

Retirement Living Standards: Let's talk numbers

ROB: Today, we're exploring standards of living in retirement. We've talked a lot on this podcast about planning for your retirement and ways you can start to think about the kind of life you want to live after you leave work behind for good. But picturing what that looks like can be really difficult to do. And it's an important step to take when you're making financial decisions and plans for the future.

Luckily, Loughborough University has carried out a study to help us start to picture the kind of lifestyle we could have after we retire and to help you start to put those plans in place.

EMILY: That's right, it's a really interesting piece of work. And on her fourth visit to the podcast, Cilla Christmas, Policy Advisor for Civil Service Pensions, is back to talk us through it. Cilla, it's great to see you. Welcome back to the podcast!

CILLA: Well thank you for having me and it's lovely to see you both.

ROB: Well, it's lovely to have you back with us, Cilla. So, before we get into the detail, why do you think this aspect of retirement planning, the financials, is such a challenge?

CILLA: I think, for all of us, looking at bank statements as bills is one of those things that we all need to do but it often feels like a drag, especially as all the different terms can be confusing. Not to mention there's always something more exciting you could be doing. I think we all love the idea of retiring, but we can't necessarily connect with the person we're going to be, or we don't want to think about getting old, which does make it harder. And the key thing to remember is, please don't put it off. The sooner you do it, the better the chance of having a good retirement and make sure to look at it every year and do a review to make sure you're still on track. And actually, that's why we're going to talk about the Retirement Living Standards because it's a good way to connect you to what you'll get with your money at retirement and what you might be doing and why you're saving. So, it's a good use of your time to look at them.

EMILY: Great, well, in that case, let's get stuck in. So, what are the Retirement Living Standards?

CILLA: So, the standards try and show you what life in retirement looks like across three different levels and what range of common goods and services would cost you for each. They're defined by 'minimum', 'moderate' and 'comfortable' standards, and cover costs for those who are single or in a couple and also show the difference between costs if you live in London and elsewhere in the UK. So, what you're getting is figures which indicate what you'd need to spend to achieve a certain standard of living, which gives you an indication of the income you need to reach that standard. It breaks it down into things like maintaining your property, your weekly shop, eating out, transport costs, holidays, TV and broadband, making sure you've got clothes and footwear and even birthday and Christmas presents.

EMILY: Wow, really, um, comprehensive.

CILLA: It is, but there's some important exclusions you need to be aware of. So, if you have a mortgage or rent to pay, and that will continue into retirement, then that isn't accounted for. Social care costs aren't, and you need to think about tax because these figures are after tax income. You might also need to think about things like, do you need additional medicine or expensive equipment to help you manage long-term conditions that need lots of energy and electricity and therefore are costly? And you need to add that back in as well.

ROB: So Cilla, you mentioned there's three levels: 'minimum', 'moderate' and 'comfortable'. Perhaps you could just give us a little bit more detail about what's involved, what each of those means?

CILLA: So, 'minimum' does what it says on the tin, it covers your basic needs with a little bit left over for fun. So, you'd holiday in the UK once a year, eat out once or twice a month, and have some affordable leisure activities to undertake once or twice a week. For a single person, you're going to need £14,400 a year, which is just over the full new state pension, or £22,400 for a couple. That means the amount you need after you've paid tax.

If you want a little bit more, and more financial security and flexibility, let's say you want to holiday abroad rather than in the UK, eating out a few times a month and to do a bit more of what you like, then you'll need a bit more disposable income as well. So, for a single person that then means £31,300 a year. That's actually quite a jump from £14,400. For a couple, it's £43,100. These are national figures, by the way. In London, you need more.

Now, if you want to get comfy and get some real financial freedom, you're looking at £43,100 per year as single, and a couple is £59,000. Now, that will include things like updates to your home, a nicer car or a newer car, more holidays, better broadband, etc.

ROB: It's fascinating to hear it talked about in these terms. Because you said at the start, you know, imagine what you want life to be like and what you want it to feel like. And when you start talking about if you want these things, I suppose it does bring it into quite sharp focus, doesn't it? Lots of figures there, lots of numbers, and we can make sure that all of that is included in the episode description for anybody who is listening and wants to see that in more detail. So, Cilla, what does it all mean? You know, what should people take from this?

