nest insight

How much is enough?

Annex - saver persona profiles

Phoenix Insights

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Nest Insight is a public-benefit research and innovation centre. Our mission is to find ways to support people to be financially secure, both today and into retirement. We conduct rigorous, cutting-edge research, working collaboratively with industry and academic partners to understand the financial challenges facing low- and moderate-income households. We use these data-driven insights to identify and test practical, real-world solutions. Our findings are shared widely and freely so that people around the world can benefit from our work. For more information visit: **nestinsight.org.uk**

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About this report

This report contributes to Nest Insight's larger research programme on supporting financial resilience and wellbeing through joined-up savings solutions. For more information, visit: **nestinsight.org.uk/research-projects/pensions-adequacy-and-the-household-balance-sheet/**

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Annex

Saver persona profiles

We created our saver personas to illustrate different combinations of life circumstances that might affect the savings priorities of different people in different households. In this annex, we provide pen portraits of each of them, including more detail than we could include in the main report.

Most of these individuals are drawn from our target population, which means their ages and earnings make them eligible to be automatically enrolled into a workplace pension. Six of them come from outside this population, and would not currently be eligible for enrolment: either because they earn below the minimum earnings threshold, or because they are self-employed. We included these individuals so we could explore questions about whether auto-enrolment should be extended to cover lower earners, and whether there should be a similar mechanism to encourage self-employed people to save for retirement.

In the default lifepaths set out here, all start out contributing at the current AE minimum contribution rates, including those who wouldn't be eligible for auto-enrolment (solid lines on the charts). This allows us to compare this baseline to the optimised savings pathways recommended by our model (dotted lines on the charts).

Saver persona 1 (secondary income in later life)

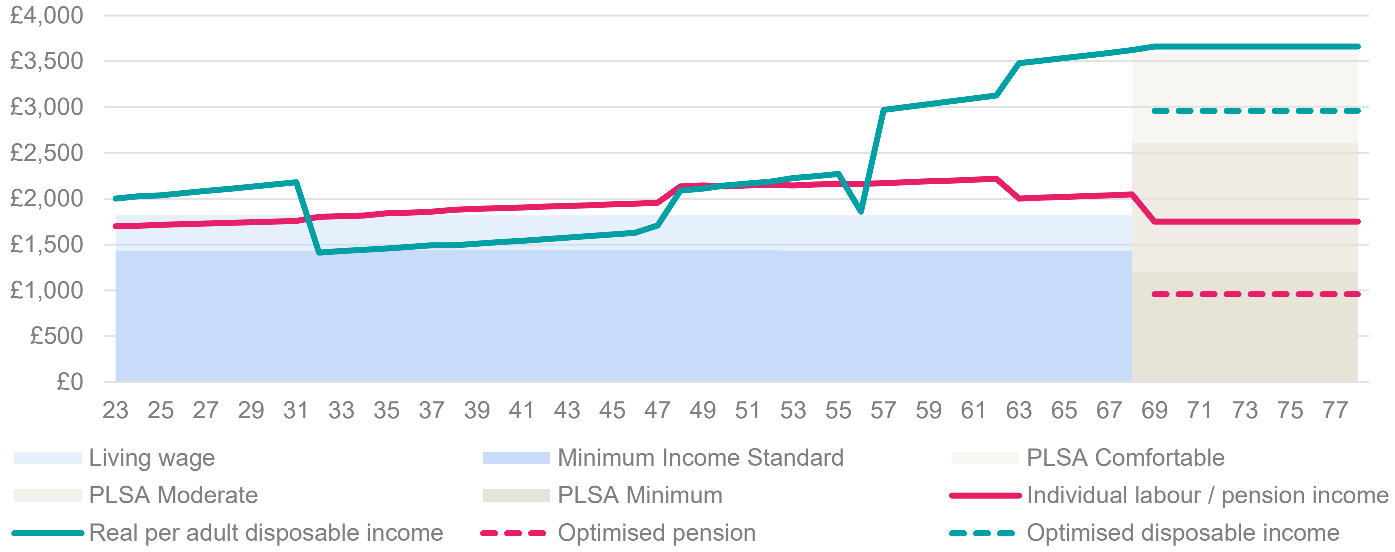
Saver persona 1	Today – age 23	At retirement
	Male, white British, degree educated	
Household	**Single** No children in household	**Divorced** No children in household
Housing	Renting – per adult **£531** South-east	Wholly owned – per adult **£0** South-east
Work	Routine job – education & sport Labour income **£1,700**, volatility **4**	Final labour income: **£2,048** Other income: **£1,575**
Savings and pension	Frequent saver DC contributions since age 23 at **AE minimum**	Pension income **£1,752** Replacement rate **86%** Inheritance expected
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **Doing all right**	Debt **under £100** Up to date with bills Subjective financial: **better off**

Although persona 1's labour income grows steadily in real terms for most of his life, the per-adult disposable income in his household goes through major changes due to marriage, divorce and house purchase. The biggest change, however, is a secondary stream of income that begins in later working life, as he comes into an inheritance, including property that he is able to rent. His savings priorities change significantly at this point.

This is why our model recommends he reduce his lifetime contributions, to avoid his disposable income in retirement being excessively high in relation to that in his working life. In reality, of course, he might not be able to predict this position earlier in his working life, especially during his 30's, when he and his family of four experience the greatest financial pressure. So if he followed the model, he would run the risk of having to live off his pension income alone – which as can be seen, falls below the PLSA Minimum standard for a single person.

If our model didn't know about his other sources of income, it might make a very different recommendation. It's instructive to compare his situation with persona 2, who starts on similar earnings but has a very different pattern of disposable income. As we'll see, her recommended contribution pattern are on average closer to the current AE minimums over the course of her life, though with significant variation as her situation changes.

Saver persona 1: lifetime income



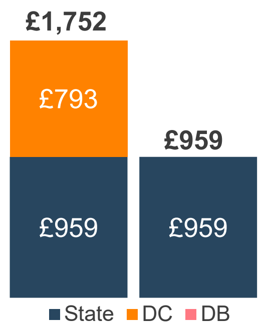
Note: In these examples, the lifetime income graphs chart each persona's income in two forms:

- the individual's gross income from labour and pensions (dark pink line)
- the household's per-head disposable income (teal line)

The solid line shows what these look like based on the default auto-enrolment contribution rates, while the dotted lines show the difference in retirement income using the optimised contribution rates created by our model. These are set against the two sets of income benchmarks used throughout this report (shaded areas).

Saver persona 1: default and optimised contribution rates

Decade of life	20's	30's	40's	50's	60's
Default employee plus tax relief	5%	5%	5%	5%	5%
Default total including employer	8%	8%	8%	8%	8%
Optimised employee	2%	0%	0%	0%	5%
Optimised total including employer	3.4%	0%	0%	0%	8%



In all these examples, the table on the left compares the default contribution rates we've used for all our saver personas, with the recommendations put out by the model. The bar chart on the right shows the breakdown of pension income into different sources, based on the default contribution rates.

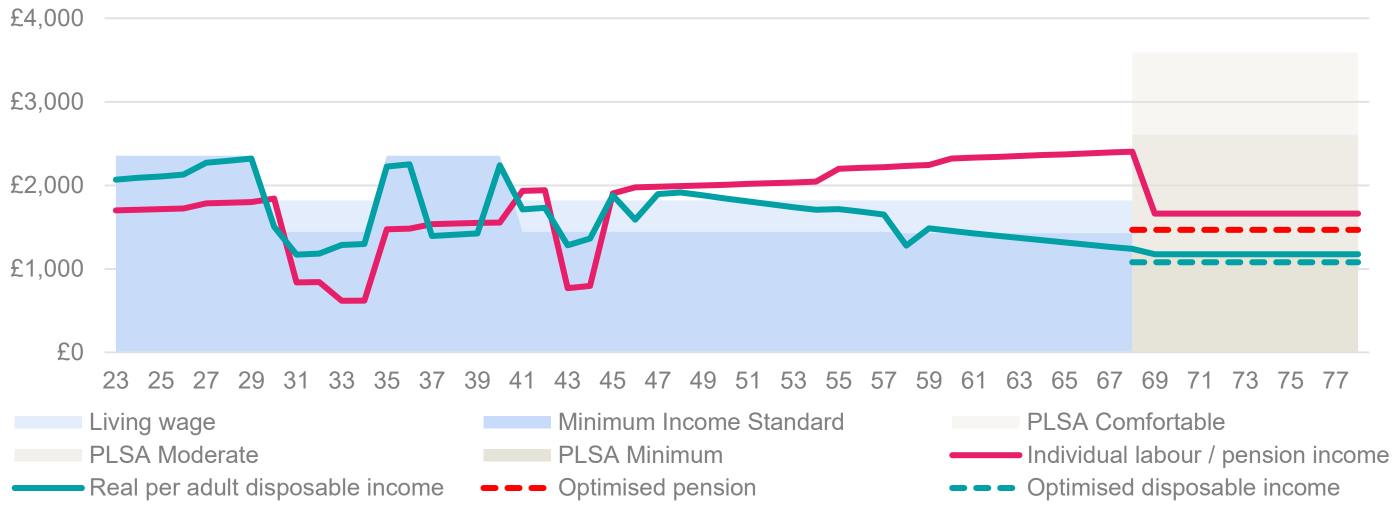
Saver persona 2 (uneven employment history)

Saver persona 2	Today – age 23	At retirement
	Female, white British, GCSE educated	
Household	**Single** One child in household	**Married** No children in household
Housing	Renting – per adult **£531** South-east	Renting – per adult **£274** South-east
Work	Intermediate job – health service Labour income **£1,700**, volatility **0** Receives benefits	Final labour income: **£2,403** No benefits
Savings and pension	Irregular saver DC contributions since age 23 at **AE minimum**	Pension income **£1,661** Replacement rate **69%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **doing all right**	Debt **under £100** Up to date with bills Subjective financial: **living comfortably**

Although persona 2's starting situation is similar to that of persona 1, she has a very different lifetime earnings experience. Periods out of the workforce for childcare lead to dips in earnings during her 30s and 40s. As she marries, divorces and remarries, the per-adult disposable income of her household changes significantly over time. While she's married, her disposable income is buffered by the incomes of her partners and, later in life, she is able to grow her earnings – something that's not always true for women returning to the workforce. As a result, she catches up with pension savings at the AE minimum rates. However, her per-adult disposable income rarely rises above the relevant minimum income standard (the darker blue shaded area on the chart). Once housing costs are taken into account, her disposable income in retirement falls, but remains above the PLSA Minimum rate for a couple (£933/m). However, this has been at a cost to her living standards during her working life.

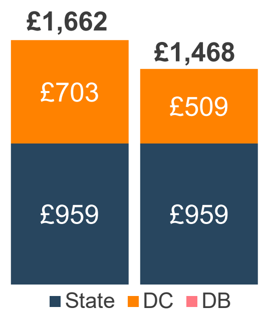
Because of these affordability challenges, our model suggests that she stops contributing at all. It's important to note that this would mean she loses out on employer contributions at these times. However, this strategy does leave average disposable income above the PLSA Minimum. By way of contrast, if we allow the model to recommend she contributes during decades when her disposable income occasionally falls below the Minimum Income Standard, it recommends she contribute at a total rate of 15% in her 40's, and 12% in her 50's.

Saver persona 2: lifetime income



Saver persona 2: default and optimised contribution rates

Decade of life	20's	30's	40's	50's	60's
Default employee plus tax relief	5%	5%	5%	5%	5%
Default total including employer	8%	8%	8%	8%	8%
Optimised employee (with constraints relaxed)	0%	0%	0% (12%)	0% (6%)	0%
Optimised total including employer (with constraints relaxed)	0%	0%	15% (15%)	0% (9%)	0%



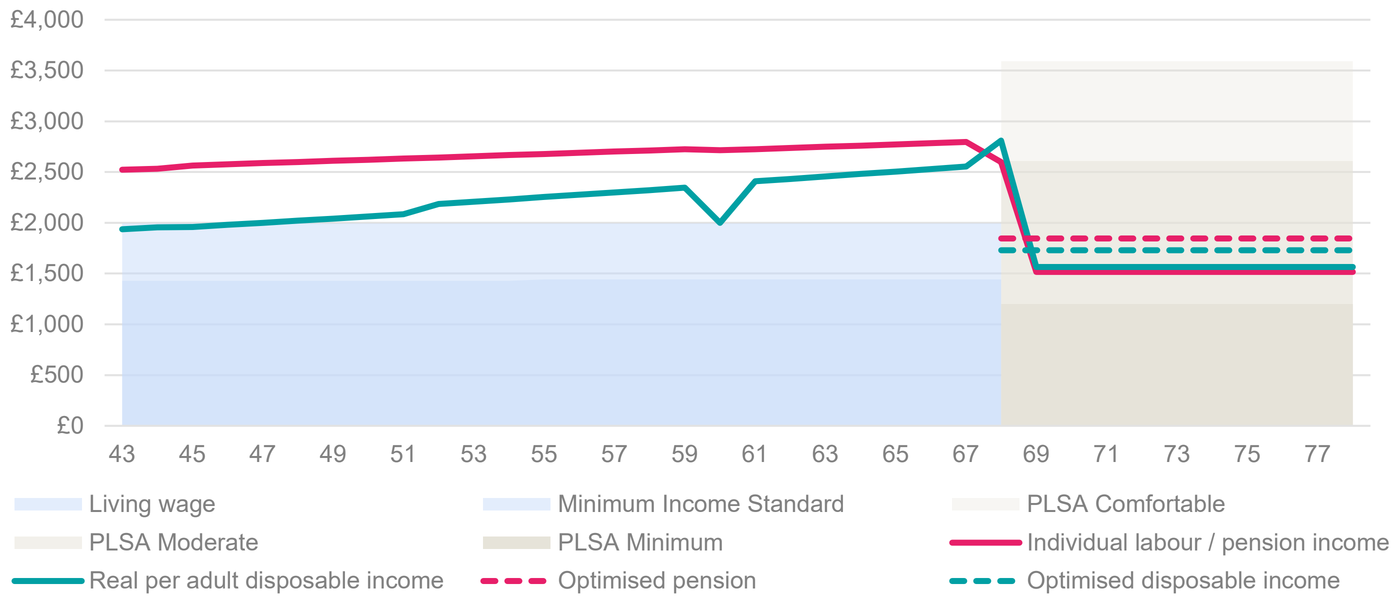
Saver persona 3 (average circumstances)

Saver persona 3	Today – age 43	At retirement
	Male, white British, degree educated	
Household	**Married** No children in household	**Married** No children in household
Housing	Mortgage – per adult **£697** London	Wholly owned London
Work	Management job – services Labour income **£2,522**, volatility **1**	Final labour income: **£2,808** No benefits
Savings and pension	Regular saver DC contributions since age 33 at **AE minimum**	Pension income **£1,516** Replacement rate **58%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **living comfortably**	Debt **under £100** Up to date with bills Subjective financial: **living comfortably**

Persona 3 represents the average male individual within our saver population, by a range of measures including his age, and his income, which is near the UK national median wage and grows steadily in real terms. The per-adult disposable income of him and his partner is somewhat lower, partly because they continue to pay a mortgage up to the year before they retire. Because he's only been saving in the AE system since his mid-30s, his headline replacement rate at retirement is lower than it would be for a lifetime saver, at 58%. This means his household's per-adult disposable income falls at a similar rate, below the Moderate PLSA standard for a couple (£1,796/m).

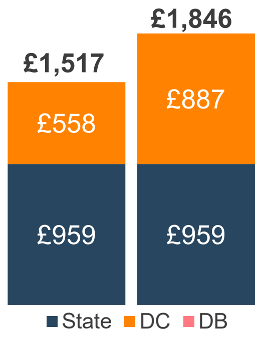
Our model suggests he should maximise his contributions – up to the highest level we've allowed it to set, which is a total of 15% including tax relief and employer contributions. If he does this, he's on course to have a disposable income almost exactly at the PLSA Moderate level, and his lifetime spending power will be much closer to level.

