

Johanna Noble, Money Editor The Sunday Times, Thursday March 26 2026,

Retirement as we know it is about to change for ever

A pension shock awaits many Gen Xers with rising state pension age, not enough contributions and a lack of housing to fall back on.

My 77-year-old dad has just returned from a three-month trip to Chile, swapping the cold and dark winter for balmy days in the sunshine (better for his health, he says). Meanwhile, my 75-year-old mum is frequently going to the theatre and dining out with friends.

Their retirements have been some of their happiest years — they're busy doing all those things they never had time for when working. After decades of hard graft and saving they are living the retirement dream and I do not begrudge them one bit.

Yet it's all about to change for those a decade or so away from retirement, who face a starkly different future. If you belong to Generation X — those aged between 46 and 61 — the chances are your golden years will be worlds apart from the ones enjoyed by today's pensioners.

A perfect storm is about to hit this generation: the lack of savings, not enough property wealth and an increased life expectancy, which means they have to stretch their money much further.

Is this generation much less frugal than previous ones? Hardly. It's all to do with the fact that how we get an income in retirement has changed radically.

For many pensioners, retiring with a defined benefit pension was the norm. These gold-plated pensions, which provide a guaranteed, inflation-linked income for life in retirement, are almost extinct in the private sector. Instead, a defined contribution scheme has become the dominant workplace pension, where what you get in retirement is based on your contributions and investment growth.

It is not only less generous but, unlike with a defined benefit pension, there's a finite amount of money in the pot, which means savers risk running out of money before they die.

There is a huge issue around workers not putting enough money into their pensions too. To combat this, auto-enrolment was introduced in 2012 to make sure that most workers in the private sector were automatically enrolled into their company's pension scheme. Today they are obliged to contribute 3 per cent, while employees have to pay in at least 5 per cent.

But the 8 per cent contribution is not enough. Gen X also missed out on most of the benefits of this scheme because it was only introduced when they were in their thirties and forties.

This generation has truly fallen into a gap between these two pension systems: they are too young to have managed to join a generous defined benefit scheme, but too old to have built up significant savings via auto-enrolment.

The Social Market Foundation, a cross-party think tank, has warned that workers face a “pension shock” in the coming decade as they realise their retirement income is likely to be significantly lower than expected.

The state pension system will further exacerbate their woes. At the moment the state pension is protected by the triple lock, which guarantees that it rises every year by the highest of earnings growth, inflation or 2.5 per cent. While it’s great for today’s pensioners, the cost of this guarantee is unsustainable. The question is no longer if but when it will be scrapped. Future pensioners are unlikely to ever benefit.

To cope with rising longevity and the cost to the state, the UK state pension age is also likely to keep rising. Someone aged 50 will have to wait until they are 67 before they can get the state pension and those further from retirement are likely to have to wait even longer. Anyone who wants to retire sooner will have to find the income elsewhere.

And then we have the lack of property wealth. Today’s pensioners are happily sitting on most of the nation’s housing wealth because they got on the property ladder when it was still possible to scrape together a deposit without help from parents and have since benefited from a housing market on steroids that saw property prices rise exceptionally. A modest three-bedroom semi can now easily be worth about £1 million in London.

It’s a very different situation for Gen X, with two million of them having no housing to fall back on in their later years, according to the Social Market Foundation survey.

For us Gen Xers, perhaps it’s time to accept that retirement as we know it is about to change for ever. And unless you turbocharge your savings or find some more income streams, your retirement will look vastly different from the one your parents enjoyed.