one time eating out would have been seen as luxury but to have ... take part in society and be ... have a reasonable standard of living, you would have to include things like this, wouldn't you because it's ... not ... essential's the wrong word but it's part of what it is to be in a modern society isn't it?

East Midlands, 2021

At the moderate retirement living standard, groups discussed the increased cost of eating out and agreed that more was needed to cover this than previously: they increased the overall budget for eating out from £75 to £100 per person, per month. The budget included for eating out at the comfortable standard was considered to still be sufficient, at £50 per person per week, plus £100 per month for eating out with others. The distinction between the amounts included for eating out at the minimum, moderate and comfortable retirement living standards, continues to be seen by groups as a key indicator of the differences between the three standards in general.

Yeah, talking about eating out, I like ... I thought this is one of the best markers I heard about what you'd be doing at a comfortable level where, as you say, I'm not consciously thinking I've got to eat at home and not go out, I can't afford it. I think if you were living at the comfortable level, this is one of the very areas you'd be spending money on, treating yourself, eating nutritiously ... and thinking, well I'll go for a pub meal because I'm at that level where I don't have to worry about the occasional pub meal. And I think it's a very good marker about this comfortable level, this whole eating out area.

Man, West Midlands, 2021

In London, groups reviewing the moderate retirement living standard also stated that eating out had become more expensive since the initial research and like their counterparts in the rest of the UK, increased the budget for eating out, in this case from £180 to £200 per person per month. This means that similar amounts are included for eating out at both the moderate and comfortable retirement living standards in London.

Housing and related costs

A minimum retirement living standard

Contents insurance only

A moderate retirement living standard

Building and contents insurance: £80K cover for contents, accidental damage, emergency cover, replacement locks, and £2k personal possessions cover

Boiler and annual boiler servicing cover

Pre-paid Funeral plan: Co-Op Silver cremation plan

A comfortable retirement living standard

Building and contents insurance: £80K cover for contents, accidental damage, emergency cover, replacement locks, and £2k personal possessions cover

Boiler and annual boiler servicing cover

Pre-paid Funeral plan: Co-Op Silver cremation plan

At the start of each group, housing and the assumptions about this that are included in the description of both a moderate and comfortable retirement living standard, were discussed in detail. In the previous research, groups agreed that at living standards above a minimum, it was reasonable to expect that on reaching the point of retirement, people would no longer have *ongoing direct* housing costs (either rent or mortgage). Participants across all groups in this latest research agreed that this remains a reasonable expectation, but were keen to emphasise that the costs of looking after and maintaining a property through

retirement could represent a significant financial burden, even if a mortgage, for example, has been paid off.

Yeah, I mean I think it's reasonable to assume that they're not paying a mortgage, but certainly I've come across people who are living in homes that are sort of now too large for them and are expensive to heat, and depending on their income, they can't manage the maintenance very well. So it's not just about owning the home, it's also about the income to support that I would say.

Woman, London, 2021

Allied to this, there was a clear view emerging from groups that there are a growing proportion of people for whom paying off a mortgage by the point of retirement or even owning a home at this point is out of reach. In part, this was rooted in a recognition that the housing market is changing, the 'dream' of home ownership is becoming less achievable, and national and global mobility calls into question the value and importance of owning a home. Across groups there was a shared agreement that assumptions about home ownership in retirement needed to be reviewed on a regular basis, and that in 20-30 years it was highly unlikely that these current assumptions would be seen as reasonable or command consensus.

Woman: I think there could be an issue coming up in the future, as I see more of my friends in rented housing, when I retire I'm not going to have a mortgage to pay, I'm not going to have rent to pay, whereas they will, and that's a big cost every month.

Man: Yeah, I totally agree ... finish my mortgage in five years, it will take a huge amount of money that I ... now I'll be able to spend on myself and my family.

Scotland, 2021

I think the proportion of people that are going to have to pay a monthly accommodation cost, whether that's rent or still mortgaging will be growing because we see the average age of first time buyers or the average age of people you know leaving home is increasing year on year and I imagine that that situation can only get worse in an environment where in the last year house prices have increased by 13% in one year. So I think it ... I think the assumption as currently written is in peril.

Man, London, 2021

I was just going to say that in my experience at least, the expectation of certainly people in their thirties and forties, which my kids and nephews and niece and so on all are, very few of them have an expectation now that they will own their house by time they're fifty or sixty. Certainly amongst my peers when I was growing up in the seventies, we all expected at some point to own a house and sort of couldn't wait to get on the mortgage train and so on, however blinkered that was. I can only speak from experience, I know very few people now of that age who see that as their future path. They move around quite a lot, they live in cities, it's not practical necessarily to own a house in a big city. So I would say that's certainly in the process of changing.

Man, Wales, 2021

There was also a clear view across groups that divorce can play a key role in whether or not people own homes or still have ongoing direct housing costs when they retire. Groups noted that divorce could mean having to 'start again' on the housing ladder, but there was a recognition that this was not an option that would be available to all.

... the thing is though I'm in a position where for lots of reasons I ... I have to rent, so I have to share a house with somebody ... you can't always guarantee that you're going to end up owning your own house because circumstances change and things happen don't they, and people get divorced and have to split their resources and all that sort of thing, and more and more people get divorced after retirement because the fact is when people suddenly find they've got to spend a lot of time together because ... And the biggest area of divorce is people post-retirement, so ...