Saver persona 3: lifetime income



Saver persona 3: default and optimised contribution rates

Decade of life	40's	50's	60's
Default employee inc tax relief	5%	5%	5%
Default total including employer	8%	8%	8%
Optimised employee inc tax relief	12%	12%	12%
Optimised total including employer	15%	15%	15%



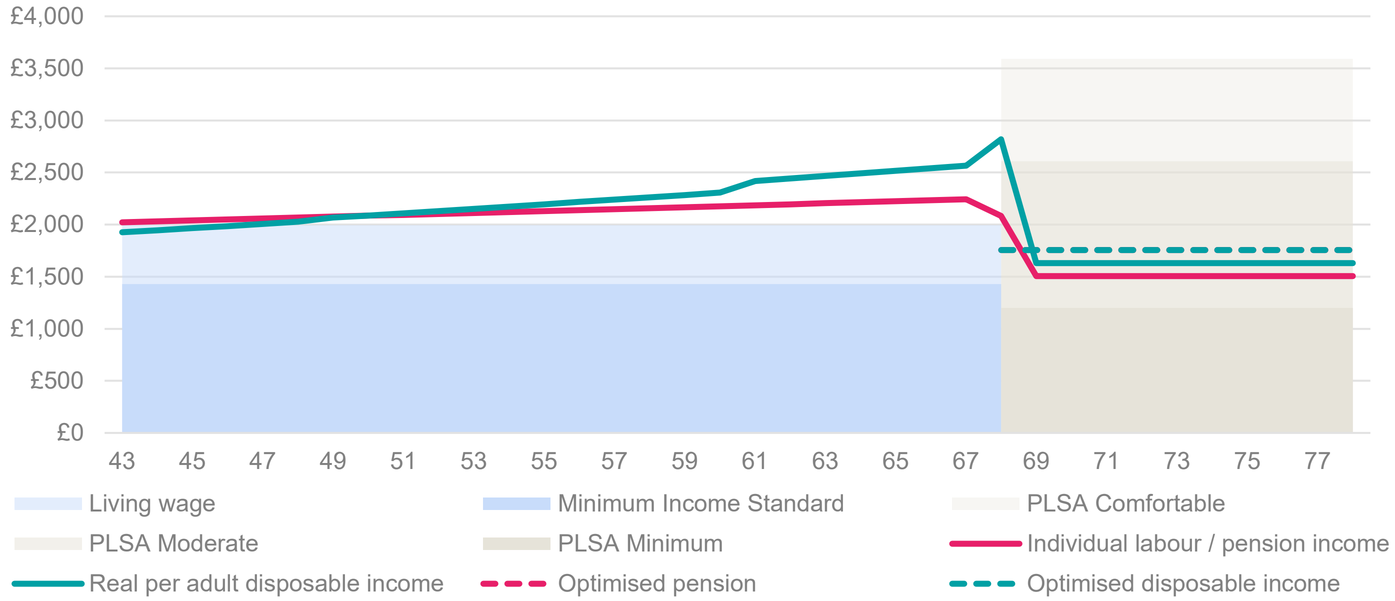
Saver persona 4 (average circumstances)

Saver persona 4	Today – age 43	At retirement
	Female, white British, degree educated	
Household	**Married** No children in household	**Married** No children in household
Housing	Mortgage – per adult **£339** London	Wholly owned London
Work	Management job – education & sport Labour income **£2,023**, volatility **3**	Final labour income: **£2,252** No benefits
Savings and pension	Regular saver DC contributions since age 34 at **AE minimum** **4 years** accrued DB	Pension income **£1,506** Replacement rate **72%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **living comfortably**	Debt **under £100** Up to date with bills Subjective financial: **living comfortably**

Persona 4 represents the average female individual within our saver population, by a number of factors including her age and earnings. Labour income grows at a similar rate to persona 3's. However, her income is persistently lower, reflecting gender income inequalities. Nonetheless, she has the advantage of a small amount of defined benefit pension from a previous job in her 20s. She also pays off her mortgage just before she retires. This, combined with the income of her partner, means that their disposable income in retirement is close to the PLSA Moderate standard for a couple. There is a brief spike in disposable income at age 68 when they pay off their mortgage. In spite of not paying their mortgage any more, they experience a drop in spending power at retirement.

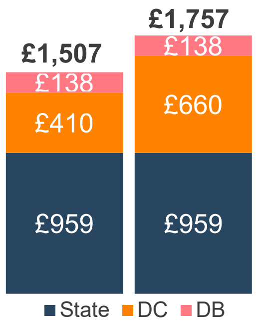
Our model suggests that persona 4 maximise her contributions for the remainder of her working life, to achieve a better balance of working-life and in-retirement disposable income. This will leave her with a per-head disposable income around the PLSA Moderate level (£1,796).

Saver persona 4: lifetime income



Saver persona 4: default and optimised contribution rates

Decade of life	40's	50's	60's
Default employee plus tax relief	5%	5%	5%
Default total including employer	8%	8%	8%
Optimised employee	12%	12%	12%
Optimised total including employer	15%	15%	15%



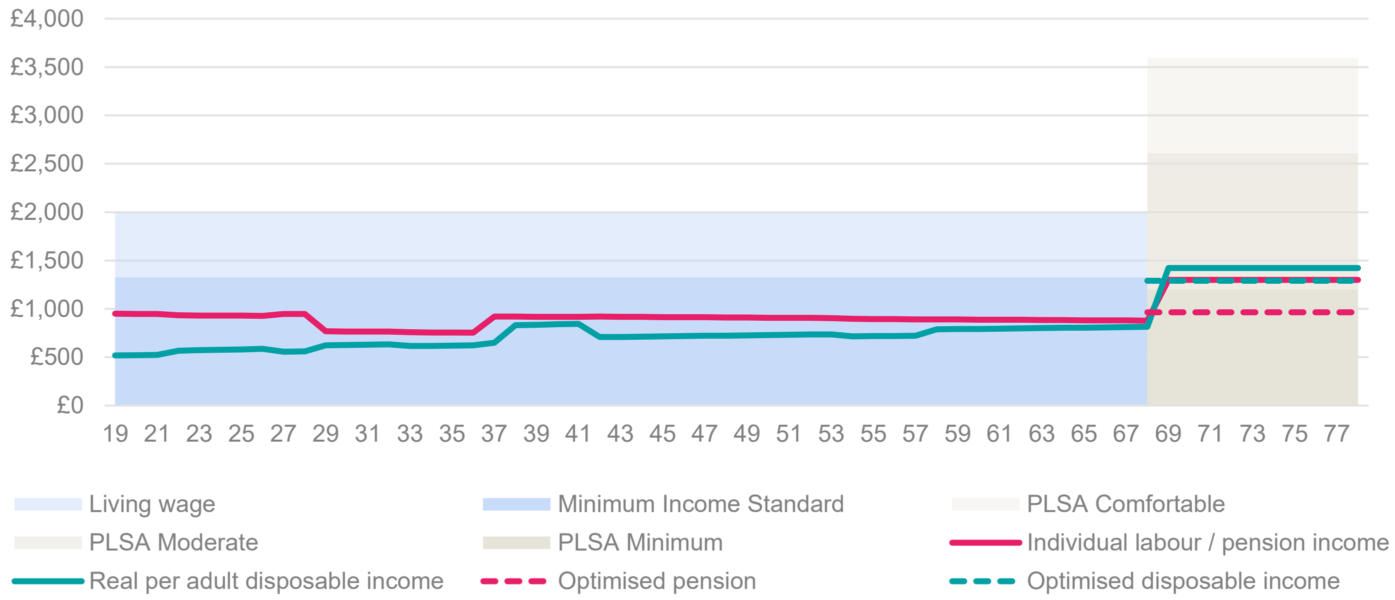
Saver persona 5 (below auto-enrolment minimum earnings threshold)

Saver persona 5	Today – age 19	At retirement
	Male, Bangladeshi origin, no qualifications	
Household	**Married** 1 child in household	**Married** No children in household
Housing	Renting – per adult **£245** London Receives housing benefit	Renting – per adult **£135** London Receives housing benefit
Work	Routine job – restaurants Labour income **£950**, volatility **2** Receives in-work benefits	Final labour income: **£942** No benefits
Savings and pension	Non-saver DC contributions since age 19 at **AE minimum**	Pension income **£1,331** Replacement rate **141%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

Persona 5 earns less than the threshold to be automatically enrolled under current rules. Nonetheless, for the purposes of our modelling exercise, we've started by assuming he enrols voluntarily and receives employer contributions at the standard rate of 3%. His partner does not earn any labour income. The effect of this is to put additional pressure on an already limited monthly budget, though this is bolstered by working-age benefits. As an individual who is already avoiding borrowing where possible, and keeps up to date with bills, our model predicts that the cost of contributions is unlikely to drive him behind on his monthly bills. Still, his lack of regular savings makes him vulnerable to financial shocks, meaning he should probably prioritise liquid savings if possible – especially given that he experiences a jump up in gross and disposable income at retirement. His disposable income continues to include benefits in retirement, which might differ from the estimate in our chart, depending on the interaction of different eligibility criteria.

Given the increase in his disposable income at retirement, and the affordability pressures he faces, our model prefers him not to contribute, in line with current AE policy that would exclude him from enrolment. This leaves him with a pension income that's closer to his labour income, and a per-head disposable income (£1,290) above the PLSA Minimum standard for a couple.

Saver Persona 5: lifetime income



Saver persona 5: default and optimised contribution rates

Decade of life	20's	30's	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%	5%	5%
Default total including employer	8%	8%	8%	8%	8%
Optimised employee inc. tax relief	0%	0%	0%	0%	0%
Optimised total including employer	0%	0%	0%	0%	0%

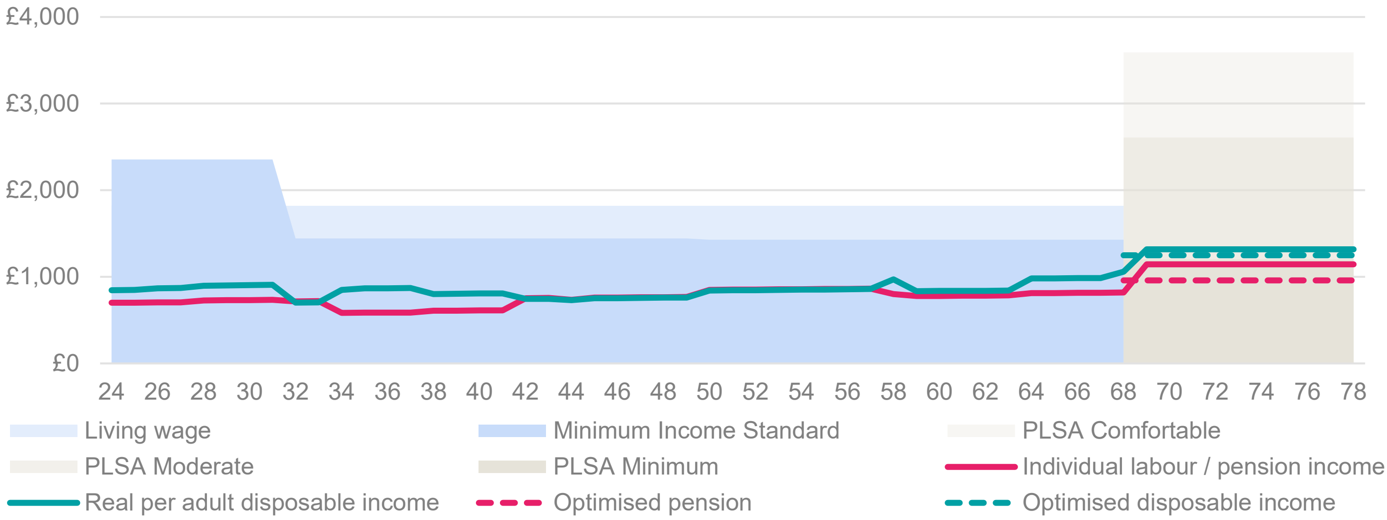
Saver persona 6 (below auto enrolment minimum earnings threshold)

Saver persona 6	Today – age 24	At retirement
	Female, Pakistani origin, GCSE educated	
Household	**Divorced** 1 child in household	**Married** No children in household
Housing	Mortgage – per adult **£247** Yorkshire	Wholly owned Yorkshire
Work	Intermediate job – retail Labour income **£700**, volatility **1** Receives in-work benefits	Final labour income: **£884** No benefits
Savings and pension	Non-saver DC contributions since age 24 at **AE minimum**	Pension income **£1,144** Replacement rate **140%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

As with Persona 5, Persona 6 earns below the minimum threshold for auto-enrolment. Nonetheless, we assume that she has just started voluntarily contributing to a workplace pension at the standard auto-enrolment rates. On this basis, her financial experiences are very similar to persona 5's. One key difference is that she's divorced and caring for a child at the present time. Her benefits bring her disposable income a little higher than her gross labour income, but below the Minimum Income Standard for a single parent. When she remarries at age 32, her disposable income falls and remains roughly at the level of her labour income through to retirement. As with persona 5, the relative generosity of the State Pension means that her gross income rises at retirement, even though her partner does not have a private pension. On the positive side, with family help, she owns her property at retirement. As a result, the per-head disposable income in her household in retirement is above the PLSA Minimum for a couple.

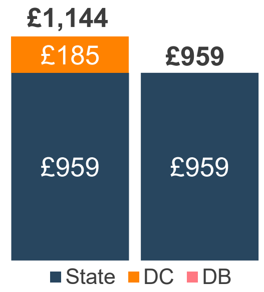
As with persona 5, our model recommends she doesn't contribute to a workplace pension, in line with current policy.

Saver persona 6: lifetime income



Saver persona 6: default and optimised contribution rates

Decade of life	20's	30's	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%	5%	5%
Default total including employer	8%	8%	8%	8%	8%
Optimised employee inc. tax relief	0%	0%	0%	0%	0%
Optimised total including employer	0%	0%	0%	0%	0%



Saver persona 7 (renter who later buys property)

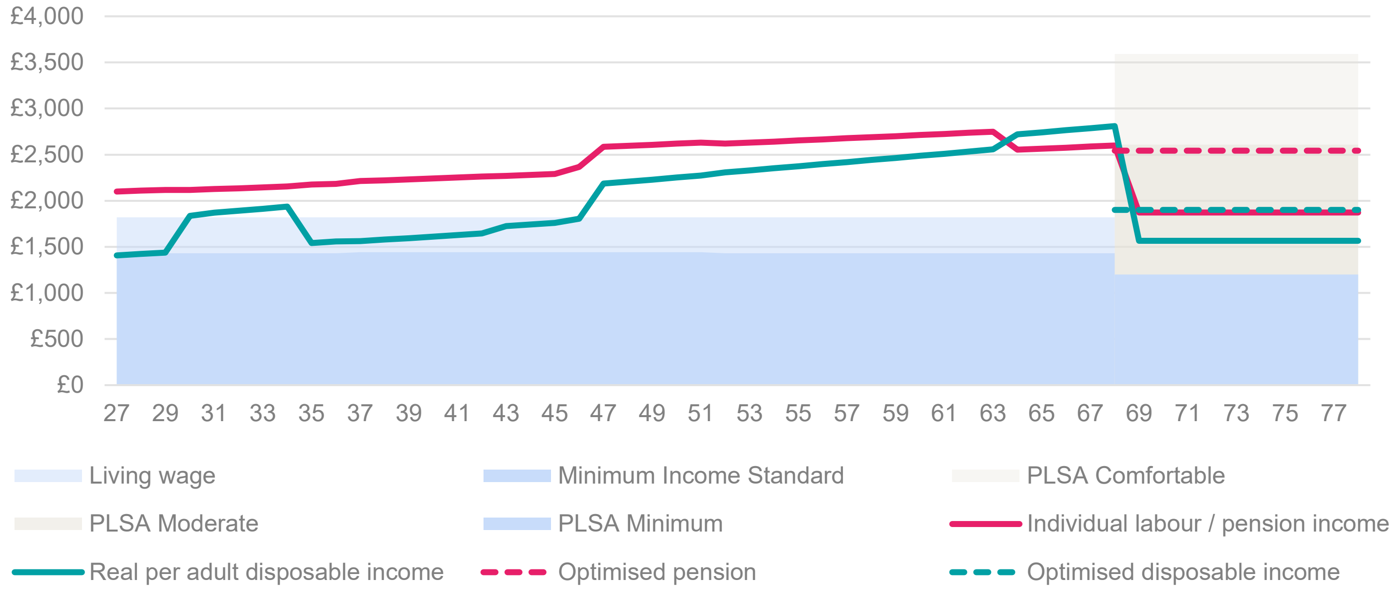
Saver persona 7	Today – age 27	At retirement
	Male, Chinese origin, degree educated	
Household	**Married** No children in household	**Married** No children in household
Housing	Renting – per adult **£265** Yorkshire	Wholly owned Yorkshire
Work	Management job – communications Labour income **£2,100**, volatility **0** No benefits	Final labour income: **£2,598** No benefits
Savings and pension	Regular saver DC contributions since age 22 at **AE minimum**	Pension income **£1,872** Replacement rate **72%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **doing all right** Long-term health condition	Debt **under £100** Up to date with bills Subjective financial: **living comfortably** Long-term health condition

Persona 7 moves from being a renter at age 27, to a homeowner at retirement. There's a period in his late 30s to early 40s when his partner's earnings are lower while she's caring for their child. This reduces their per-head disposable income, but it always remains above the relevant Minimum Income Standard. After this time, they experience a more comfortable level of disposable income. By taking on a mortgage, which has minimum impact on his monthly housing costs, they are also free of housing costs from age 63, which further boosts their disposable income. At retirement, his pension is 72% of his gross income. However, his partner's pension income is lower, and so they experience a slightly greater drop in disposable income.

