

This information is for guidance only. It is not financial advice or a personal recommendation, and does not take account of your individual circumstances.



# How much do I need to save?

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This document illustrates how much pension saving you may need to achieve different Retirement Living Standards in 2026

It provides a way to understand:

- how much income you may need in retirement
- how much of that may come from the State Pension
- and what amount of pension savings is required for a particular standard

## Thinking about your own retirement

There are a range of tools and services that can help you plan for retirement in more detail. This may include online calculators, guidance services, pension providers, or financial advisers.

You can use the retirement living standards as a guide, but your own needs may be different.

For example, you may want to consider:

- whether your spending might be higher or lower than the examples shown
- any additional costs such as housing or care

When thinking about how much income you may need you may want to consider:

- any other sources of income apart from pension income you expect to have eg savings or investments
- the amount of tax you may need to pay on your income

## Housing costs

The Retirement Living Standards assume that people are mortgage and rent free in retirement. This reflects the situation for many people approaching retirement today.

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However, this may not apply to everyone. Some people will still have:

- mortgage payments
- rent to pay

If you expect to have housing costs in retirement, you will need to add these to the expenditure budgets to reflect your own circumstances.

You may find it helpful to look at typical rental or housing costs in your area when planning.

The Retirement Living Standards are based on what people need to spend for a particular standard.

To estimate what this means in practice, we:

- convert this into a gross income requirement using UK tax rules
- include the State Pension (£12,548)
- estimate how much income needs to come from pension savings to support the expenditure for a particular retirement living standard.

## How the figures are calculated

The Retirement Living Standards represent net (after tax) expenditure to achieve the specified living standard. To estimate the gross income required, we apply current UK income tax thresholds (personal allowance £12,570 and 20% basic rate). The State Pension (£12,548) is included as part of total income, with the remainder assumed to come from defined contribution (DC) savings.

The tables show:

- how much you might need to spend for a particular standard
- how much the State Pension could cover
- how much you may need from your own pension savings
- the size of pension pot you might need to generate that income

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### Single person household (assuming the individual receives a full State Pension)

Standard	Income needed after tax	Income needed before tax	State Pension	Income needed from your pension savings	Estimated DC pot
<b>Comfortable</b>	£45,400	£54,720	£12,548	£42,172	£560k–£845k
<b>Moderate</b>	£32,700	£37,732	£12,548	£25,184	£335k–£505k
<b>Minimum</b>	£13,900	£14,232	£12,548	£1,684	£23k–£34k

### Two person household (figures shown are per person, assuming both receive a full State Pension)

Standard	Income needed after tax	Income needed before tax	State Pension	Income needed from your pension savings	Estimated DC pot
<b>Comfortable</b>	£31,350	£36,045	£12,548	£23,497	£315k–£470k
<b>Moderate</b>	£22,700	£25,232	£12,548	£12,684	£170k–£255k
<b>Minimum</b>	£11,250	£11,250	£12,548	£0*	£0*

\* For two-person households at the minimum living standard, the full new State Pension alone may be sufficient to meet this level of income, depending on individual circumstances.

### Important notes:

Many people will have other sources of income in retirement, such as savings, investments or property, in addition to pensions, which are not reflected in the tables above. The estimated pension pot ranges are based on typical annuity income levels and are shown to provide a consistent way of comparing outcomes. The ranges reflect differences in annuity rates, which can vary depending on the type of product as well as age, health and market conditions. Annuities are just one option of how you can take your pension. Free impartial guidance on possible ways to take your money from your pension can be found at [Moneyhelper](#). The illustrated pot sizes above do not reflect flexible drawdown arrangements, where income is not guaranteed and may be lower.

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The figures are illustrative only and are not personalised quotes. They are based on current UK tax thresholds and annuity assumptions of around £5,000 to £7,500 per £100,000 of pension savings. Actual outcomes will vary depending on individual circumstances, tax position, retirement choices and market conditions.

Before making any decisions, you may want to:

- Consider taking guidance from [Pension Wise](#), a free and impartial guidance service that is backed by the government
- Use online tools and calculators to explore your options further
- Check what income you could get from different providers
- Consider getting financial advice if you are unsure what is right for you