Man, East Midlands, 2021

Woman 1: I think it is fair to say that couples invariably will have their own houses because when we all started out with our first jobs, we had the luxury of buying our own properties. So I think that's a fair assumption, but it's also fair to say that a lot of couples may have split and invariably single households ... you know probably not.

Woman 2: I'd say that potentially not every couple that have reached retirement age are necessarily with the partner that they started off ... maybe ...their married with, they could be kind of second timers coming in and having owned before and maybe re-joined the home ownership ladder and their mortgage may take them beyond retirement age. So they may have some years left ...

London, 2021

The potential consequences of divorce for living standards in retirement, through this kind of impact on home ownership, are significant. There are already concerns about pension wealth inequalities following divorce and large gender disparities in pension wealth between those married for a first time, and those married for a second time and those who are divorced. Recent analysis has shown that divorced men and women in general have less pension than their married peers, but that divorced women's pensions are very low (Buckley and Price, 2021). However, what has been highlighted by groups through the discussion of divorce in this research does not simply relate to pensions wealth and the consequent impact on living standards in retirement; it also highlights the impact of divorce on home ownership and the consequences of this for resources, and hence living standards, in retirement.

As in the previous research, groups agreed that at both a moderate and comfortable retirement living standard, adequate insurance cover remained critical in providing a sense of security and peace of mind. At a minimum retirement living standard, there is agreement that *contents* insurance is important, but because of assumptions about housing – principally that at a minimum standard individuals would be living in social housing (see Davis et al., 2018) – groups also agree that buildings insurance and cover for heating repairs are not required, as any costs and repairs would be covered by the housing provider. At a

moderate and comfortable standard`, groups reiterated the views expressed in the previous research about the importance of having insurance to cover the costs of repairs to and/or replacement of the central heating boiler and other elements of heating systems. Knowing that if your central heating breaks down, repairs will be covered and undertaken quickly, remains fundamentally important to providing the sense of security central to both a moderate and comfortable living standard in retirement (Padley and Shepherd, 2019). As in 2019, groups decided that the boiler cover should still include replacement, if required, and should also include a broad range of cover for plumbing, including annual boiler servicing and repairs to central heating as well as insuring against issues with, for example, waste pipes.

Funerals

In the previous research, there was broad agreement across groups that ‘having enough to bury yourself’ – or pay for cremation – at the point of retirement was critically important. Accordingly, groups included the cost of a pre-paid funeral plan at both the moderate and comfortable retirement living standards, to ensure that this was not a financial burden for families. In this latest research, groups agreed with the principle that the ‘cost of death’ should not be left to families, but there was considerable discussion about the greater range of choices now available to individuals planning their own funerals, including cheaper, simpler options. Some participants stated that the experience of living through Covid-19 had made them think more about their own death and how they wanted to mark this. Others felt that they would rather spend money on those who were still alive rather than on a ‘box which is just going to be burnt’.

Woman 1: Well what we’ve decided, my husband and myself, we’re not having a funeral as such, we’re having an unattended cremation and we can get it for ... I think it’s £1500 each ...

Woman 2: Yeah, it’s about £1300 ...

Woman 1: Yeah, you buy the plan up front, even though we’ve got enough to actually pay for a funeral in insurance, we’d rather that went to the children. But in a couple of years, then we’re going to sort it and get that paid for.

East Midlands, 2021

Man 1: There seems to be a big movement these days towards these cheap ... funerals. There’s something advertised on the TV and I can’t remember the name of it, where they talk about paying in advance and you get a ... you know the body gets taken away and gets cremated and they bring you back the ashes and they don’t do the church and all that kind of stuff, you do that yourself, so you have a tea at home and that kind of stuff. And there’s a lot of movement I think, not maybe huge in the market at the moment, but I think a growing part of the market now is it’s dealing with this different option, where you don’t have to go through ... the cars, the church, the service ... the meal and all that kind of stuff, people now seem to be taking the view that they don’t want to spend that money, they want

to give that money to the family, so they'll look for a cheap option and more and more there seem to be cheap options available.

Man 2: *I think it's a very personal thing and I wouldn't quibble with a £4,000 [funeral] ... in fact, yeah, £4,000 for a standard funeral. For me, I wouldn't want ... I think that money's ... a lot of it's wasted and I wouldn't want to do that. So I'd be going for the cheaper option or what I've done is I've donated my body for medical research, so that won't cost anything with a bit of luck, so ... it's very much a personal thing I think.*

South West, 2021

Man 1: *I think for me, a funeral you know is my party that I'm not actually attending, except (laughs) in a dead fashion! And I'd rather spend the money on you know allowing people to have a good time, without all that money spent at the Co-op, on a box which is just going to be burnt. So for me, it's entirely discretionary ...*

Man 2: *I think it's a logical extension of the country descent into ... or ascent, depending on your perspective, into being agnostic or atheist that you know it's the last pillar that's being kicked away in terms of you know the death ceremony and some official presiding at it, and you just don't ... you don't need that anymore. Worst case scenario, you can just donate your body to science and you're not paying for anything at all, are you?*

London, 2021

While these changing views of what people expect or require from a funeral were strongly expressed across groups, there continued to be agreement that the cost of a pre-paid funeral should remain in the basket of goods and services, providing a resource that could be used flexibly – covering the cost of a more 'traditional' funeral for those still desiring this, but also enabling and paying for a range of other options.