Our modelling suggests that the costs of these additional pension contributions is unlikely to challenge his ability to keep paying his mortgage, especially from his late 40's when he has a higher level of disposable income. Accordingly, it recommends he maximise his pension contributions from the point in his 40's when this becomes more affordable. This takes their per-head disposable income above the PLSA Moderate standard for a couple.

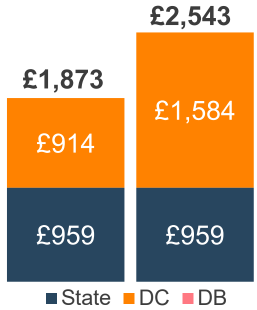
Effectively, this means he'll be making up for his partner's lower pension from his earnings. Clearly, there is a debate to be had about whether it's right for this additional retirement wealth to be built up by the main breadwinner, leaving his partner with less individual savings should the relationship break down.

Saver persona 7: lifetime income



Saver persona 7: default and optimised contribution rates

Decade of life	20's	30's	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%	5%	5%
Default total including employer	8%	8%	8%	8%	8%
Optimised employee inc. tax relief	12%	12%	12%	12%	12%
Optimised total including employer	15%	15%	15%	15%	15%



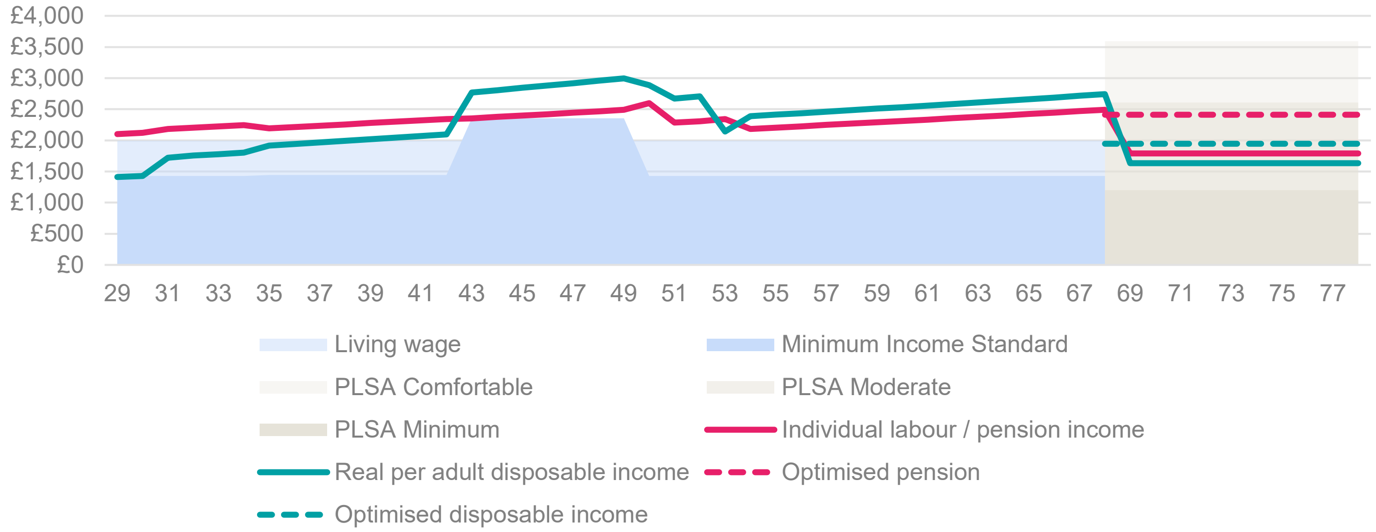
Saver persona 8 (changing household composition)

Saver persona 8	Today – age 29	At retirement
	Female, Mixed heritage, A-level educated	
Household	**Single** No children in household	**Married** No children in household
Housing	Mortgage – per adult **£209** London	Wholly owned London
Work	Management job – health service Labour income **£2100**, volatility **0** No benefits	Final labour income: **£2,696** No benefits
Savings and pension	Occasional saver DC contributions since age 22 at **AE minimum**	Pension income **£1,837** Replacement rate **68%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **doing all right**	Debt **under £100** Up to date with bills Subjective financial: **living comfortably**

Persona 8 earns a little less than the UK median wage from her managerial role, and experiences steady real-terms earnings growth throughout her life. She also pays off her mortgage before retirement. From this point of view, she is in a relatively comfortable position as compared to some of our lower-earning personas. However, she experiences significant changes in her level of disposable income as she moves from being single, then married with a child, then a single mother of one, then once again married, as she continues to be through into retirement. This leads to peaks and troughs in savings capacity over her working life. As things stand, on auto-enrolment minimum contributions, she achieves a per-head disposable income just below the PLSA Moderate standard for a couple (£1,796/m). This is in spite of her partner's pension being somewhat lower. However, the net effect of this is a significant drop-off in their disposable income.

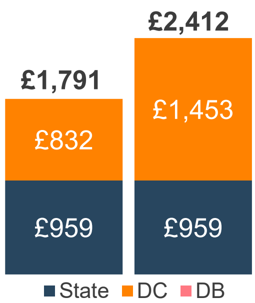
As a result, our model suggests she contribute at quite a high level – the maximum 15% we've allowed it to recommend. This would create a much smoother lifetime disposable income, but it's worth noting that this would give her an 99% replacement rate. And, as with the recommendation for persona 7, this would mean she took on the entire burden of saving more for retirement, leaving him on minimum AE contributions. The optimal picture for them both might instead be for them each to contribute closer to the 12% level that a number of industry stakeholders have recommended as the new rate for auto-enrolment contributions.

Saver persona 8: lifetime income



Saver persona 8: default and optimised contribution rates

Decade of life	30's	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%	5%
Default total including employer	8%	8%	8%	8%
Optimised employee inc. tax relief	12%	12%	12%	12%
Optimised total including employer	15%	15%	15%	15%



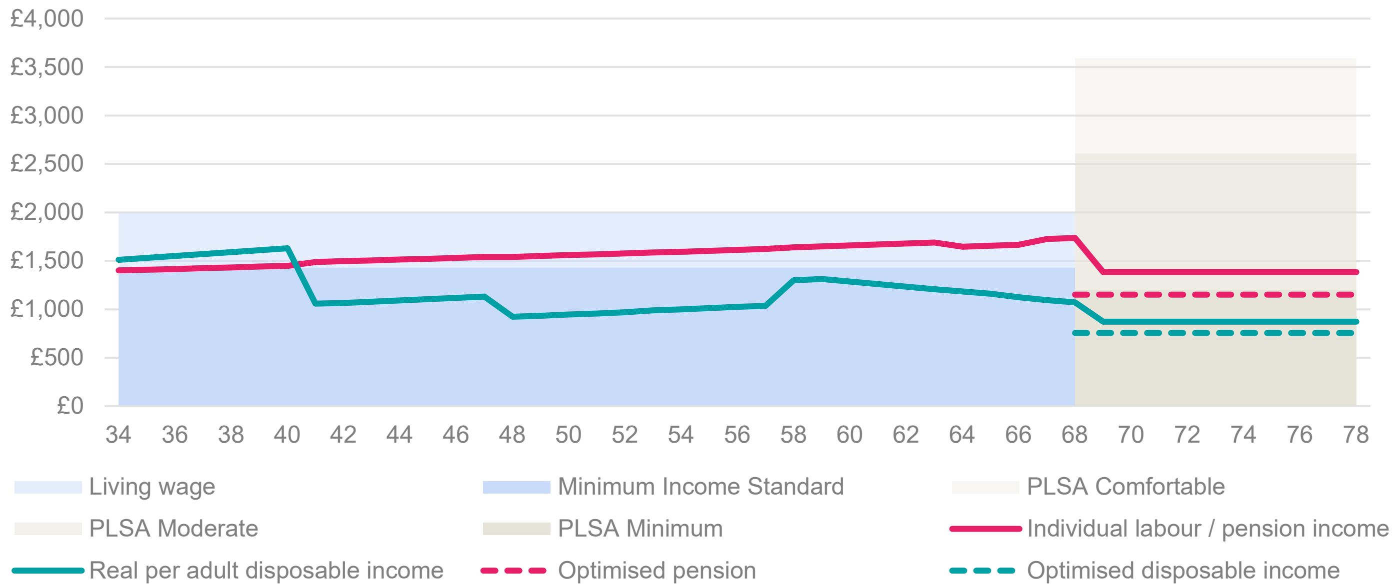
Saver persona 9 (affordability pressures)

Saver persona 9	Today – age 34	At retirement
	Male, Caribbean heritage, GCSE educated	
Household	**Single** No children in household	**Married** No children in household
Housing	Renting – per adult **£512** London	Renting – per adult **£312** London
Work	Routine job – retail Labour income **£1400**, volatility **2** No benefits	Final labour income: **£2,111** No benefits
Savings and pension	Infrequent saver DC contributions since age 25 at **AE minimum**	Pension income **£1,368** Replacement rate **79%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **doing all right**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

Persona 9's household situation changes through his mid-life, as he moves in and out of relationships with two different partners. His London rent is also relatively high compared to his income. The net effect on his disposable income is that he spends most of his working life below the relevant Minimum Income Standard. Thanks to a steady contribution record into his pension, he and his partner end up with disposable income in retirement that's just below the PLSA Minimum standard for a couple (£933/m). The question is whether it was worth paying these contributions given that his disposable income in working life rarely rose above this minimum target for a retirement income?

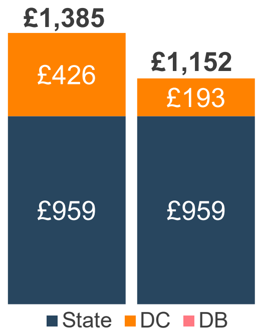
Our model says not. It wants him to save more, as it doesn't see his retirement income as adequate, but we've told it not to recommend contributions that will take an individual further below the Minimum Income Standard. This is why it recommends a maximum total contribution of 15% during his 30's. That's a logical recommendation given his future trajectory, but in reality this is unlikely to be a strategy followed by someone already facing significant affordability pressures. It's fairer to say the model doesn't have an optimal solution for persona 9.

Saver persona 9: lifetime income



Saver persona 9: default and optimised contribution rates

Decade of life	30's	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%	5%
Default total including employer	8%	8%	8%	8%
Optimised employee inc. tax relief	12%	0%	0%	0%
Optimised total including employer	15%	0%	0%	0%

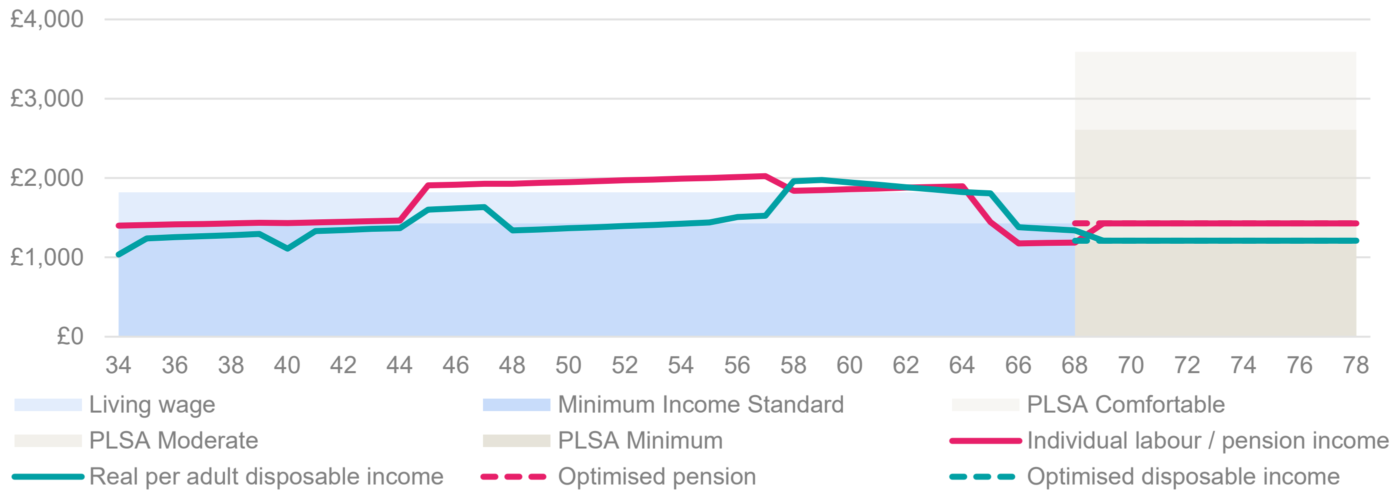


Saver persona 10 (caring responsibilities in retirement)

Saver persona 10	Today – age 34	At retirement
	Male, Indian heritage, degree educated	
Household	**Married** 1 child in household	**Divorced** One adult with care needs
Housing	Mortgage – per adult **£148** West Midlands	Renting – per adult **£156** West Midlands
Work	Routine job – finance Labour income **£1400**, volatility **2** No benefits	Final labour income: **£1,188** Carer's allowance
Savings and pension	Occasional saver DC contributions since age 23 at **AE minimum**	Pension income **£1,429** Replacement rate **120%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **doing all right**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

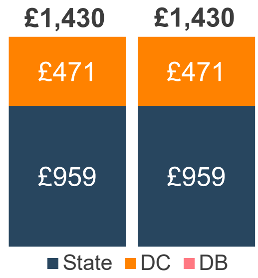
Like some of the saver personas we've already covered, persona 10 is financially constrained throughout his working life, due to a low income that is nonetheless sufficient for him to remain automatically enrolled. His household composition changes often during his life, thanks to a combination of multigenerational composition marriage and divorce. In his mid 60's he becomes the primary carer for another adult family member, and starts receiving carer's allowance. Our model recommends he redistribute his contributions to the phases of life when this is more affordable, but the outcome is almost identical in terms of the pension income her receives.

Saver persona 10: lifetime income



Saver persona 10: default and optimised contribution rates

Decade of life	30's	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%	5%
Default total including employer	8%	8%	8%	8%
Optimised employee inc. tax relief	0%	0%	1%	12%
Optimised total including employer	0%	0%	1.6%	15%



Saver persona 11 (above median income)

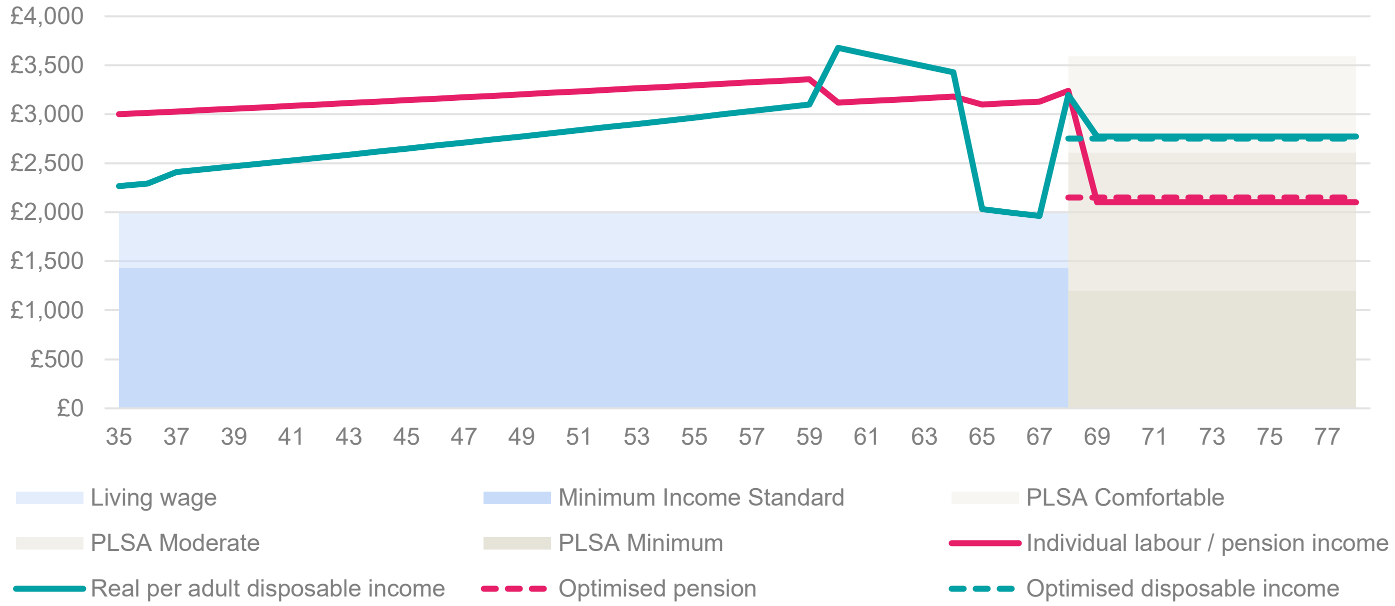
Saver persona 11	Today – age 35	At retirement
	Male, other white, vocational qualification	
Household	**Divorced** No children in household	**Divorced** No children in household
Housing	Mortgage – per adult **£712** London	Wholly owned London
Work	Management job – services Labour income **£3,000**, volatility **1** No benefits	Final labour income: **£2,142** No benefits
Savings and pension	Occasional saver DC contributions since age 27 at **AE minimum** **3 years** accrued DB	Pension income **£2,102** Replacement rate **97%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **doing all right**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

Persona 11 earns above the national median income for most of his working life. As a result, he has a reasonable amount of disposable income, in spite of a relatively costly mortgage on a London property. He also acquires a buy-to-let property which produces additional income for him from his 50's. Later in life, his disposable income fluctuates during a series of changes – paying off his mortgage, caring for a terminally ill relative who moves in with him, and switching to a less demanding job in the run-up to retirement. As a result, his living standards fluctuate in the final years of his career. Given this, it's hard to say how he will experience the transition to a disposable income in retirement that's higher than the PLSA Moderate standard. It may feel like a significant increase from the period when his relative was depending on him, or a fall in the standards he experienced before then..

