

Early retirees

Five key facts you should know

To help you think about retirement, we have summarised the key facts from the Financial Conduct Authority's most recent survey of UK consumers. This flagship survey tested how the Covid-19 pandemic was affecting people's management of their money.



1

Financial advice is important

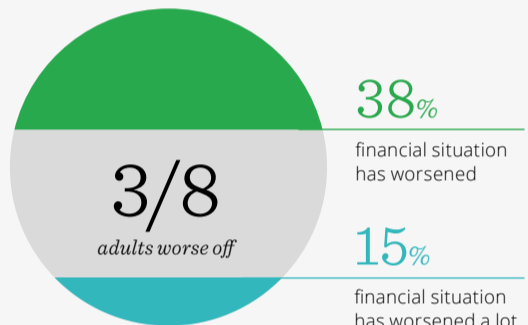
The evidence shows that professional advice can be worthwhile. The FCA found that:

those who have had regulated financial advice in the last 12 months are more engaged and have a better understanding of their pension than those who have not.

2

The pandemic has had a negative financial impact on many people

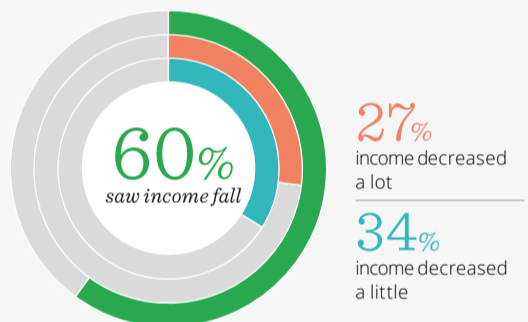
Three in eight adults (38% or 20 million) have seen their overall financial situation worsen because of the pandemic and 15% (7.7 million) have seen it worsen a lot. Groups that have been particularly hard hit include the self-employed.



3

The pandemic has hit the finances of the self-employed the most

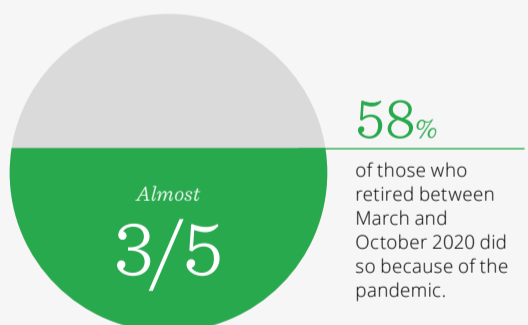
By far the hardest hit have been the self-employed, where six in ten (60%) have seen their income fall; 27% say their household income has decreased a lot, and a further 34% say their household income has decreased a little.



4

People are being forced to retire

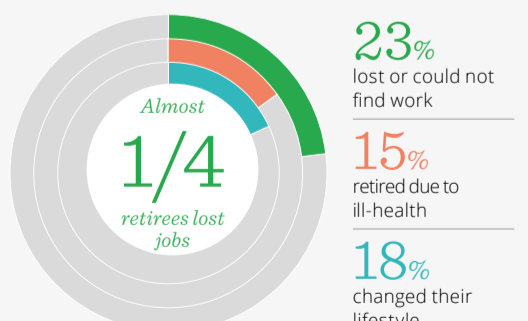
Almost three in five (58%) of those who retired between March and October 2020 did so because of the pandemic (i.e. they had not always planned to retire during this time).



5

The most likely cause of early retirement is someone losing their job

One in four (23%) retired because they lost their job or could not find work because of the pandemic, and a further 15% had to retire on ill-health grounds (directly as a result of ill-health caused by Covid-19 or because they needed to 'shield' or self-isolate). One in six (18%) reported that the pandemic had made them realise that they wanted to change their lifestyle.



Financial Conduct Authority (FCA) Financial Lives Survey 2020

Financial Lives is the FCA's flagship survey of UK consumers, provides a wealth of information about consumers' attitudes towards managing their money, the financial products they have and their experiences of engaging with financial services firms. It is unique in the combination of its design, its breadth (over 1,300 questions covering all the retail sectors that the FCA regulate) and its size (over 16,000 respondents in the latest wave). As a tracking survey, it provides evidence of how things are improving, worsening or staying the same, from the point of view of the consumer.

To test how the pandemic had already affected UK consumers, the FCA ran a survey – their Covid-19 panel survey – in October 2020 with over 22,000 respondents.

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