Household goods and services

A minimum retirement living standard

No gardening or cleaning services

A moderate retirement living standard

No gardening or cleaning services

A comfortable retirement living standard

Gardener: 2 days per year (half a day per season to help with heavier jobs), plus lawn cutting every week for 6 months of the year

Cleaner: 2 days per year to allow for help with spring/deep clean or to clean carpets

Window cleaner: to clean outside windows every 4 weeks

The category of household goods and services includes a large number of items at each of the three retirement living standards. The groups reviewing these lists of items in 2021 agreed that the overwhelming majority of what was needed in this category had not

changed since 2019 – the story in this budget area was one of continuity rather than change. Consequently there continue to be broad similarities in terms of the household items included across all three living standards – for example, towels, doormats, cutlery and crockery – but significant variation in the *quality* of goods and specific retailers agreed within groups remains. At the minimum retirement living standard, the majority of goods in this category are costed at Wilko, Tesco and Argos – including items such as sofas and beds – with larger household appliances from Appliances Online and soft furnishings from Dunelm, Argos and Wilko. At a moderate retirement living standard many ‘everyday’ items are also costed at Wilko, Tesco and Argos but many items are of a higher quality and from more expensive retailers. So, at a moderate retirement living standard, the bed and mattress are from Bensons for Beds, rather than Argos at the minimum; cutlery is from Next and lamps are from B&Q, rather than both being from Wilkos at a minimum; large appliances, are brands such as Hoover and Whirlpool, rather than lower cost brands such as Beko at a minimum. At the comfortable living standard many of the household items are from retailers such as Oak Furnitureland and John Lewis, with soft furnishings are from M&S and John Lewis, while the large appliances are higher-cost brands by Bosch and AEG.

As well as these differences in quality, there are additional items in this budget area at a moderate and comfortable standard of living, compared to the minimum. Groups in 2021 agreed that the need for these items had not changed since 2019. For example, at both the moderate and comfortable retirement living standards a tumble dryer and dishwasher were identified by groups as being required; neither of these items has ever been included in a pensioner budget at the minimum level.

The only changes introduced through the review of the existing baskets of goods and services in this category, were at the comfortable level in London. Within these groups, participants expressed a growing concern over safety in the Capital and emphasised the role that technology can play in helping people to feel safe where they live, whether they are in their homes or not. Groups agreed to add a *Ring* video doorbell in order to meet this need.

- Man 1: I think it's more important actually now than then, especially the security aspects, with the video doorbells, you need to see who is out there because of various scams and also actual physical security*
- Woman: So I'm just thinking you know of basic needs. I think that security is very important in this day and age, absolutely vital.*
- Man 2: Yeah, I think to add to the point on security, I'm aware that particularly for a lot of the younger generation now have remote security, so not just when they're in the house because that isn't necessarily so vital, but when they're out of the house, when the house is more vulnerable, they have these apps on their mobile phones that they pay for, that they can check who's at their door. So I wonder if there's something about adding remote security to the list as something for a comfortable standard of living, because that's where it really matters, when you're not in the house ...*
- Man 3: Yeah, yeah, I personally also think it's very important to have that kind of security. If you can answer this remotely, so much the better*

London, 2021

In addition to the video doorbell, groups also discussed the importance of maintaining existing burglar alarm systems through an annual service – groups agreed to include £120 a year to cover this. There was agreement that the purchase of an alarm system was a cost that would occur prior to retirement, but that regular servicing would mean that the alarm would ‘see them out’.

Personal goods and services

A minimum retirement living standard

Female hairdressing: £15 for a dry cut every 6 weeks

Male hairdressing: £8 a month

£25 per person, per year for perfume/aftershave

A moderate retirement living standard

Female hairdressing: £35 every 6 weeks, plus £10 for home colour

Male hairdressing: £12 a month

Female: £20 a month for beauty treatments

£60 per person, per year for perfume/aftershave

A comfortable retirement living standard

Female hairdressing: £90 every 6 weeks for cut and colour

Male hairdressing: £15 a month

Female: £35 per month for beauty treatments e.g. nails and/or eyebrow threading/waxing

£120 per person, per year for perfume/aftershave

As in the previous research, groups were clear that in 2021 what was needed at each retirement living standard in terms of dentistry, optometry and podiatry remains the same. For dentistry, this means that each living standard includes the cost of a regular six-monthly check-up and one treatment per year, such as a filling, as well as the cost of replacing dentures every five years. Each retirement living standard also includes £200 for replacement glasses every two years, if these are needed, and £30 to visit the podiatrist every two months. Groups did note the challenge of accessing NHS dentistry in some locations and the impact of Covid-19 on the ease of booking appointments. However, groups reflecting on both moderate and comfortable retirement living standards agreed that continuing to include the cost of NHS dentistry was appropriate, and that accessing private dentistry was a choice rather than a necessity.

In discussing healthcare provision more broadly as part of a moderate and a comfortable retirement living standard, the challenges that have faced the NHS over the last 18 months were prominent. In general, groups agreed that publicly provided, free-at-the-point-of-need healthcare was still sufficient to meet needs at each retirement living standard. However, there were discussions of some of the benefits of private healthcare plans, particularly in terms of providing peace of mind in later life.