Our model answers this question by attempting to smooth the to the average disposable income across his lifetime. It wants him to have a pension slightly over the Moderate standard, and although it suggests a different contribution profile[1] to achieve this, it broadly equates to the current minimum rates. He could, however, afford a higher rate of contribution, and achieve a disposable income closer to that he experienced in his early 60's. Perhaps the key point that this scenario illustrates is that this would need to be up to him.

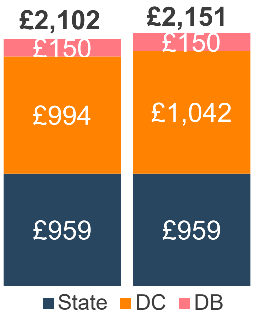
[1] This profile is imperfect because the pattern of contributions is set by decade. But it's aiming for him to maximise his contributions during the period when he has the highest disposable income, in his early 60's.

Saver persona 11: lifetime income



Saver persona 11: default and optimised contribution rates

Decade of life	30's	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%	5%
Default total including employer	8%	8%	8%	8%
Optimised employee inc. tax relief	5%	2%	7%	12%
Optimised total including employer	8%	3.2%	10%	15%



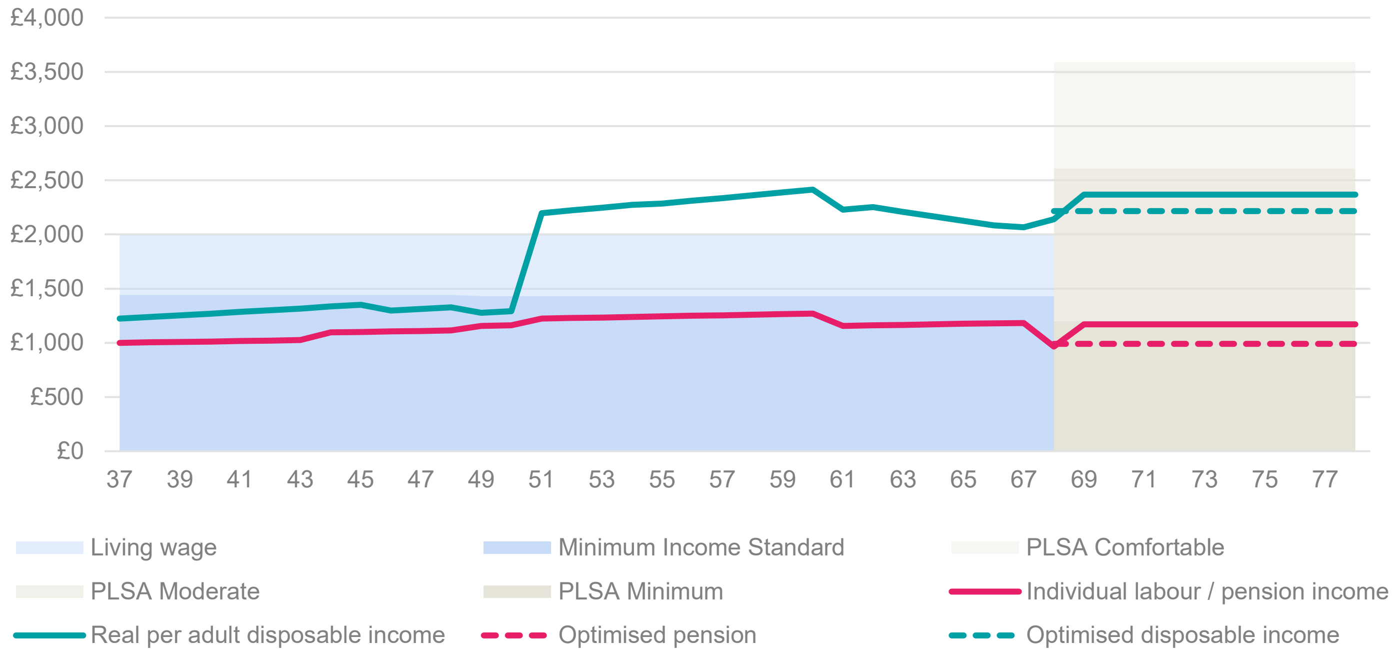
Saver persona 12 (Benefits recipient with caring responsibilities)

Saver persona 12	Today – age 37	At retirement
	Female, Asian background, higher degree educated	
Household	**Married** 2 children	**Single** No children in household
Housing	Renting – per adult **£426** London Housing benefit	Renting – per adult **£441** London Housing benefit
Work	Management job – education and sport Labour income **£1,000**, volatility **2** Receives benefits	Final labour income: **£965** Receives benefits Carer's allowance
Savings and pension	Occasional saver DC contributions since age 27 at **AE minimum**	Pension income **£990** Replacement rate **121%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**

Persona 12 experiences three distinct phases of life. Up to age 50, her low but stable income combines with her partner's and a range of working age benefits to provide a disposable income for her family of four that's below the Minimum Income Standard. Nonetheless, she is auto-enrolled and saves persistently through her working life. Her household composition changes after this point as her children leave home and she divorces. Then, later, she becomes a carer to a disabled relative. The combination of her labour and benefits income – including housing benefit and carer's allowance – along with maintenance payments from her ex and other miscellaneous sources of income – means her disposable income remains relatively high.

Because of this, our model recommends she doesn't contribute to a workplace pension. This leaves her disposable income in retirement that's close to the PLSA Moderate standard. However, this state of affairs is highly conditional on her maintaining her non-labour sources of income. In the absence of these, her disposable income after rent would be lower than the PLSA minimum. This suggests that she would benefit from contributing while she can afford to, in other words during her 50s and 60s. For comparison, see saver persona 23, who is on track for a similar level of pension income and who is recommended to increase her contributions because her disposable income is lower.

Saver persona 12: lifetime income



Saver persona 12: default and optimised contribution rates

Decade of life	30's	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%	5%
Default total including employer	8%	8%	8%	8%
Optimised employee inc. tax relief	0%	0%	0%	0%
Optimised total including employer	0%	0%	0%	0%

~@?}

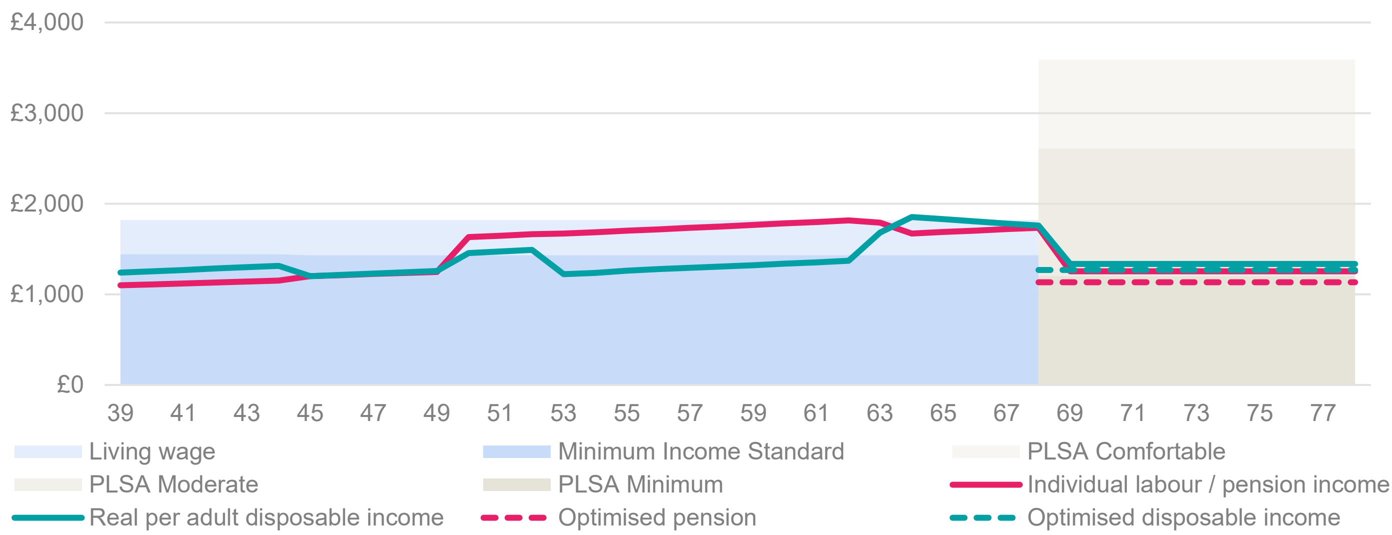
Saver persona 13 (lower income homeowner)

Saver persona 13	Today – age 39	At retirement
	Female, Arab background, A-level educated	
Household	**Married** 1 child	**Married** No children in household
Housing	Mortgage – per adult **£226** West Midlands	Wholly owned West Midlands
Work	Routine job – transportation Labour income **£1,100**, volatility **0** Receives benefits	Final labour income: **£1,735** Receives benefits Disability benefits
Savings and pension	Occasional saver DC contributions since age 29 at **AE minimum**	Pension income **£1,133** Replacement rate **72%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

Although persona 13 is on a lower income, she has been able to get onto the housing ladder and is paying off the mortgage on her West Midlands home until her early 60's. The effect of this is that her disposable income remains low, especially when she separates from her first partner in her early 50s. This only improves when she pays off her mortgage and remarries in her 60s. From her early 60s, he is also in receipt of disability benefits. The positive impact of owning her home continue into retirement. They do experience a drop in disposable income at the point of retirement, but thanks to having paid off the mortgage, this is well above the PLSA Minimum standard for a couple.

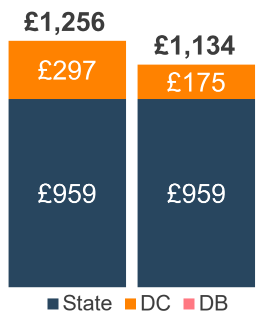
Because her working-life disposable income is stubbornly below the Minimum Income Standard, our model initially recommends that she doesn't contribute at all. This is understandable, as our analysis suggests that the cost of pension contributions could increase the risk of her falling behind on mortgage payments, during her 40's especially. However, if we relax the condition that contribution rates need to be fixed for whole decades, the model suggests she contribute at a 10% rate during her 60's. So we can see the model 'wants' her to save: the only thing stopping it from recommending this is the low level of disposable income in her household.

Saver person 13: lifetime income



Saver persona 13: default and optimised contribution rates

Decade of life	30's	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%	5%
Default total including employer	8%	8%	8%	8%
Optimised employee inc. tax relief (with constraints relaxed)	0%	0%	0%	0% (10%)
Optimised total including employer (with constraints relaxed)	0%	0%	0%	0% (13%)



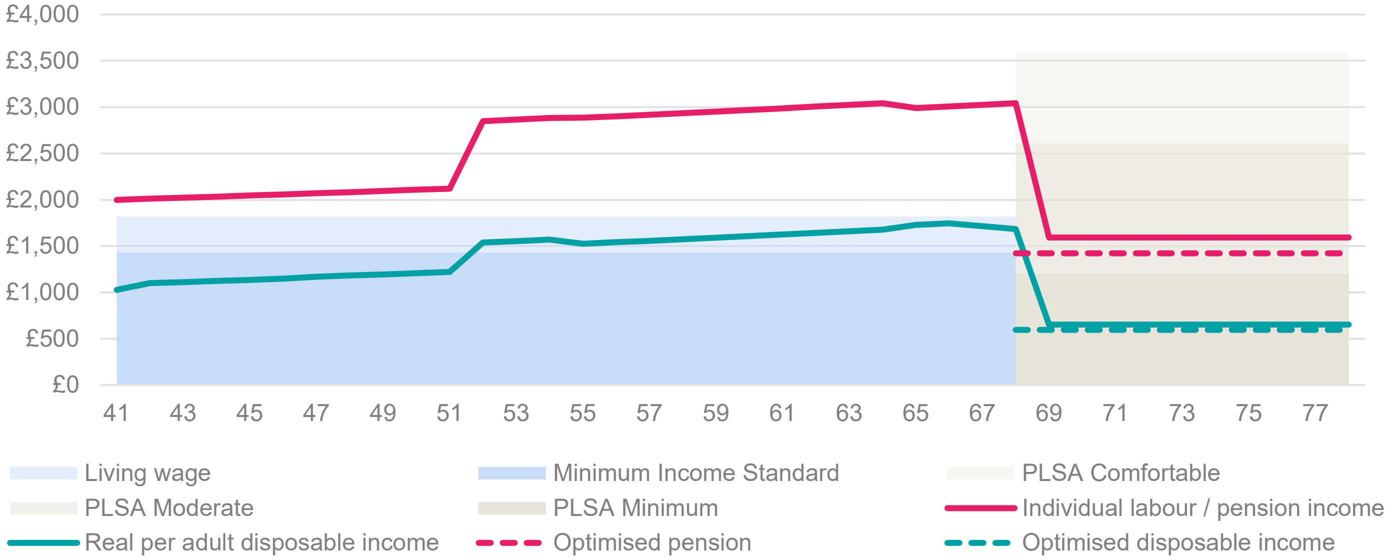
Saver persona 14 (life-long caring responsibilities)

Saver persona 14	Today – age 41	At retirement
	Female, White and Black African background, A-level educated	
Household	**Married** No children in household	**Married** No children in household
Housing	Renting – per adult **£129** East of England	Renting – per adult **£200** East of England
Work	Routine job – voluntary and church Labour income **£2,000**, volatility **0**	Final labour income: **£3043**
Savings and pension	Frequent saver DC contributions since age 22 at **AE minimum**	Pension income **£1,593** Replacement rate **52%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

Saver persona 14 has a moderate labour income but a significantly lower disposable income due in part to caring responsibilities that continue through her working life and into retirement. This continues through two marriages and some time spent single in her 50's. Looking only at her labour income and the size of her pension, there are strong arguments to say she should contribute more, especially after her income increases in her 50s. However, the per-adult disposable income in her household is below the Minimum Income Standard for much of her life. Given this, the sacrifice of contributing more into a pension is greater than it might appear. For instance, our model predicts a greater risk of falling behind on rent if she contributes more, especially during her 40's.

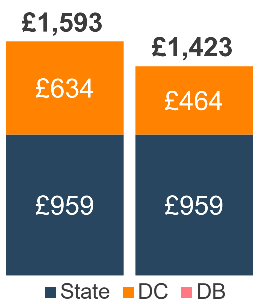
Our model suggest that she contribute nothing in her 40's, then 15% – the maximum permitted in our model during the decades when she can afford this. Because she spends the first two decades of her 50's below the MIS, the model only suggests she contribute in her 60's, which reduces her pension income. But if we relax the condition that contributions need to be affordable for an entire decade at a time, this higher contribution would also apply throughout her 50's, which would raise her retirement income slightly.

However, it's important to note that this picture is highly dependent on what kind of in-retirement benefits she and her cared-for relative might receive.