CILLA: The first thing is, don't worry about it. You know, go away and plan for it and think about, actually, what you want and what you need. Because what you're spending now is not going to be your outgoings. I mean, I commute into London when I'm going into the office and that costs me, frankly, a small fortune. I won't need to do that again. You'll drop that. You won't have to pay your student loans. Your mortgage may be paid off. You might get a free bus pass, free prescriptions.

All of that adds up, that's taken away, and then what you're left with is what you need just for sustaining yourself and giving you some comforts. What you need to think about is these standards are sort of a rule of thumb, like your five-a-day type of thing. And it's a good starting point to get you thinking. And then you can look at, well, what do I want? What does my family want? What do my family need? So, it's not prescriptive.

Do look at it and play with it. You are in control. That's the important thing to think about. To summarise, a single person will need to be earning enough to spend around £14k a year to achieve a 'minimum' standard of living, £31k for 'moderate' and £43k for a 'comfortable' lifestyle. For couples, it's £22k, £43k and £59k.

CILLA: This is my three-step plan to retirement planning. And I'm not the first, so I'm borrowing, but I spent a lot of time at Civil Service Live last week talking to people about these three steps. Work out what pension you are likely to have from all of your pensions, including the State Pension and your Civil Service Pension at the date you want to retire. Do include any savings you have in there that might provide income. Then, look at what you're going to need based on the lifestyle you want and that's where the standards fit in. If there isn't a gap, brilliant. You're well on the way to having a decent retirement, but circumstances can change. So, do have another look every year. If there is a gap, then can you think about how you can close it? Can you save more this year? Or maybe not this year, keep it in mind for next year, for when the next pay rise [may] give you a little bit of space. So, there's lots of help available out there.

ROB: So, where can people go to find out more? More information on the standards [is] on their website, which is www.retirementlivingstandards.org.uk. Don't forget to take advantage of the tools available to you from the Civil Service Pension scheme. The Pensions Portal and Retirement Modelers can help you track how your Civil Service Pension is building up. And if you want to, you can make changes, make additional contributions to make your plans for retirement a reality.

If you've worked part-time or had breaks in service, your pension will be lower than if you worked full-time, so don't be surprised if you see that coming through in the figures. You need to consider that in your plans as well. If you're currently full-time and think you may go part-time, why not plan for it now and try to get ahead? You can get an update on whether you're on track for a full State Pension from GOV.uk. Select 'State Pension' on the front page and follow the prompts. There's also, if I might mention them, the Charity [for] Civil Servants, who provide lots of hints and tips on looking after your finances and financial wellbeing on their website. So do take a look. I think some of you know me as the co-chair of the Civil Service Carers Network. We've spoken about the gender pension gap and how carers can look after their retirement. One thing that struck me when I was looking at the retirement standards is we talk about people who are single or couples in retirement. I was talking to a number of parental carers yesterday. Their children will never be in a position to leave home or look after themselves. So they will need to think about what they're going to need to sustain not only themselves and their partner, but also that child and make provision for them after they pass away as well. I know it's really hard for you. It's one of the most difficult things as a parent to face, but please do think about it.

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In fact, there's a page on the website for carers specifically. So, if you just put 'caring' into the search button, that page will come up and there's lots of helpful hints and tips for carers and about their pensions.

EMILY: Great, that's great advice. And as Rob said, we'll make sure to include links to all of this information in the episode description. Cilla, as always, it's been really interesting. Thank you so much for joining us today.

CILLA: Thank you for having me.

ROB: To find out more about anything we've talked about today or to tell us what you'd like us to cover in a future episode, head to civilservicepensionscheme.org.uk/podcast. You can also find links to information, transcripts and accessible versions of this podcast in the episode description.

EMILY: Make sure to follow so you never miss an episode. We'd love to hear your thoughts and feedback on this series, so please do leave us a review wherever you get your podcasts.

ROB: This episode was recorded in July 2025. All information is accurate at the time of recording. Thanks for listening.