Woman 1: I would have thought increasingly, especially with Covid and what's likely to happen within the NHS sector, so I'm talking about primary care as well as hospital ...

- Woman 2: *[A] health plan is probably becoming a necessity, it's certainly something that I have started actively worrying about ... getting any kind of appointments with GPs, dentists, and when you hear about the long, ever increasing waiting lists for NHS, it's certainly playing on my mind, has been for the last month or so ...*
- Man 1: *Again, I think it's about a peace of mind, if you have that kind of Homecare then you don't have to worry about doctors, you can call anybody any time that you need to ...*
- Man 2: *I think I raised this point as well earlier on about the need for private care of some sort, because as we get older, we have got these issues you know, and ...*
- Woman 2: *And also NHS are struggling ...*
- Man 1: *Yeah.*
- Woman 2: *... even now and it's just going to get worse.*
- Man 3: *I have ... I suppose it's just the way I've been brought up, but I've always thought of private healthcare as a luxury. It may be that the situation, the circumstances for all of us are changing so that that needs to be revisited but certainly for most of my life I've considered it ... But as I say with changing circumstances, particularly post-Covid, I mean maybe we need to revisit that somewhat ...*
- Woman 1: *If I had a choice between a funeral plan and a healthcare plan, a private healthcare plan, I would choose the healthcare plan.*
- Man 2: *Yeah, of course.*
- Woman 2: *I think so, yeah. I think ...*
- Man 1: *It's better when you're alive than when you're dead ...*

London, 2021

Ultimately, groups concluded that private healthcare was not something that needed to be included in either a moderate or a comfortable retirement living standard – it was agreed this was a luxury, rather than a necessity. At the same time, groups acknowledged that, particularly at a comfortable retirement living standard, there was flexibility in how resources were used and that private healthcare could be a choice that some decide to make.

Across groups, there was agreement that the cost of hairdressing had in general increased since the previous research, both in the UK outside London and within the capital. Outside London, the budget for hairdressing for men increased from £10 to £12 each month at a moderate living standard, and from £10 to £15 per month at the comfortable level. In London, the budget for men's hairdressing remained at £15 at the moderate level, but increased from £15 to £20 at the comfortable. Groups were clear that these changes were necessary to reflect the increases in the cost of hairdressing over time. For women, groups agreed that the existing budget of £35 every six weeks at the moderate level outside London, plus £10 for a home hair colour, remained sufficient, but there was a recognition that people may have their hair cut less frequently and therefore would be able to spend more. At the comfortable level outside London, groups increased the budget for hairdressing from £75 to £90 every six weeks. Within London, groups agreed that while the

cost of hairdressing had increased, the existing budget of £90 every six weeks at a moderate level and £150 every six weeks at a comfortable level was sufficient.

Clothing and footwear

A minimum retirement living standard

Female: Around £350 a year

Male: Around £230 a year

A moderate retirement living standard

£750 a year for clothing and footwear per person (male and female)

A comfortable retirement living standard

Female: £1000 for clothing per year, £500 for footwear per year

Male: £500 for clothing and £500 for footwear each year

In the previous research undertaken to establish retirement living standards for the first time, groups were clear that it was important to take into account that no one 'arrives at retirement naked'; that is, individuals arrive at the point of retirement with footwear and clothing that they have accumulated over the preceding years. Detailing exactly what each individual needs to purchase each year in order to have a moderate or comfortable retirement living standard was therefore seen as an unnecessary and almost impossible task. Instead, there was agreement across groups that including an annual budget to update footwear and clothing was more meaningful – this approach was endorsed across groups in this latest research. The amount included at the moderate and comfortable living standards were agreed to still be adequate to meet the needs of individuals at each level, but groups were also clear that in 2021 these amounts needed to take in account what has happened to the cost of clothing since 2019. Consequently, the totals in the agreed budgets for clothing and footwear reflect this broad agreement across groups and build in changes in prices as captured through CPI.

Social and cultural participation

A minimum retirement living standard

Weekly leisure activities: £20 per person per week for two activities

Mobile phone: Entry level smartphone (500mb data), £7.50 a month per person, 24 month contract

Basic TV and broadband, plus £5.99 a month for a streaming service

A moderate retirement living standard

Weekly leisure activities: £35 per person per week for two or three weekly activities

Mobile phone: Samsung Galaxy smartphone (3GB, unlimited minutes and texts) £14.99 a month, 24 month contract

£60 monthly TV and broadband subscription, plus £5.99 a month for a streaming service

A comfortable retirement living standard

Weekly leisure activities: £50 per person per week for up to three weekly activities

Mobile phone: Samsung Galaxy smartphone (6GB data, unlimited calls and unlimited texts), £28 a month per person, 24 month contract

£60 monthly TV and broadband subscription, plus a smart speaker and a £5.99 a month for a streaming service

As in the previous research, the value of being able to participate in activities and socialise outside the home was emphasised across groups. In a context where opportunities to participate have been restricted and constrained over the last 18 months, participants noted the renewed importance of social activities, of being able to 'do things' outside the home.