Saver persona 14: default and optimised contribution rates

Decade of life	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%
Default total including employer	8%	8%	8%
Optimised employee inc. tax relief (with constraints relaxed)	0%	0% (12%)	12%
Optimised total including employer (with constraints relaxed)	0%	0% (15%)	15%



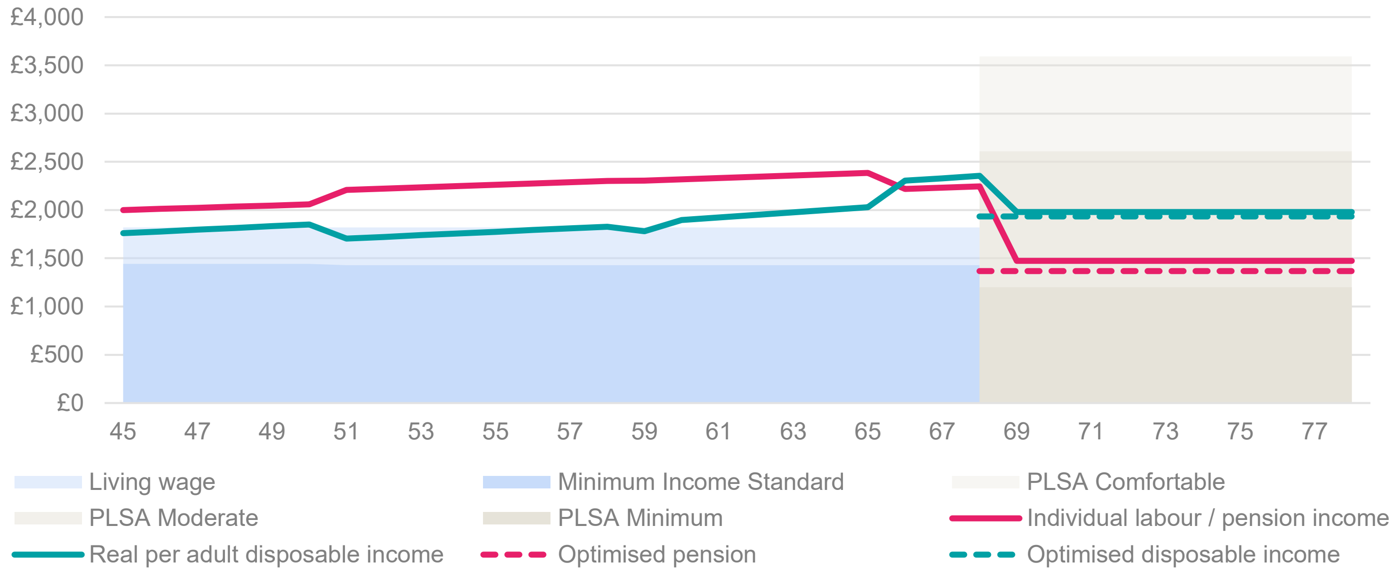
Saver persona 15 (divorce and home ownership)

Saver persona 15	Today – age 45	At retirement
	Female, Irish, Degree educated	
Household	**Married** 2 children in household	**Divorced** No children in household
Housing	Mortgage – per adult **£233** Northern Ireland	Wholly owned Northern Ireland
Work	Management job – retail Labour income **£2,000**, volatility **5** Receives benefits	Final labour income: **£2,245** Receives benefits
Savings and pension	Occasional saver DC contributions since age 25 at **AE minimum**	Pension income **£1,474** Replacement rate **66%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **living comfortably**	Debt **under £100** Up to date with bills Subjective financial: **living comfortably**

Persona 15 and her partner start out with disposable income only slightly above the Minimum Income Standard. However, this situation changes in her 50's as she pays off her mortgage and separates from her partner. As a result she has much higher capacity to save during her final decade before retirement. And from her 60s she has other sources of income. Of course, many relationship breakdowns have the opposite effect, especially on the lower-earning partner. In this sense at least, person 15 is fortunate. Her disposable income in retirement is around the PLSA Moderate standard.

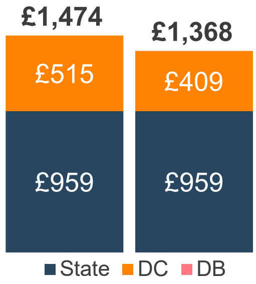
Our model is comfortable with her reducing her contributions to make them more affordable, but as with other personas, this is contingent on her getting her other income sources. If she were dependent on her pension income, she would still be above the PLSA minimum level but would experience a steeper drop in disposable income at retirement. So we would want to be cautious about her saving less.

Saver person 15: lifetime income



Saver persona 15: default and optimised contribution rates

Decade of life	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%
Default total including employer	8%	8%	8%
Optimised employee inc. tax relief	2%	6%	0%
Optimised total including employer	3.2%	9%	0%



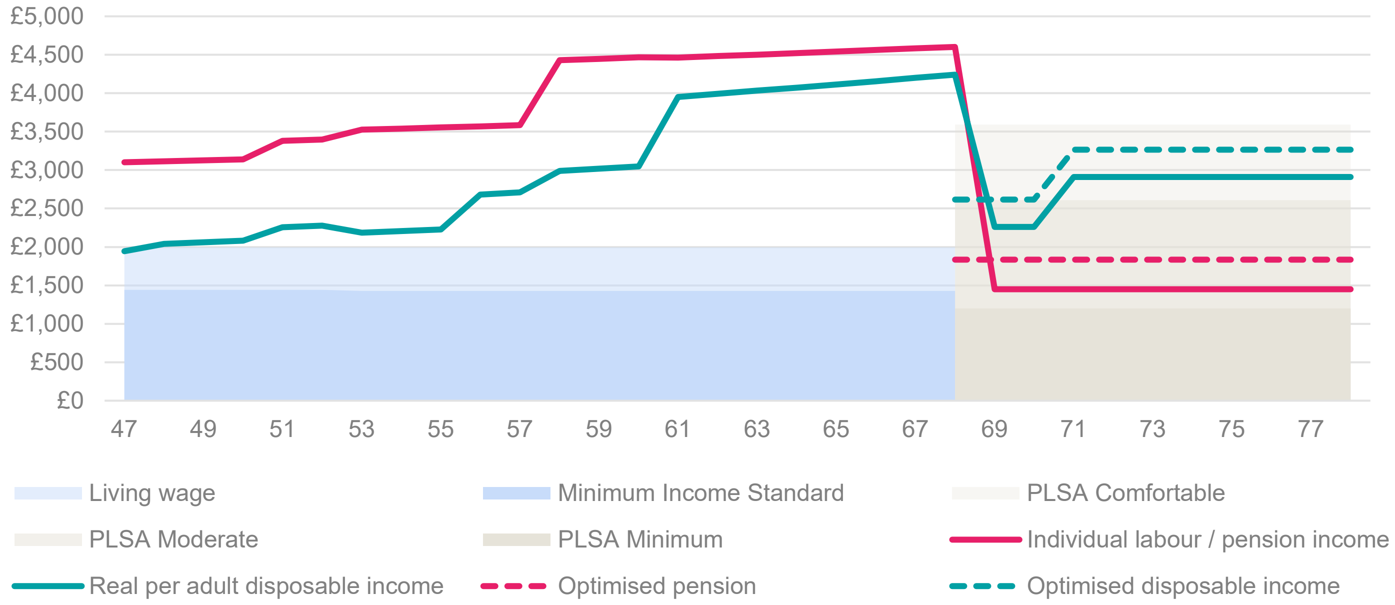
Saver persona 16 (above median, mortgage at retirement)

Saver persona 16	Today – age 47	At retirement
	Female, Chinese origin, Degree educated	
Household	**Married** 1 child in household	**Divorced** No children in household
Housing	Mortgage – per adult **£249** London	2 years mortgage outstanding – per adult **£649** London
Work	Management job – retail Labour income **£3,100**, volatility **1**	Final labour income: **£4,602**
Savings and pension	Frequent saver DC contributions since age 45 at **AE minimum**	Pension income **£1,450** Replacement rate **32%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **doing all right**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

Persona 16 has the capacity and the reasons to contribute more. Although an above-median earner, the per-head disposable income in her multigenerational household starts out not much higher than the Minimum Income Standard. Her projected pension income is low, thanks to only having stopped opting out of workplace pensions in her mid 40s. Her income increases in her 50's through non-labour sources, and she separates from her partner – the net effect being that her disposable income rises steadily in relation to her labour income. Although she has a mortgage, the term carries two years into her retirement. In the chart below, she pays this off out of her retirement income, but given her high later-life disposable income she might instead choose to pay it off sooner, if that option is available.

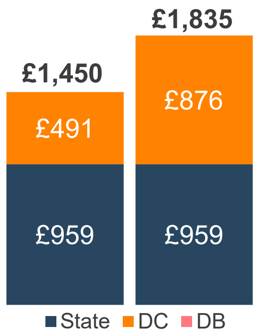
In spite of having a disposable income in retirement around the level of the PLSA Moderate standard, our model suggests she maximise her contributions for the remainder of her working life, up to the highest level we allow it to recommend – 15%. This is in order to better smooth her lifetime spending power, within this constraint.

Saver persona 16: lifetime income



Saver persona 16: default and optimised contribution rates

Decade of life	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%
Default total including employer	8%	8%	8%
Optimised employee inc. tax relief	12%	12%	12%
Optimised total including employer	15%	15%	15%



Saver persona 17 (lower earning, late to pension saving)

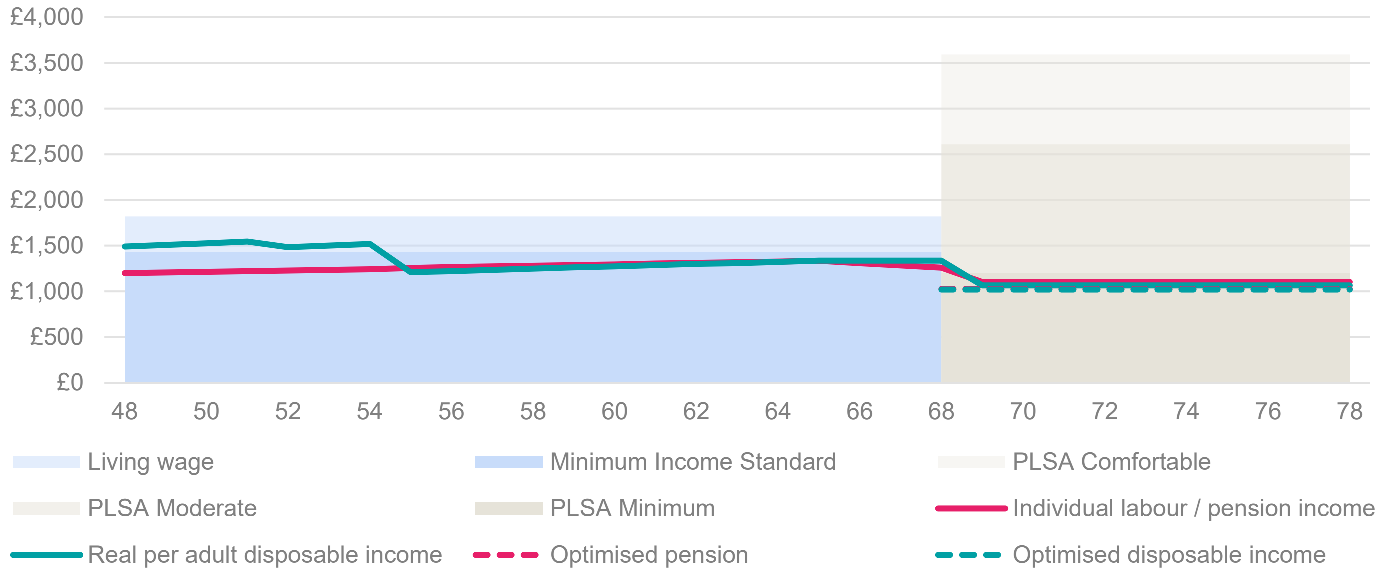
Saver persona 17	Today – age 38	At retirement
	Male, African background, degree educated	
Household	**Divorced** No children in household	**Married** No children in household
Housing	Renting – per adult **£373** East Midlands	Renting – per adult **£193** East Midlands
Work	Management job – education and sport Labour income **£1,200**, volatility **1**	Final labour income: **£1,258**
Savings and pension	Frequent saver DC contributions since age 38 at **AE minimum**	Pension income **£1,103** Replacement rate **88%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **doing all right**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

Persona 17's disposable income varies as her household composition changes as she marries in her 50's, but overall remains close to the Minimum Income Standard. She would, though, clearly benefit from saving more for retirement if she could, as her savings in the AE system are very low. This is a common issue for those whose earnings aren't much higher than the lower limit on the band of earnings that's used to calculate contributions. The other thing that has kept her pension savings low is that she only started saving for retirement at the age of 38, during the roll-out of auto enrolment. And as she is renting through retirement, her disposable income is reduced below the PLSA minimum standard.

As a result, she's a good example of the challenge facing many lower earners: a clear need to save more to achieve an adequate standard of living in retirement, but with very real pressures on affordability at the times when she needs to contribute. For instance, our analysis predicts that her risk of falling behind on rent payments would increase if she paid more into her pension, especially during her early 50's.

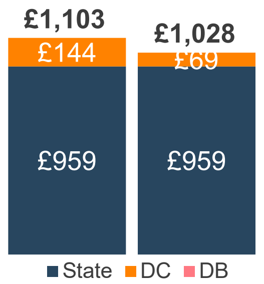
For all these reasons, our model recommends that she maximise her savings in her late 40's when her disposable income is a little higher, then not contribute after that. This is another clear example of the model not being able to solve the challenge of limited affordability in working life, combined with a clear incentive to save more.

Saver persona 17: lifetime income



Saver persona 17: default and optimised contribution rates

Decade of life	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%
Default total including employer	8%	8%	8%
Optimised employee inc. tax relief	12%	0%	0%
Optimised total including employer	15%	0%	0%

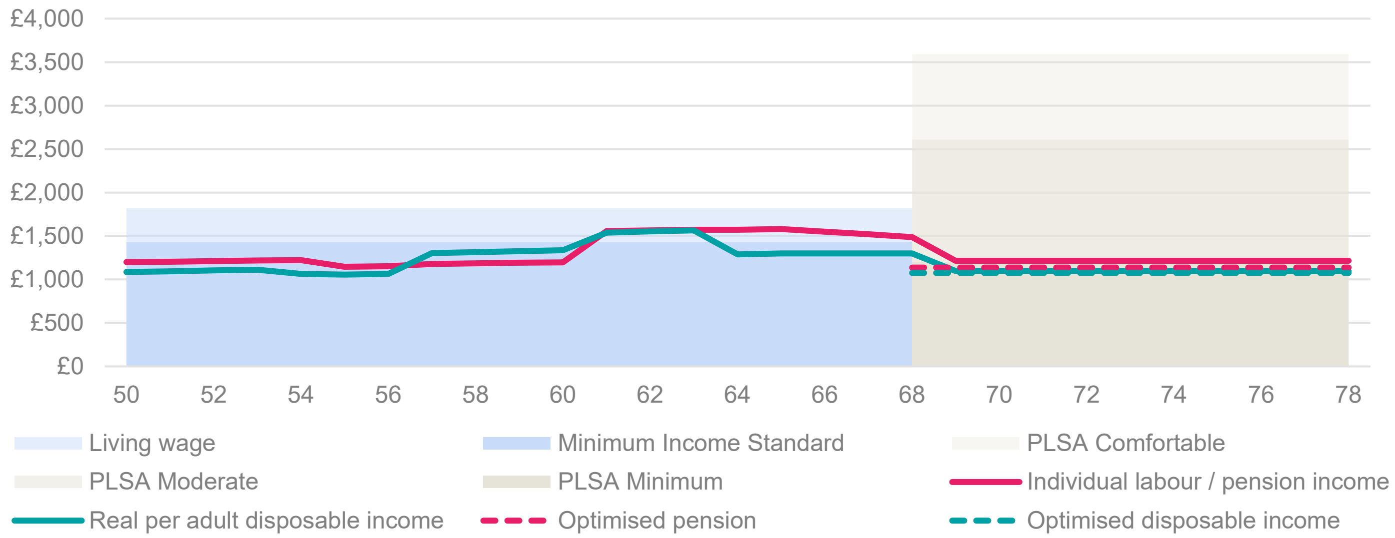


Saver persona 18 (lower-earning carer)

Saver persona 18	Today – age 50	At retirement
	Male, Other white background, GCSE educated	
Household	**Single** No children in household	**Divorced** No children in household
Housing	Owned outright North West	Owned outright North West
Work	Routine job – retail Labour income **£1,200**, volatility **3** Carer's allowance	Final labour income: **£1,489** Receives benefits Carer's allowance
Savings and pension	Frequent saver DC contributions since age 40 at **AE minimum** **8 years** accrued DB	Pension income **£1,213** Replacement rate **81%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **doing all right**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

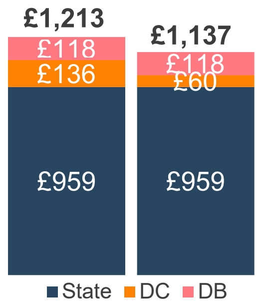
Persona 18 is another individual who faces difficult trade-offs. He has limited affordability during his working life because of a lower income and caring responsibilities for an adult in his household. Yet at current rates of saving he will potentially face a very low standard of living in retirement, as the needs of his cared-for relative continue into his later life. In spite of having some historic defined benefit pension entitlements, he only started saving into a pension in his late 30's, when auto enrolment was first rolled out. The two pension sources combine with the State Pension to take his retirement income above the PLSA Minimum standard. Yet the per-adult disposable income in his household is much lower. Nonetheless, our model does not want him to contribute during his working life, due to this low level of disposable income.

