

UK Faces Looming Pension Crisis as Reform Efforts Accelerate, Warns City of London Lord Mayor

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The United Kingdom (U.K.) is on the brink of a pension crisis that could jeopardise the retirement security of millions, according to Alastair King, the Lord Mayor of the City of London. With nearly one in four adults, around 15 million people, not saving enough for retirement, and almost half of working-age individuals making no contributions to private

pensions, King, through an opinion piece published on *CityAM*, has warned of a “gathering storm” that threatens long-term financial stability for future generations.

“Low earners, women, self-employed workers, and some ethnic groups are particularly exposed,” King said, stressing that without urgent reform, many may face retirement in financial insecurity. “This is not just a problem for individuals, but one that could place enormous pressure on the public purse if left unchecked.”

The warning comes as the Department for Work and Pensions (DWP) moves to relaunch the Pension Commission, nearly two decades after the original body introduced automatic enrolment in workplace pensions. The new commission, supported by the City of London Corporation, aims to bring together trade unions, employers, financial experts, and industry leaders to address persistent barriers to pension saving and chart a course toward a more sustainable system.

“This is a crucial opportunity to build consensus for a stronger and more equitable pension framework,” said King. He also highlighted the need for cross-sector collaboration to ensure future pensioners are not left behind.

The renewed policy push is taking shape alongside broader efforts under the government’s “Growth Unleashed” initiative, which seeks to harness pension funds as a lever for national economic development. A key part of this agenda is the Mansion House Accord, signed by 17 major pension providers representing 90% of the U.K.’s default defined contribution (DC) market. The accord pledges to allocate at least 10% of default DC funds to unlisted and alternative investments by 2030, with half of that amount directed toward UK-based projects, including infrastructure, clean energy, and high-growth scale-ups.

According to estimates, this shift could unlock as much as £100 billion in long-term investment. For individual savers, the impact could also be significant: a 22-year-old entering a default DC scheme could see a 7–12% boost in retirement savings through just a 5% allocation to unlisted equities.

To reinforce this shift, 23 large employers—including Tesco, Octopus Energy, and First Group have signed the Employer Pension Pledge, committing to prioritise long-term value over short-term cost in their choice of pension schemes. This pledge already covers more than a million savers, with more firms expected to join in the coming months.

Meanwhile, the Pensions Education Alliance, supported by professional bodies such as the Chartered Institute for Securities & Investment, has launched low-cost training programmes to upskill pension trustees and investment professionals. The aim is to improve governance and risk assessment in DC scheme investments, ultimately bolstering confidence across the pension system.

Catherine Foot, director of the Standard Life Centre for the Future of Retirement, also emphasised the need for pragmatic solutions, noting that “addressing this will require navigating complex trade-offs.”

Despite these promising developments, King warned that political will must keep pace with the urgency of the crisis. “The risk now is that the momentum stalls due to bureaucracy or lack of ambition. We must not let this moment slip,” he said. “Those retiring in 2050 could face bleaker prospects than pensioners today if we do not act boldly now.”

The Lord Mayor called on the government to fully back the Commission’s work and ensure that recent initiatives deliver real, measurable change. “This is our chance to rewire the system before it’s too late,” King added.