Woman 1: I think we've probably ... we've possibly with Covid we've reassessed priorities I think.

Woman 2: Yeah.

Woman 1: Yeah, definitely reassessed priorities but then it's made you probably, it's made a lot of people think, well actually I should be doing more things.

West Midlands, 2021

The benefit of shared social activities for mental health and well-being was also clearly articulated within groups.

Man 1: Sociability is such an important factor for wellbeing ... sociability and connection and belonging, which is so important for mental health and continuing ...

Man 2: Absolutely, I agree, absolutely important for mental health in older age.

London, 2021

The amounts included at a moderate and a comfortable retirement living standard were for the most part seen as providing a resource that would enable people to do two or three

activities each week: £35 per person per week at the moderate living standard and £50 per person each week at a comfortable level. Groups noted that this weekly resource may be used in different ways in 2021 than in 2019, following successive lockdowns which have changed the ways in which people use their leisure time. For example, participants who had previously been paying for gym memberships had used this resource in alternative ways, to purchase running shoes, walking boots or bicycles. Some felt that this change in leisure time would continue, while others considered these changes to be temporary.

In the home, as in the previous research, groups agreed that a TV and a DVD player were needed as a source of entertainment and in order to keep up with what is going on in the world at both the moderate and comfortable living standard. At the minimum the TV remains a 32-inch Freeview TV, at the moderate retirement living standard groups agreed with the description of a 39-inch Smart TV and at the comfortable level a Sony 43-inch Smart TV. There was much discussion in groups about whether or not a DVD player remained something that was needed in 2021. Indeed, when minimum living standards were last reviewed with pensioners in 2020, groups removed the DVD player as they said this had become obsolete technology (Davis et al., 2020). However, because DVD players remain relatively inexpensive, and because it was noted that many had existing collections of DVDs, groups agreed to keep the DVD player in 2021.

Often following from the discussion of DVD players, groups discussed the changes in technology since the living standards were first described in the initial research, and in particular the increased importance and prevalence of streaming services, such as Netflix, Disney Plus and Amazon Prime. In the previous research, the comfortable retirement living standard included a one screen monthly subscription to Netflix, but this was not included at the minimum or the moderate level. In 2020 however, a one-screen monthly Netflix subscription was considered to be necessary at a minimum living standard (see Davis et al., 2020) as it played a critical role in enabling individuals to participate in the world around them, to be socially included, rather than excluded. Reflecting on this change at a minimum living standard, groups agreed that Netflix should be included at the moderate living standard.

My partner, her quality of life would not be the same if she didn't have Netflix ... So these things ... as I said, these things were a luxury but then they become a necessity in certain circumstances, don't they?

East Midlands, 2021

This shift over time from being considered a luxury – or something that it is ‘nice to have’ – to be something that is needed, captures changes in society and in norms and expectations about particular living standards. It can also be seen as a consequence of changes in technology and the rapid pace of change over short periods.

Man 1: I think I'm just ... if I was starting out again now, I've got you know probably a thousand CDs, I don't know how many it is, but if I were starting out again, I wouldn't own ... I wouldn't want to own physical CDs, for a start it's all of that plastic, I'd hate to be part ... because I ... to me they're ... I just look at them now and I just think, oh my God all

of that plastic. And I think being able to subscribe to a streaming ... I think you need a streaming device in there possibly on that list, a streaming device that you connect to your hifi, streaming I think actually is actually more like £20 a month than £10 but I know you can look into that. But I'd love the idea, as I go into retirement to get rid of all my CDs and switch to a ... access to a huge library, apparently a million ... a million's worth of CDs, and not have all of that ... those physical CDs taking up room. And the other thing I'd say on your list is that at one time, HD TV was kind of like an exotic upscale from standard definition, but now HD is just very basic, and now 4K is becoming a minimum. So I'd say that 4 ... you're not far off now where 4K will be just your minimum and HD is already looking a bit old-fashioned.

Man 2: But the most striking thing about this whole technology thing is how fast it changes, it's just ... I mean I know you know that.

Man 3: How incredibly fast it all moves, you know ...

London, 2021

In considering the shifts in technology over time, groups discussed the inclusion of a smart speaker. At the moderate retirement living standard, groups concluded that this was not yet something that was needed at this level. However, at the comfortable living standard groups did include a smart speaker – specified as a Google Nest Mini – and spoke of the value of this sort of smart technology in retirement, and in particular in later life, in, for example, setting reminders, keeping track of diaries and appointments as well as more ‘fun’ uses such as streaming audio and accessing digital/internet radio.

As well as these addition to the baskets of goods and services, there were some small changes in some items, reflecting changing norms within contemporary UK society. At the moderate retirement living standard, groups had previously included a mobile phone with a 36 month contract as this was seen to be the most cost effective. In 2021, groups stated that 36 month contracts were no longer the norm, and that it was possible to have a mobile phone on a 24 month contract for the same monthly cost. Consequently, although the length of contract has been changed, there is no impact on the overall budget needed at the moderate standard.

In reviewing the baskets of goods and services, groups agreed that a laptop and printer were still needed at both a moderate and comfortable living standard. At the minimum living standard, groups in 2020 stated that the printer was not needed as an increasing amount of what once needed to be printed was no longer required – for example, tickets or important documents, such as for insurance, could now be accessed via a smartphone. At the moderate and comfortable living standards, groups agreed that a printer was still required although there was a recognition that this was used less than it might have been in 2019.