Saver persona 18: lifetime income



Saver persona 18: default and optimised contribution rates

Decade of life	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%
Default total including employer	8%	8%	8%
Optimised employee inc. tax relief	0%	0%	0%
Optimised total including employer	0%	0%	0%

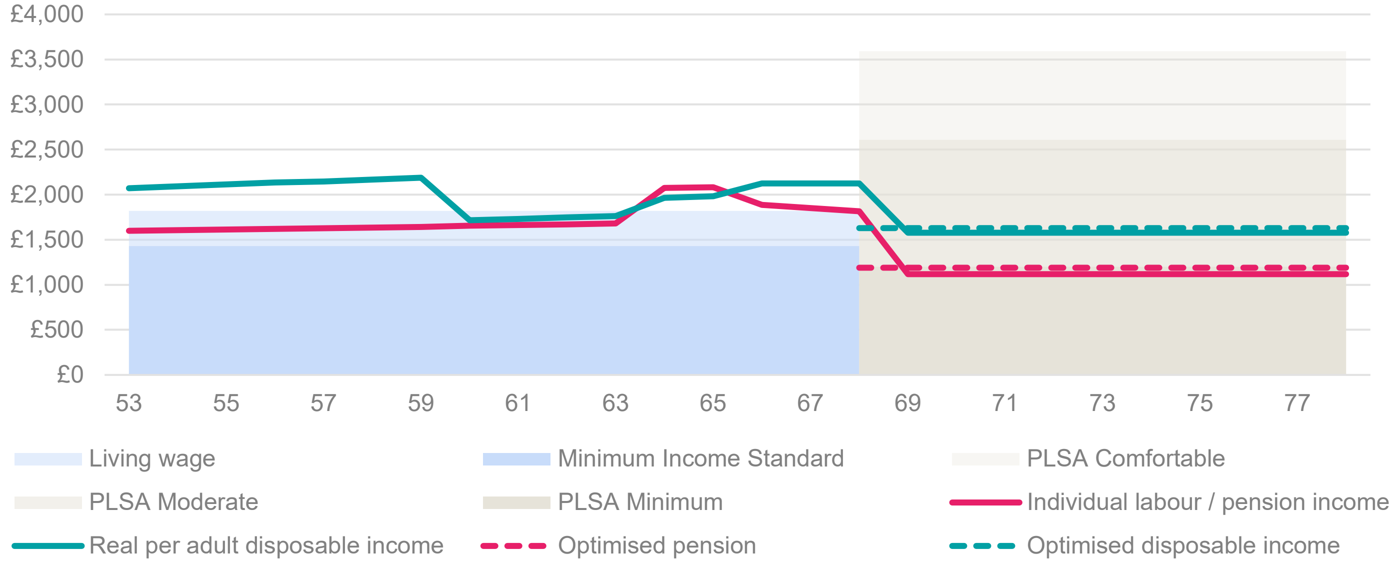


Saver persona 19 (homeowner, late to pension savings)

Saver persona 19	Today – age 53	At retirement
	Female, British, GCSE educated	
Household	**Divorced** No children in household	**Married** No children in household
Housing	Mortgage – per adult **£348** South West	Wholly owned South West
Work	Intermediate job – education and sport Labour income **£1,600**, volatility **0** Receives benefits	Final labour income: **£1,814** Receives benefits Disability benefits
Savings and pension	Frequent saver DC contributions since age 44 at **AE minimum**	Pension income **£1,117** Replacement rate **62%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

Like persona 13, persona 19 manages to buy a property before she retires, but to some extent this is at the cost of retirement savings. Her labour and disposable income fluctuate over her 50's and 60's because of a range of factors including a job change, paying off the mortgage and starting to receive disability benefits. Her pension income is predicted to be around the PLSA Minimum level and her disposable income is very similar. Because this represents a reduction in spending power, our model recommends she maximise her contributions for the remainder of her working life, It's not clear, though, that this is a realistic strategy for her. Another option would be to retire later – provided her physical capacity and access to the labour market allows her to do so.

Saver persona 19: lifetime income



Saver persona 19: default and optimised contribution rates

Decade of life	50's	60's
Default employee inc. tax relief	5%	5%
Default total including employer	8%	8%
Optimised employee inc. tax relief	12%	12%
Optimised total including employer	15%	15%

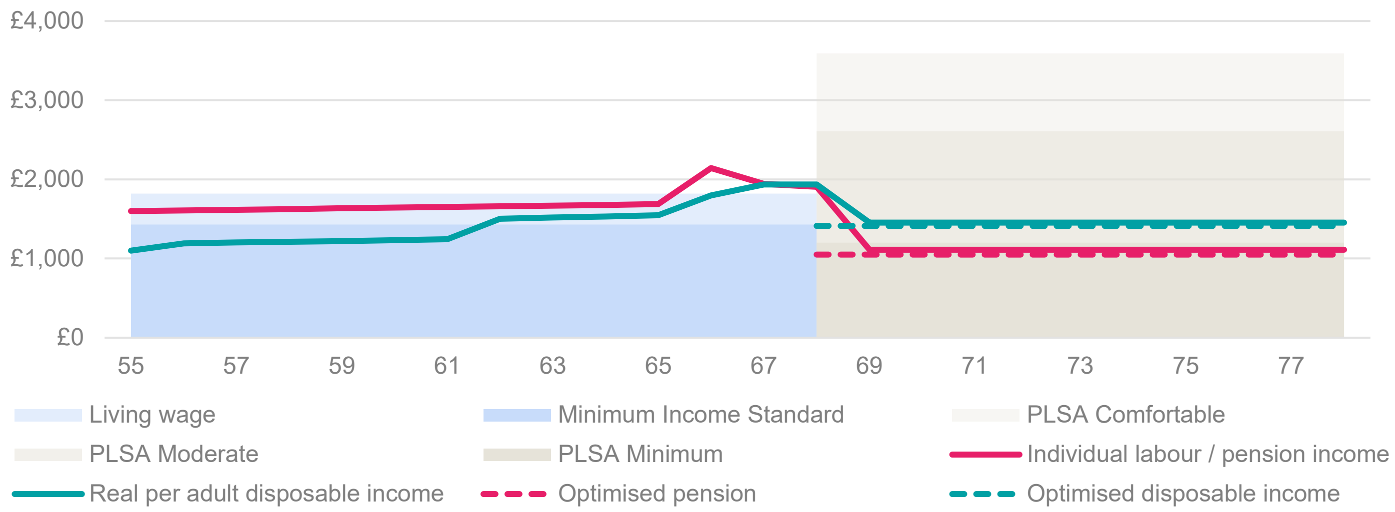
Saver persona 20 (homeowner, late to pension savings)

Saver persona 20	Today – age 55	At retirement
	Female, Indian background, A-level educated	
Household	**Married** No children in household	**Married** No children in household
Housing	Mortgage – per adult **£75** West Midlands	Wholly owned West Midlands
Work	Routine job – voluntary and church Labour income **£1,600**, volatility **2**	Final labour income: **£1,904**
Savings and pension	Frequent saver DC contributions since age 43 at **AE minimum**	Pension income **£1,111** Replacement rate **58%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **doing all right**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

Persona 20's trajectory is similar to persona 19's, but her disposable income is lower. Other than a brief period of higher disposable income just before retirement, where paying off her mortgage changes her situation, she has little capacity to save through her working life. But, between her and her partner, the average disposable income in retirement is set to be above the PLSA Minimum standard for a single person – higher per head than the standard for a couple.

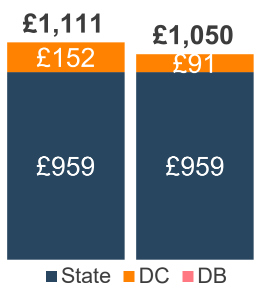
Given her affordability pressures in working life, our model suggests she stop contributing to a pension. This makes a minimal impact on her in-retirement disposable income, but it should once again be noted that this strategy involves increasing her dependence on her partner in retirement.

Saver persona 20: lifetime income



Saver persona 20: default and optimised contribution rates

Decade of life	50's	60's
Default employee inc. tax relief	5%	5%
Default total including employer	8%	8%
Optimised employee inc. tax relief	0%	0%
Optimised total including employer	0%	0%

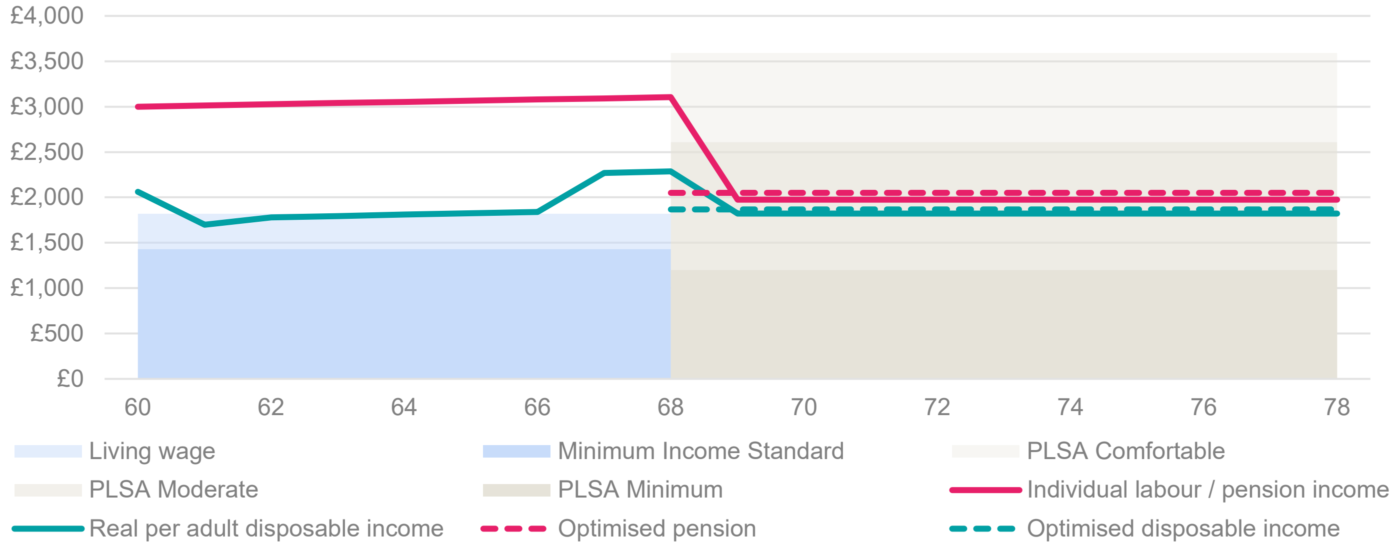


Saver persona 21 (above median)

Saver persona 21	Today – age 60	At retirement
	Male, British background, other higher degree	
Household	**Married** No children in household	**Married** No children in household
Housing	Wholly owned Scotland	Wholly owned Scotland
Work	Management job – public administration Labour income **£3,000**, volatility **0**	Final labour income: **£3,104**
Savings and pension	Regular saver DC contributions since age 50 at **AE minimum** **20 years** accrued DB	Pension income **£1,975** Replacement rate **64%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **living comfortably**	Debt **under £100** Up to date with bills Subjective financial: **living comfortably**

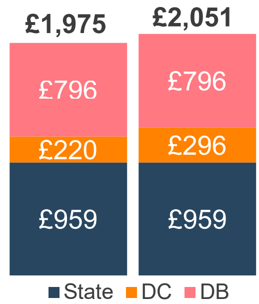
Thanks in part to a significant level of defined benefit income from a previous public sector job, persona 21 has £2,000 a month of retirement income. His partner has a lower level of labour income and pension, but their per-head disposable income in retirement falls only just shy of the Moderate PLSA level for a couple (£1,796/m).

Our model recommends he maximises his retirement savings for the remainder of his career to help smooth income pre-and post retirement, but at this stage of life this significant increase in contributions makes only a marginal difference to their situation. An alternative strategy would be to work for longer and defer claiming State and private pensions, provided his capacity to work and access to the labour market allows it.



Saver persona 21: default and optimised contribution rates

Decade of life	60's
Default employee inc. tax relief	5%
Default total including employer	8%
Optimised employee inc. tax relief	12%
Optimised total including employer	15%



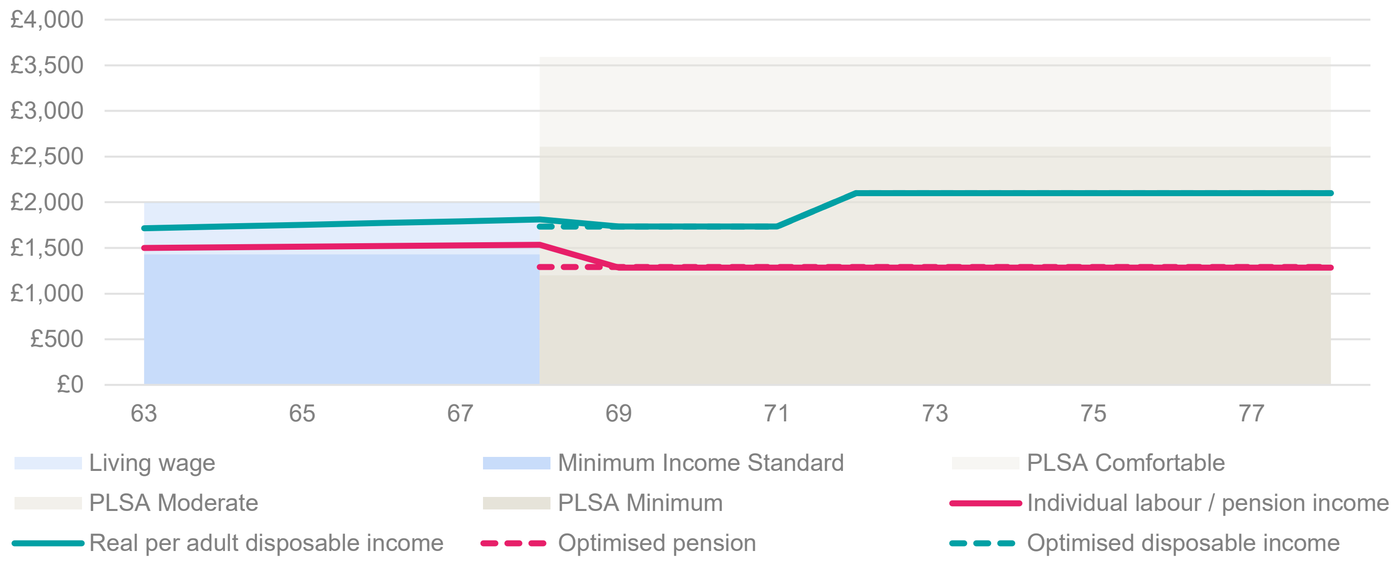
Saver persona 22 (mortgage to pay off at retirement)

Saver persona 22	Today – age 63	At retirement
	Female, other background, GCSE educated	
Household	**Divorced** No children in household	**Divorced** No children in household
Housing	Mortgage – per adult **£374** London	Mortgage – per adult **£367** London
Work	Management job – public administration Labour income **£1,500**, volatility **1** Receives benefits	Final labour income: **£1,534** Receives benefits Carer's allowance
Savings and pension	Occasional saver DC contributions since age 58 at **AE minimum** **16 years** accrued DB	Pension income **£1,284** Replacement rate **84%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**

As a 63-year-old who only began to save in an auto-enrolment pension at age 58, persona 22 has little opportunity to save very much in her retirement pot. However, she's helped by earlier membership in a health service DB scheme, bringing her pension just over the PLSA Minimum level, and offering her a replacement rate of 84%. Her disposable income is higher than this, in part because she is in receipt of carer's allowance. However, the fact that she still has mortgage to pay off until age 71 means her disposable income is initially lower, but still consistent with that she experienced during her working life.

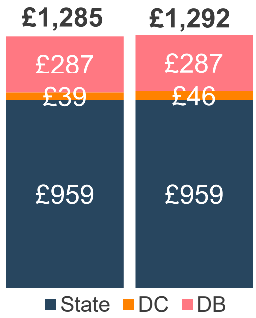
Our model suggests she increase her contributions marginally, in an attempt to flatten her disposable income more. But as this will have minimal impact on her income, and in any case she'll have more spending power when her mortgage is paid off, she might not think it's worthwhile doing this.

