THE ADEQUACY MIRAGE

Why UK pensions policy is optimising the wrong variable

Pranit Nardekar



My background

01

Leicester

Grew up in Leicester

2001-2019

02

Loughborough Grammar School

Secondary Education

2012-2019

03

Bayes Business School

BSc (Hons) Investment and Financial Risk Management

2019-2023

04

Grant Thornton

Placement year in Public Sector Advisory

2021-2022

Graduate Scheme Public Sector Advisory

2023-2024

05

YBM ECC

English Teacher

2025

06

Imperial College London

MSc Finance and Accounting

2025-2026

07

Quilter

Investment Intern

2026 – Present

08

Our Journey



01

ACT I · THE PROMISE

Meet Sarah

The saver the pension system expects.

PROMISE



02

ACT II · THE REVEAL

The Adequacy Mirage

Housing, care and longevity change the answer.

REVEAL



03

ACT III · THE RESPONSE

Measure What Matters

Move from one verdict to four dimensions.

RESPONSE

Meet Sarah

The person the pension system expects

22 Starts work

- **MEDIAN EARNER** — Typical earnings throughout working life
- **AUTO-ENROLLED** — Remains enrolled throughout the career
- **RETIRES AT 67** — Receives the new State Pension



On paper, Sarah is a success story

£290k

Final pension pot

£31,110

Total annual retirement income

£24,000

67% TRR Benchmark
(DWP, 2025)

Model: 45 yrs continuous employment · 8% AE contributions · median earnings path · State Pension £12,548 · annuity on £290k at implied 6.4% level single life.



✓ ADEQUATE

What if the metric is measuring the wrong thing?

ACT II

Three factors the headline verdict misses

Each factor tests a different part of retirement adequacy.

HOUSING 01

What remains after rent?

£12,000

annual rent

Sarah's £31,110 headline income falls to £19,110 after rent.

Income adequacy depends on tenure.

CARE 02

Can the pot absorb a shock?

£67,500

annual residential care cost

Two years of residential care could consume approximately £135,000.

Annual income does not measure resilience.

LONGEVITY 03

How long must it last?

10.4 yrs

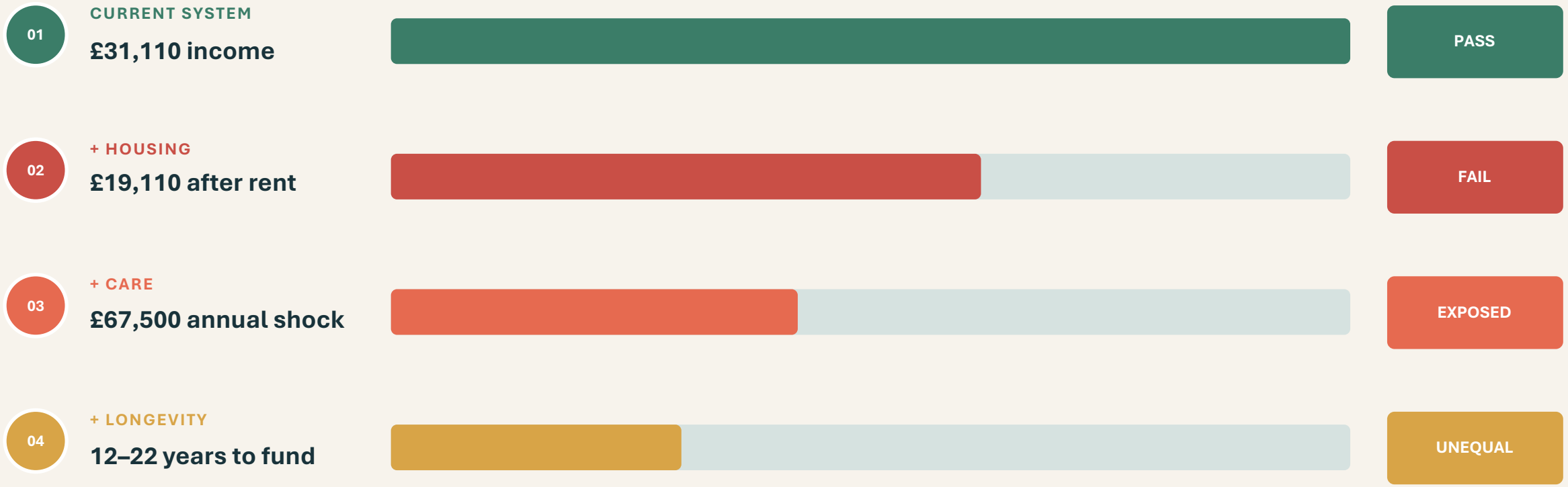
life-expectancy gap

The same system may support roughly 12 years or 22 years of retirement.

One average cannot fit every life.

The verdict weakens as reality is added

This is a sequence of tests, not a single arithmetic subtraction.



The point is not that every cost can be added into one bar. It is that each missing dimension can overturn the original "adequate" verdict.

Why this matters now and what can be done?

ACT III

Why this matters now

Three structural pressures are weakening the assumptions behind retirement adequacy.

HOUSING

1.86m

private-renting pensioner households by 2044

WHAT IS CHANGING

Private renting could rise from 6% to 18%.

More retirees may carry a recurring housing cost into retirement.

CARE

£23,250+

in assets: you pay for care

WHAT IS CHANGING

Above this level, people generally fund their own care; there is currently no lifetime cap.

An adequate income can still leave the pension pot exposed to a major shock.

LONGEVITY

10.4 yrs

male life-expectancy gap

WHAT IS CHANGING

The healthy-life-expectancy gap is approximately 19.3 years (ONS, April 2026).

One average horizon cannot represent every retirement.

POLICY WINDOW

Second Pensions Commission final report planned for spring 2027

ACT III · SOLUTION

A dashboard turns four measures into one response

Measure every dimension, identify the weakest result, then target the intervention.

RETIREMENT ADEQUACY DASHBOARD

FOUR-DIMENSION TEST

01 · INCOME

MEASURE

Replacement rate + living standard

TARGETED RESPONSE

Adjust contribution defaults and decumulation guidance

02 · HOUSING

MEASURE

Disposable income after rent or mortgage

TARGETED RESPONSE

Use tenure-adjusted targets and align housing support

03 · CARE

MEASURE

Probability-weighted contingent reserve

TARGETED RESPONSE

Trigger pooled reserve, insurance or advice support

04 · LONGEVITY

MEASURE

Years funded by deprivation and health

TARGETED RESPONSE

Flex access ages and target State Pension support

1 **PUBLISH** Dashboard → 2 **SEGMENT** Tenure + deprivation → 3 **TARGET** Failing dimension → 4 **EVALUATE** Retirement outcomes → ↻ **REPEAT** Update evidence

The dashboard does not replace the income test. It prevents income from becoming the final verdict.

Thank you!

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