Holidays

A minimum retirement living standard

Summer holiday: 1 week off peak UK coach package holiday, including half board accommodation, some outings and entertainment, PLUS £150 per person spending money

Weekend trip: 3 nights, B&B accommodation off peak, e.g. in spring/autumn travelling by train to York, PLUS £75 per person spending money

A moderate retirement living standard

Summer holiday: 10 nights in Mediterranean June or Sept, all inclusive, 3*, PLUS £20 per person per day spending money

Weekend trip: 3 nights, B&B accommodation off peak, e.g. in spring/autumn travelling by train to York, PLUS £75 per person spending money

A comfortable retirement living standard

Summer holiday: 2 weeks in the Mediterranean (i.e. Italy, Spain, Greece) June or September (outside school holidays) 3* or 4* half board, PLUS £25 per day spending money per person

Winter holiday: 1 week in the winter to Europe, 3* or 4* all-inclusive e.g. the Canaries as likely to be sunny/hot still in winter, PLUS £20 per person per day spending money

All groups who have reflected on and discussed minimum, moderate and comfortable living standards in retirement, both in previous and current research, have agreed that everybody should be able to take an annual holiday. The specification of holidays at each of these levels is different, with UK holidays at the minimum level, one holiday abroad at the moderate living standard and two holidays abroad at the comfortable retirement living standard. Groups in 2021 noted that while it had been difficult to holiday abroad since the emergence of Covid-19 in early 2020, this remained a reasonable description of what individuals *should* be able to do in retirement at both a moderate and comfortable living standard.

Transport

A minimum retirement living standard

Bus: Free bus pass

Rail: £100 per person per year, **PLUS** £30 senior railcard (and rail fare for holiday each year)

A moderate retirement living standard

Rail: £100 per person per year, **PLUS** £30 senior railcard (and rail fare for holiday each year)

Car: 3 year old Ford Focus, replaced every 10 years

A comfortable retirement living standard

Rail: £200 per year per person, **PLUS** £30 senior railcard

Car: *Couple*: 5 year old mid-range SUV (Nissan Qashqai) replace every 5 years, **PLUS** older second car, smaller run around (Ford Fiesta) 8 years old, replace after 5 years; *Single*: 2 year old mid-range SUV (Nissan Qashqai) replace every 5 years

Discussions of transport needs at both a moderate and comfortable retirement living standard echoed what had been specified in the previous research, and groups agreed that what was needed had not changed since 2019. Groups did note that in some cities across

the UK, restrictions on emissions were being introduced which could ultimately call in to question the value of owning a car, but it was agreed that these were not yet widespread enough to necessitate a change in the sort of cars specified at each level or to justify the removal of the car.

Retirement Living Standards in 2021

As set out in this chapter so far, the review of the baskets of goods and services that the public agree describe a moderate and a comfortable retirement living standard has introduced some small changes, capturing change over time in social norms and expectations. In tandem with the uprating of the existing retirement living standards, this research has produced new figures for 2021, setting out how much people would need to spend in order to have a minimum, moderate or comfortable standard of living in retirement. But what difference do the small changes in the baskets of goods and services make to the overall budget required at each living standard level and which have contributed most to this change over time? Which categories have seen the biggest increase over time?

Minimum Retirement Living Standard

The budget required for a minimum retirement living standard increased by around £700 for one person and £1000 for a couple between 2019 and 2021. In general there has been an upward trend in what pensioners agree is needed for a minimum socially acceptable standard of living since 2008, as expectations and social norms regarding retirement change (Davis et al., 2021). Much of the increase in a minimum budget over time is a result of inflation across the CPI categories used to 'uprate' these budgets – this has been most significant for the cost of transport (by road and railway, but not in a private vehicle), which has increased by an average of 10% between 2019 and 2021. In the review of minimum budgets undertaken in 2020 (Davis et al., 2020) there were also some changes made to the minimum basket which have contributed to the increase in the total cost of this minimum. This includes an increase in the amounts included to cover hairdressing, from £15 to £25 for women and from £8 to £10 for men and the inclusion of Netflix, adding around £1.38 each week.

Moderate Retirement Living Standard

The budget needed to cover the cost of a moderate retirement living standard rose by £600 for one person and £1500 for a couple between 2019 and 2021. The increase in the amount included for eating out from £75 per person each month to £100 per person each month has contributed most to this rise in the overall expenditure: this change adds £5.75 each week per person (£300 a year) to the required expenditure. Increases in Council Tax of 7.5% between 2019 and 2021 (see Ministry of Housing, Communities and Local Government, 2019 & 2020) have also contributed to the rise in what is needed for this living standard, adding £1.89 each week (£99 a year) for one person at this level and £2.51 each week (£131 a year) for a couple. The addition of Netflix adds a further £1.38 each week (£72 a year), with inflation across the CPI categories used to uprate leisure services and leisure goods combining to add a further £4.72 each week (£246 a year) for one person and £6.52 (£340 a year) for a couple in 2021 compared to 2019.