Saver persona 22: lifetime income



Saver persona 22: default and optimised contribution rates

Decade of life	60's
Default employee inc. tax relief	5%
Default total including employer	8%
Optimised employee inc. tax relief	6%
Optimised total including employer	9%

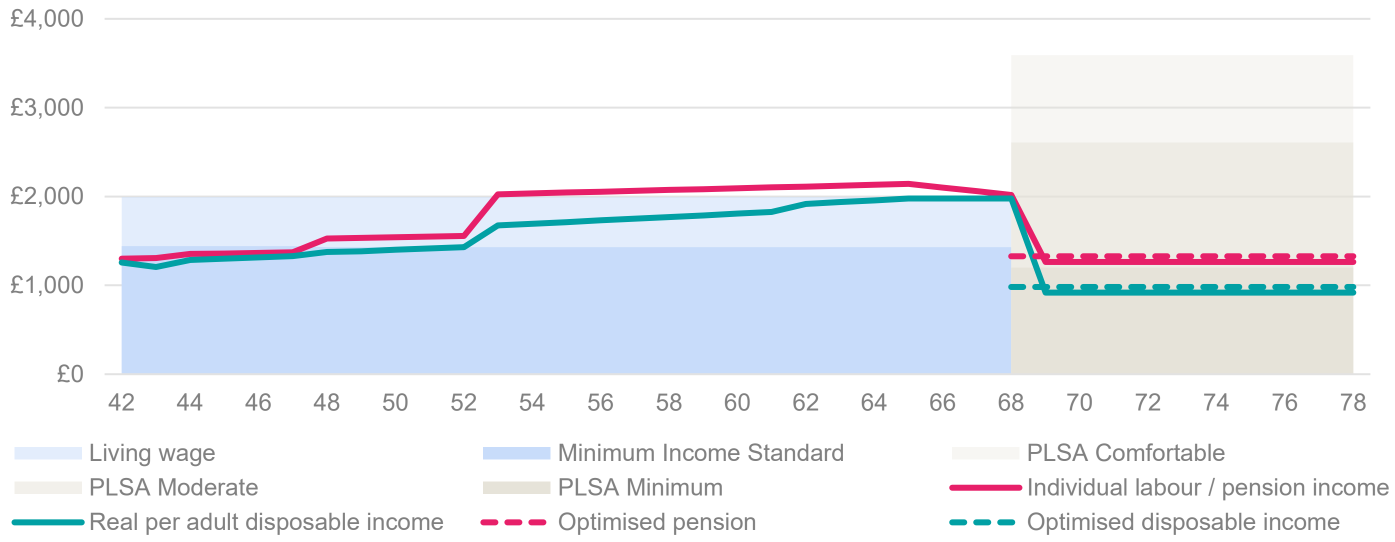


Saver persona 23 (family costs in mid-life)

Saver persona 23	Today – age 42	At retirement
	Female, other white background, A-level educated	
Household	**Married** 1 child	**Married** No children in household
Housing	Renting – per adult **£333** London	Renting – per adult **£354** London
Work	Routine job – wood, paper and printing Labour income **£1,300**, volatility **2** Receives benefits	Final labour income: **£2,019**
Savings and pension	Occasional saver DC contributions since age 33 at **AE minimum**	Pension income **£1,263** Replacement rate **63%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **doing all right**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

While she and her partner are looking after their child, Persona 23's working-life income is partially buoyed by working-age benefits. When her child is in her teens she moves to a more highly-paid job. Her pension income is just over the PLSA Minimum standard, reflecting a replacement rate of 63% on her salary when she retirees. As she continues to rent into retirement, and her partner is only receiving the State Pension, her disposable income is set to fall significantly at this point, but it is above the PLSA Minimum standard. Our model suggests she stop contributing until her disposable income increases in her 50s, then restart contributions at a high rate. The overall effect of this on her retirement income is marginal.

Saver persona 23: lifetime income



Saver persona 23: default and optimised contribution rates

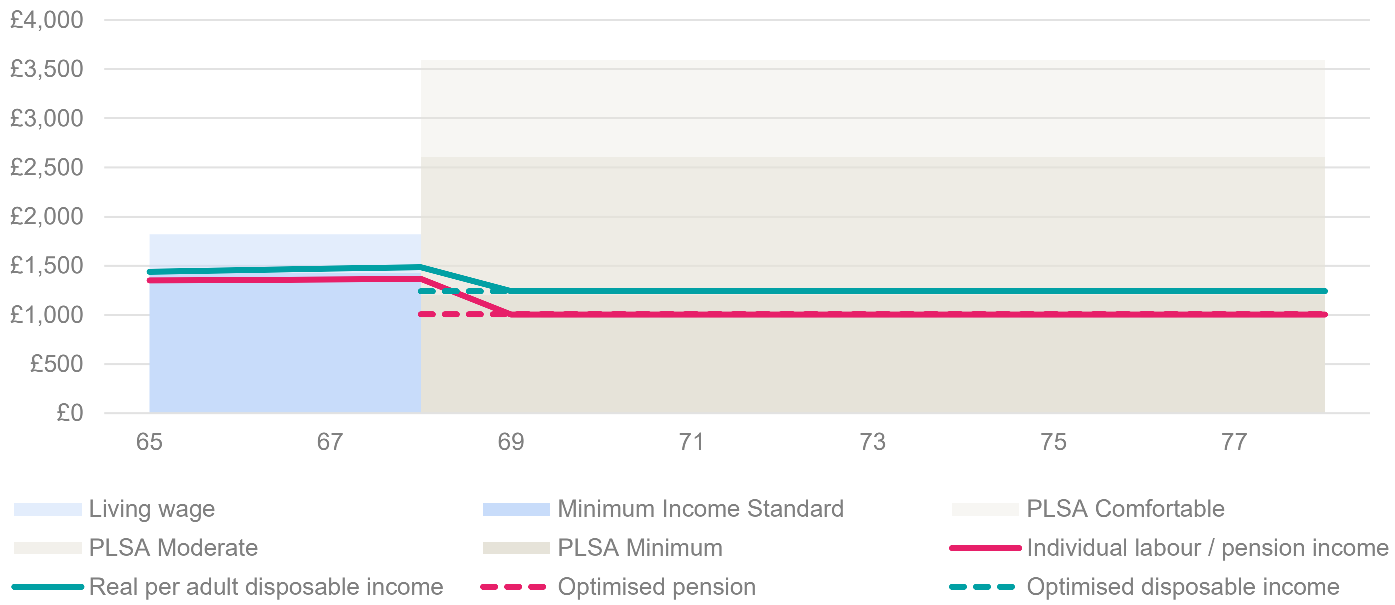
Decade of life	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%
Default total including employer	8%	8%	8%
Optimised employee inc. tax relief	0%	0%	0%
Optimised total including employer	0%	10%	12%

Saver persona 24 (low earner close to retirement)

Saver persona 24	Today – age 65	At retirement
	Male, British background, GCSE educated	
Household	**Divorced** No children in household	**Divorced** No children in household
Housing	Renting – per adult **£288** West Midlands	Renting – per adult **£284** West Midlands
Work	Routine job – restaurants Labour income **£1,350**, volatility **1**	Final labour income: **£1,368**
Savings and pension	Frequent saver DC contributions since age 55 at **AE minimum**	Pension income **£1,004** Replacement rate **73%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **doing all right**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

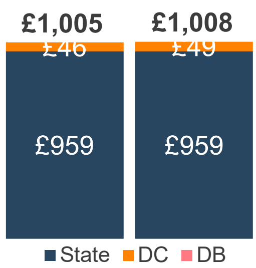
Persona 24 does not have many options available. Realistically, he won't benefit in any meaningful way from increasing his pension contributions over the remaining three years of his working life. Our model recommends he increase his contributions a little, though the impact this would have on his retirement income is understandably negligible. However, he might choose to contribute, given that he will attract an employer contribution and the money will be accessible at any time, as he is over age 55. The main lever, though, that remains for him to pull is to retirement later and benefit from the uplift in his State Pension. Yet this will depend on his capacity to go on working, and the availability of suitable work.

Persona 24: lifetime income



Saver persona 24: default and optimised contribution rates

Decade of life	60's
Default employee inc. tax relief	5%
Default total including employer	8%
Optimised employee inc. tax relief	8%
Optimised total including employer	11%

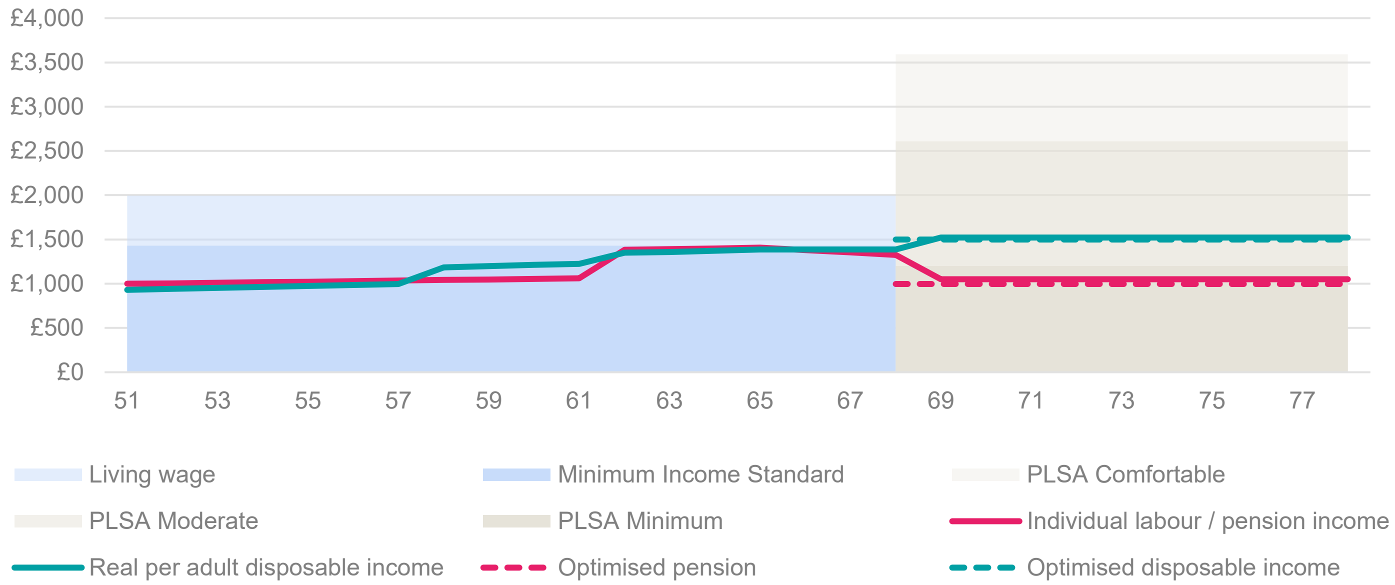


Saver persona 25 (benefits recipient, late to pension saving)

Saver persona 25	Today – age 51	At retirement
	Female, African background, higher degree educated	
Household	**Married** No children in household	**Married** No children in household
Housing	Renting – per adult **£426** London Housing benefit	Renting – per adult **£441** London Housing benefit
Work	Routine job job – voluntary and church Labour income **£1,000**, volatility **0** Receives benefits	Final labour income: **£1,326** Receives benefits
Savings and pension	Infrequent saver DC contributions since age 40 at **AE minimum**	Pension income **£1,051** Replacement rate **79%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**

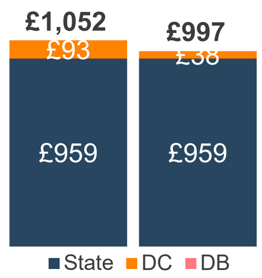
As life-long renters, persona 25 and his partner depend on their housing benefit entitlement to keep themselves afloat, and their capacity for saving is very limited. After their adult children leave home, and solder family member die, they have no other adults to support as they approach retirement. Thanks to job changes, their earnings grow above the rate of inflation but still, but the time they retire, their per-head disposable income is barely higher than the Minimum Income Standard. This is even after taking into account their working-age benefits. In retirement, their joint disposable income rises a little. As in working life, their entitlement to benefits will be a key factor, as there is no point in their working lives where they have much capacity for additional retirement saving. Our model does not see any benefit in his continuing to contribute, given the expect uplift in their disposable income on retirement. However, he might choose to do so, given that he will attract an employer contribution and the money will be accessible from age 55.

Saver persona 25: lifetime income



Saver persona 25: default and optimised contribution rates

Decade of life	50's	60's
Default employee inc. tax relief	5%	5%
Default total including employer	8%	8%
Optimised employee inc. tax relief	0%	0%
Optimised total including employer	0%	0%

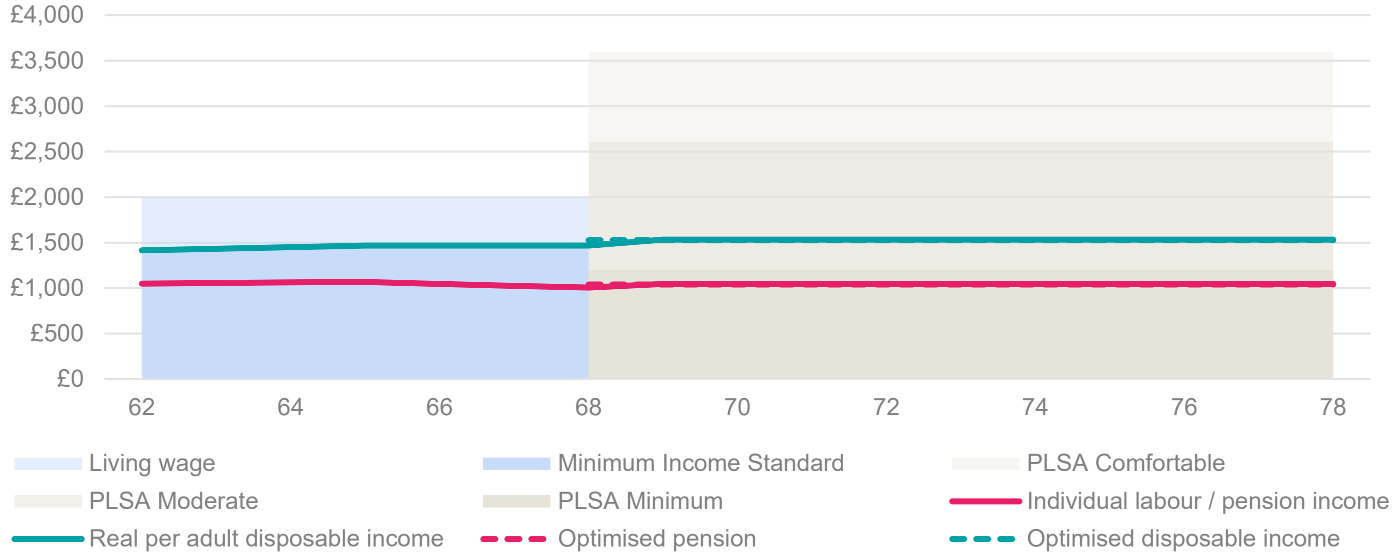


Saver persona 26 (benefits recipient close to retirement)

Saver persona 26	Today – age 62	At retirement
	Female, Caribbean background, higher degree educated	
Household	**Divorced** No children in household	**Divorced** No children in household
Housing	Renting – per adult **£421** London Housing benefit	Renting – per adult **£416** London Housing benefit
Work	Routine job – education and sport Labour income **£1,050**, volatility **3** Receives benefits	Final labour income: **£1,007** Receives benefits
Savings and pension	Occasional saver DC contributions since age 51 at **AE minimum** **5 years** accrued DB	Pension income **£1,047** Replacement rate **104%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**

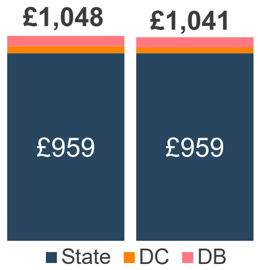
Like persona 23, persona 26's situation in retirement will be heavily dependent on her benefits entitlement as she moves out of work. Though her disposable income is supported by disability benefits, it's no higher than the Minimum Income Standard, and remains at this level into retirement. Given that her disposable income is quite level through this time, our model is comfortable with her stopping contributions, but as with our other savers in their 60's, this makes minimal difference to her outcomes. Once she's taken this into account, the biggest difference she could make to her living standard in retirement is to consider deferring her State Pension and continuing to work, but as with our other older lower-earning personas, this will heavily depend on her capacity to do so.