Comfortable Retirement Living Standard

The budget needed for a comfortable retirement living standard has increased by £600 for one person and £2200 for a couple between 2019 and 2021. Increases in the amounts included to cover the cost of hairdressing introduced in 2021 – from £10 to £15 for men and from £75 to £90 for women – adds £2.93 a week (£153 a year) for a couple and an average of £1.46 a week (£76 a year) for one person. As at the moderate level, Council Tax inflation has contributed to the increase in what is needed at the comfortable level, adding £161 a year for one person and £214 a year for a couple. Inflation across CPI categories covering leisure goods and services – as at the moderate level – have made a significant contribution to the increase in the overall budget, adding £7.20 a week (£375 a year) for one person and £11.94 a week (£623 a year) for a couple.

Table 3 sets out the weekly budget and annual expenditure needed at each retirement living standard in 2019 and in 2021, while tables 4, 5 and 6 set out the detailed weekly budgets needed for a minimum, moderate and comfortable retirement living standard.

Table 3: UK Retirement Living Standards, 2019 and 2021

One person		2019	2021
Comfortable	<i>Weekly budget</i>	<i>£633</i>	<i>£644</i>
	Annual expenditure	£33,000	£33,600
Moderate	<i>Weekly budget</i>	<i>£387</i>	<i>£399</i>
	Annual expenditure	£20,200	£20,800
Minimum	<i>Weekly budget</i>	<i>£196</i>	<i>£209</i>
	Annual expenditure	£10,200	£10,900

Couple		2019	2021
Comfortable	<i>Weekly budget</i>	<i>£911</i>	<i>£953</i>
	Annual expenditure	£47,500	£49,700
Moderate	<i>Weekly budget</i>	<i>£558</i>	<i>£587</i>
	Annual expenditure	£29,100	£30,600
Minimum	<i>Weekly budget</i>	<i>£301</i>	<i>£320</i>
	Annual expenditure	£15,700	£16,700

Table 4: Minimum Retirement Living Standard, weekly budgets, 2021

	UK		London	
	One person	Couple	One person	Couple
Food	£47.10	£75.25	£60.76	£100.54
Alcohol	£8.05	£12.37	£8.93	£15.78
Tobacco	£0.00	£0.00	£0.00	£0.00
Clothing	£7.91	£15.82	£7.91	£15.82
Water rates	£6.09	£7.18	£4.62	£6.06
Council tax	£17.17	£22.92	£18.58	£28.30
Household insurances	£1.48	£1.55	£1.21	£1.21
Fuel	£11.01	£15.07	£15.43	£19.49
Other housing costs	£2.99	£2.99	£6.94	£6.94
Household goods	£15.39	£17.55	£15.99	£19.09
Household services	£8.84	£10.77	£8.84	£10.77
Personal goods and services	£18.52	£38.67	£23.37	£50.14
Motoring	£0.00	£0.00	£0.00	£0.00
Other travel costs	£15.42	£19.16	£23.50	£29.48
Social and cultural participation	£48.20	£81.56	£57.78	£101.69
<i>Rent</i>	<i>£78.99</i>	<i>£86.81</i>	<i>£118.49</i>	<i>£132.79</i>
Total (excluding rent)	£208.18	£320.86	£253.84	£405.30

Table 5: Moderate Retirement Living Standard, weekly budgets, 2021

	UK		London	
	One person	Couple	One person	Couple
Food	£70.29	£120.34	£94.75	£166.37
Alcohol	£9.79	£19.59	£9.79	£19.59
Tobacco	£0.00	£0.00	£0.00	£0.00
Clothing	£13.99	£27.99	£13.99	£27.99
Water rates	£4.20	£7.29	£4.57	£6.62
Council tax	£25.24	£33.65	£21.59	£28.79
Household insurances	£2.66	£2.51	£3.10	£3.22
Fuel	£13.87	£20.33	£15.13	£22.88
Other housing costs	£16.46	£16.46	£22.37	£22.37
Household goods	£25.88	£29.79	£27.51	£29.79
Household services	£7.95	£14.47	£7.95	£14.47
Personal goods and services	£28.51	£57.83	£36.48	£73.76
Motoring	£40.67	£40.39	£52.46	£47.88
Other travel costs	£14.43	£17.83	£19.95	£23.35
Social and cultural participation	£125.57	£179.32	£139.62	£207.40
Total	£399.53	£587.78	£469.28	£694.48

Table 6: Comfortable Retirement Living Standard, weekly budgets, 2021

	UK		London	
	One person	Couple	One person	Couple
Food	£136.85	£222.69	£136.85	£222.69
Alcohol	£13.07	£26.13	£13.07	£26.13
Tobacco	£0.00	£0.00	£0.00	£0.00
Clothing	£22.74	£45.48	£22.74	£45.48
Water rates	£4.34	£7.51	£4.72	£6.83
Council tax	£26.43	£35.24	£22.61	£30.15
Household insurances	£2.68	£2.53	£3.24	£3.24
Fuel	£18.86	£20.87	£21.51	£23.49
Other housing costs	£24.39	£24.39	£30.31	£30.31
Household goods	£82.06	£82.06	£82.41	£82.41
Household services	£37.47	£49.13	£71.90	£82.01
Personal goods and services	£37.95	£74.07	£47.79	£93.75
Motoring	£47.32	£71.62	£58.14	£49.90
Other travel costs	£5.21	£10.20	£5.21	£10.20
Social and cultural participation	£184.07	£281.13	£184.07	£281.08
Total	£643.43	£953.07	£704.57	£987.68