Saver persona 26: lifetime income



Saver persona 26: default and optimised contribution rates

Decade of life	60's
Default employee inc. tax relief	5%
Default total including employer	8%
Optimised employee inc. tax relief	0%
Optimised total including employer	0%

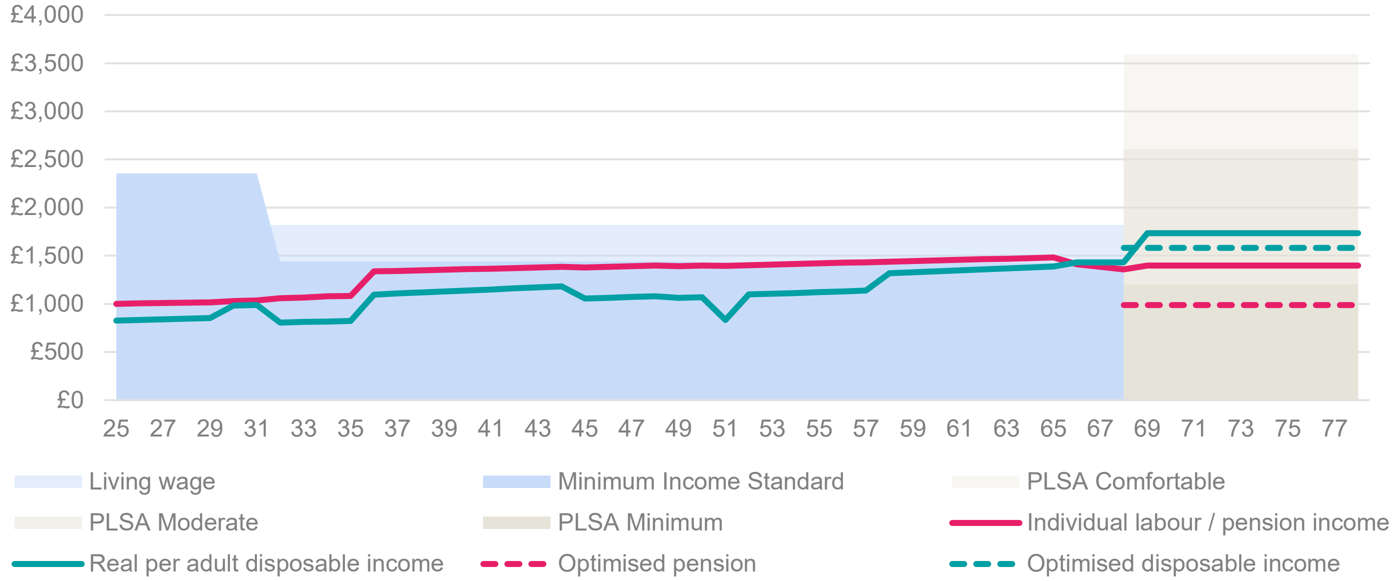


Saver persona 27 (self-employed)

Saver persona 27	Today – age 25	At retirement
	Male, British background, A-level educated	
Household	**Single** No children in household	**Divorced** No children in household
Housing	Renting – per adult **£164** South West Housing benefit	Renting – per adult **£228** South West Housing benefit
Work	Intermediate job – construction Labour income **£1,000**, volatility **6** Receives benefits	Final labour income: **£1358** Receives benefits
Savings and pension	Occasional saver DC contributions since age 25 at **AE minimum**	Pension income **£1,399** Replacement rate **103%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**

We have assumed that persona 27 starts out saving at the default rate for an auto-enrolled employee – even though this is unlikely to be the case in reality, as he is self-employed, and not eligible for enrolment into a workplace pension. Also, there is no employer to make matching contributions into his pension pot. Even so, persona 27 does manage to save up a moderate level of DC pension, thanks to persistent contributions from his early 20’s. Though we should note that, like all our self-employed personas, our model predicts a bumpy pattern of disposable income. His per-head disposable income in retirement is expected to be higher, but this is highly dependent on the level of benefits that he receives at this stage of life. Assuming this is the case, though, our model does not see a benefit to his saving in a pension.

Saver persona 27: lifetime income



Saver persona 27: default and optimised contribution rates

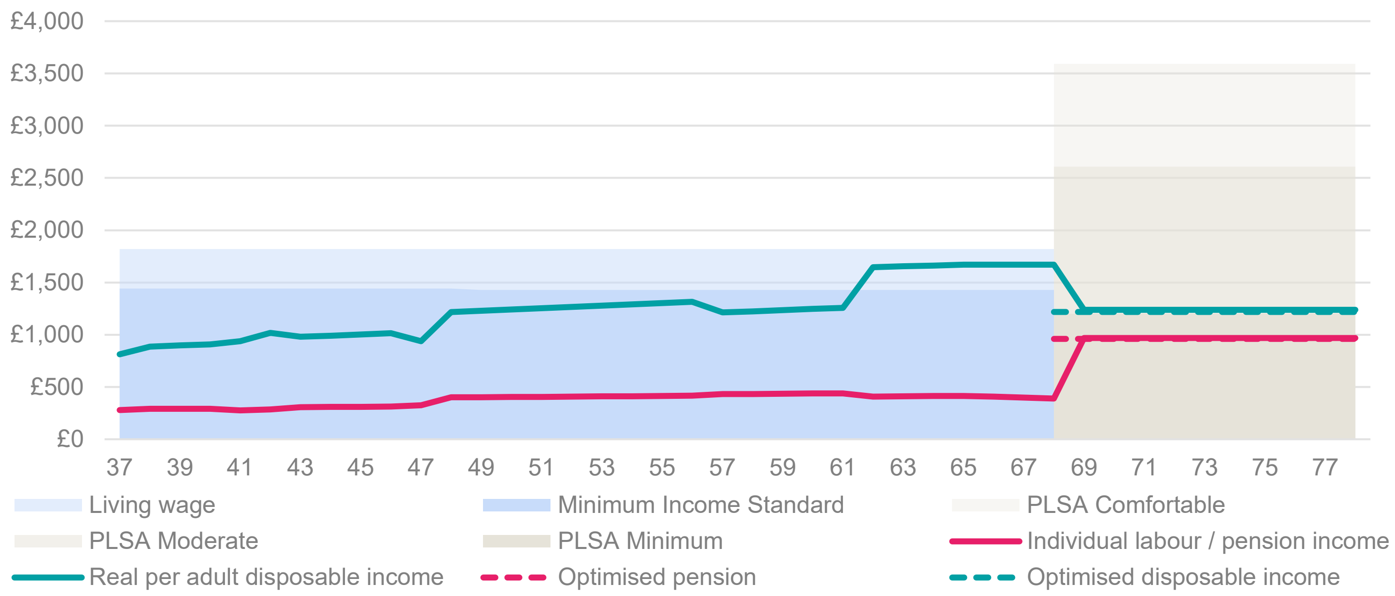
Decade of life	20’s	30’s	40’s	50’s	60’s
Default employee inc. tax relief	5%	5%	5%	5%	5%
Default total including employer	5%	5%	5%	5%	5%
Optimised employee inc. tax relief	0%	0%	0%	0%	0%
Optimised total including employer	0%	0%	0%	0%	0%

Saver persona 28 (self-employed, higher-earning partner)

Saver persona 28	Today – age 37	At retirement
	Female, other white background, degree educated	
Household	**Married** 1 child	**Married** No children in household
Housing	Mortgage – per adult **£475** South East	Wholly owned South East
Work	Intermediate job – services Labour income **£280** , volatility **12** Receives benefits	Final labour income: **£391** Receives benefits
Savings and pension	Occasional saver DC contributions since age 37 at **AE minimum**	Pension income **£968** Replacement rate **248%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **doing all right**	Debt **under £100** Up to date with bills Subjective financial: **living comfortably**

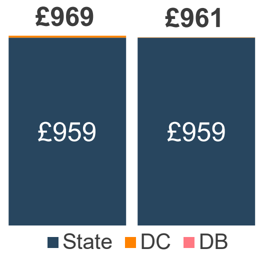
Saver persona 28 is one of our self-employed personas. Like many self-employed people, her own labour income is low and fluctuating. However, thanks to a higher earning partner, she experiences a per-adult disposable income that's significantly higher than she'd have on her own. She saves very little into her pension, and like persona 27, as a self-employed person she doesn't receive employer contributions, meaning her own pension entitlement is barely higher than the State Pension. This emphasises the risks to lower-earning partners who depend on their partners for income, especially should their relationships break down. However, in her case, her own earnings are too low to realistically consider an alternative contribution strategy, and our model doesn't recommend she goes on contributing.

Save persona 28: lifetime income



Saver persona 28: default and optimised contribution rates

Decade of life	30's	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%	5%
Default total including employer	5%	5%	5%	5%
Optimised employee inc. tax relief	0%	0%	0%	0%
Optimised total including employer	0%	0%	0%	0%

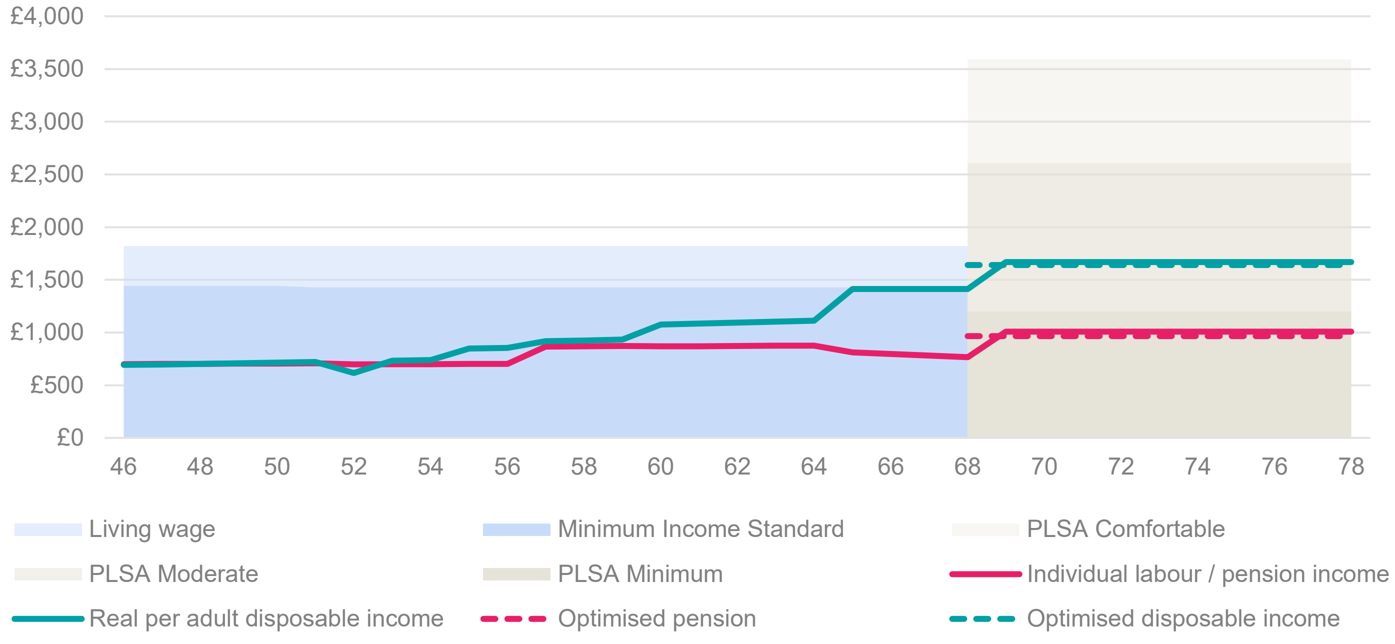


Saver persona 29 (self-employed, benefits recipient)

Saver persona 29	Today – age 46	At retirement
	Male, Pakistani background, no qualifications	
Household	**Married** 2 children	**Divorced** No children in household
Housing	Mortgage – per adult **£182** West Midlands	Wholly owned West Midlands
Work	Intermediate job – transportation Labour income **£700**, volatility **1** Receives benefits	Final labour income: **£765** Receives benefits
Savings and pension	Non saver DC contributions since age 46 at **AE minimum**	Pension income **£1,008** Replacement rate **132%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**

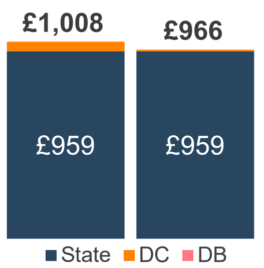
Persona 29's income from self-employment is quite low – as is true of many self-employed people. Unlike persona 28, he does not have a higher-income partner to help improve the overall financial position of the household. His receipt of benefits helps lift his disposable income somewhat but it remains below the Minimum Income Standard for his whole working life. Due to his low income, he builds up hardly any DC pension entitlement – though it should be borne in mind that this is in part because we're using the contribution calculations from the workplace pensions system. He also has housing costs to cover in retirement. As with a number of our other low-earning personas, his level of entitlement to benefits in retirement will play a central role in defining his standard of living. Given this calculus, and the lack of an employer contribution, it's understandable that our model doesn't see the virtue in his continuing to contribute.

Saver persona 29: lifetime income



Saver persona 29: default and optimised contribution rates

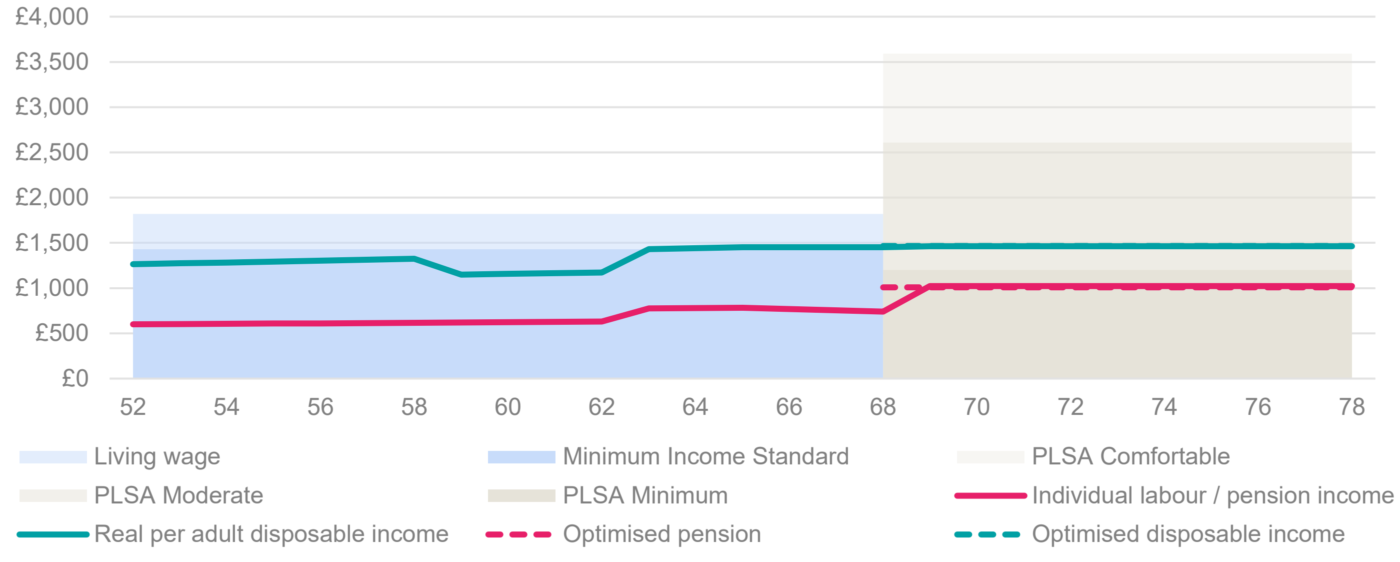
Decade of life	40's	50's	60's
Default employee inc. tax relief	5%	5%	5%
Default total including employer	5%	5%	5%
Optimised employee inc. tax relief	0%	0%	0%
Optimised total including employer	0%	0%	0%



Saver persona 30 (self-employed, benefits recipient, carer)

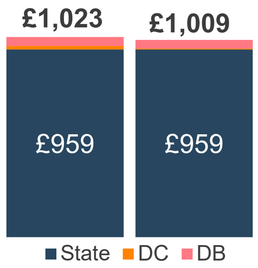
Saver persona 30	Today – age 52	At retirement
	Female, British background, A-level educated	
Household	**Divorced** No children in household	**Married** No children in household
Housing	Renting – per adult **£301** East Midlands	Renting – per adult **£174** East Midlands
Work	Intermediate job – education and sport Labour income **£600**, volatility **2** Receives benefits	Final labour income: **£739** Receives benefits
Savings and pension	Occasional saver DC contributions since age 52 at **AE minimum** **6 years** accrued DB	Pension income **£1,022** Replacement rate **136%**
Financial/physical wellbeing	Debt **under £100** Up to date with bills Subjective financial: **just about getting by**	Debt **under £100** Up to date with bills Subjective financial: **doing all right**

Persona 30 is low earning and goes through a number of changes in household composition as she moves in and out of relationships with two partners. Due to a low labour income, characteristic of many self-employed people, she rarely saves much in her pension – though it should be borne in mind that this is in part because we’re using the contribution calculations from the workplace pensions system. By retirement, she has caring responsibilities for a relative not in her household. Her working-life per-head disposable income is raised above the low level of her labour income, to around the Minimum Income Standard. One key driver of this is her shifting benefits entitlements. As with a number of our employed personas, her actual position in retirement will depend on the make-up of her benefits, if any, at this stage of life. As with our other low-earning self-employed personas, our model doesn’t recommend that she goes on contributing.



Saver persona 30: default and optimised contribution rates

Decade of life	50's	60's
Default employee inc. tax relief	5%	5%
Default total including employer	5%	5%
Optimised employee inc. tax relief	0%	0%
Optimised total including employer	0%	0%



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