4. Conclusion

This report has set out the key findings emerging from the review of retirement living standards in the UK and the implications of these for what people would need to spend in order to have either a minimum, moderate or comfortable standard of living in retirement. Regularly reviewing these standards with groups of members of the public is a critical task, ensuring that the concrete descriptions of what life would be like at each level continue to reflect the world as it is now, rather than as it was at a fixed point in the past. In general, groups agreed that the baskets of goods and services detailed in 2019 still describe a moderate and a comfortable standard of living in retirement in 2021. Changes to the 'baskets' agreed within and across groups resulted from developments in technology, increased costs and shifting social norms. At the same time, the continued importance of key elements of the retirement living standards – such as social activities and eating out – was reiterated across all groups. These reviewed and refreshed retirement living standards are a reflection of public consensus in contemporary UK, and remain a key reference point in thinking about and planning for retirement.

The next research on retirement living standards in 2023 will 'start from scratch', with groups of members of the public discussing and agreeing afresh the baskets of goods and services that describe a moderate and a comfortable standard of living in retirement. As the world learns to live with COVID, this research will present an opportunity to capture any longer term impacts of the pandemic on norms and expectations for retirement. It will also allow for a consideration of the UK Government's recently announced plans for funding social care and whether or not this will affect retirement and pension planning. The research explored in this report was undertaken before this announcement, but it was clear from discussion in groups that social care – and meeting the cost of this – is at the forefront of people's minds when thinking about retirement and the kind of living standard they can expect to have.

The elephant in the room of course is this massive issue of paying for social care, which successive Governments have been kicking down the road. Now, if I'm going to be advising somebody, I would say I would act on the presumption at the moment, the value of your property is going to be taken into account in terms of any future social care needs you may have. So whether or not in five years' time people will see fewer advantages to owning properties because they realise that if they do need social care, that will quickly disappear in a matter of months, if not two years, unless the Govt come up with an alternative way, like Income Tax for funding social care, I think that is a huge part of the equation as we move forward.

Man, London, 2021

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Appendix: CPI categories used in uprating RLS budgets

Table A1: CPI categories and sub-categories

- 01.1 Food
- 02.1 Alcoholic beverages
- 03.1 Clothing
- 03.2 Footwear including repairs
- 04.3 Regular maintenance and repair of the dwelling
- 04.4 Water supply and misc. services for the dwelling
- 04.5 Electricity, gas and other fuels
- 04.9 Council tax and rates
- 05.1 Furniture, furnishings and carpets
- 05.2 Household textiles
- 05.3 Household appliances, fitting and repairs
- 05.4 Glassware, tableware and household utensils
- 05.5 Tools and equipment for house and garden
- 05.6 Goods and services for routine maintenance
 - 05.6.2 Domestic services and household services
- 06.1 Medical products, appliances and equipment
- 06.2 Out-patient services
- 07.2 Operation of personal transport equipment
 - 07.3.1 Passenger transport by railway
 - 07.3.2 Passenger transport by road
- 08.1 Postal services
- 08.2/3 Telephone and telefax equipment and services
- 09.1 Audio-visual equipment and related products
- 09.3 Other recreational items, gardens and pets
- 09.4 Recreational and cultural services
- 09.5 Books, newspapers and stationery
- 09.6 Package holidays
- 11.1 Catering services
- 11.2 Accommodation services
- 12.1 Personal care
- 12.3 Personal effects (nec)
- 12.5 Insurance
- 12.7 Other services (nec)

Table B1: CPI categories and sub-categories by RLS budget area

Food

01.1 Food

11.1 Catering services

Alcohol

02.1 Alcoholic beverages

Clothing and footwear

03.1 Clothing

03.2 Footwear including repairs

Housing and related costs

04.3 Regular maintenance and repair of the dwelling

04.4 Water supply and misc. services for the dwelling

04.5 Electricity, gas and other fuels

04.9 Council tax and rates

12.5 Insurance

Household goods

04.3 Regular maintenance and repair of the dwelling

04.5 Electricity, gas and other fuels

05.1 Furniture, furnishings and carpets

05.2 Household textiles

05.3 Household appliances, fitting and repairs

05.4 Glassware, tableware and household utensils

05.5 Tools and equipment for house and garden

05.6 Goods and services for routine maintenance

09.3 Other recreational items, gardens and pets

Household services

05.6.2 Domestic services and household services

08.1 Postal services

08.2/3 Telephone and telefax equipment and services

12.7 Other services (nec)

Personal goods and services

12.1 Personal care

12.3 Personal effects (nec)

06.1 Medical products, appliances and equipment

06.2 Out-patient services

Motoring and other travel costs

07.2 Operation of personal transport equipment

07.3.1 Passenger transport by railway

07.3.2 Passenger transport by road

Leisure goods

09.1 Audio-visual equipment and related products

09.3 Other recreational items, gardens and pets

09.5 Books, newspapers and stationery

Leisure services

08.2/3 Telephone and telefax equipment and services

09.3 Other recreational items, gardens and pets

09.4 Recreational and cultural services

09.6 Package holidays

11.2 Accommodation services

12.7 Other services (nec)

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