nest insight

Using pension savings to support home ownership

Exploratory research to inform the debate

Authored by

Anna Brain, Ruth Persian, Jo Phillips, Will Sandbrook, Nest Insight, London

Research by

Anna Brain (Nest Insight), Vivien Burrows (Nest Insight), Richard Notley (Nest), Janette Weir (Ignition House)

Acknowledgements

We are deeply grateful to the industry and policy experts who shared their insights through interviews and roundtables, and to our partners at Ignition House and YouGov for their collaboration.

Thank you also to Matthew Blakstad, who helped shape the research during his time at Nest Insight.

Most importantly, we thank everyone who shared with us their views on and experiences of renting, buying a home, and saving for retirement. Your openness and honesty have been invaluable.

This publication was funded by the abrdn Financial Fairness Trust, which has subsequently changed to become the Aberdeen Group Charitable Trust (registered charity number SC040877).

About this report

Helping people find the right home has huge potential to support financial resilience, health, wellbeing and economic growth. This report presents new research into the question whether people should be allowed to access their pension savings to buy a home. It describes who would stand to benefit from a policy allowing pension savers to do so and how the public views such a proposal. The analysis of the data in this report is Nest Insight's own work.

About Nest Insight

Nest Insight is a public-benefit research and innovation centre. Our mission is to find ways to support people to be financially secure, both today and into retirement. We conduct rigorous, cutting-edge research, working collaboratively with industry and academic partners to understand the financial challenges facing low- and moderate-income households. We use these data-driven insights to identify and test practical, real-world solutions. Our findings are shared widely and freely so that people around the world can benefit from our work. For more information, visit: **nestinsight.org.uk**

About Nest Insight's strategic partners

With a legacy dating back more than 200 years, JPMorganChase has a track record of demonstrating leadership during times of both economic growth and financial instability. The firm employs approximately 22,000 employees throughout the U.K. and is committed to operating a healthy and vibrant company that plays a leading role in advancing a sustainable and inclusive economy. The firm provides £600 billion in credit and capital to nearly 4,500 medium and large companies and supports over two million retail customers. At the same time, together with its non-profit partners the firm has supported over 33,000 low income households reduce their debt and improve their financial health, helped over 10,800 small businesses to grow their activity and placed over 9,800 individuals into apprenticeships or full and part-time employment. For more information, visit: **jpmorganchase.com**

Nest was set up by the government to give every UK worker somewhere good to save, and aims to deliver long-term growth for members while carefully managing risk. It's now the largest workplace pension scheme in the country, with 13.9 million members. One in three of the working population has a Nest pension pot. By 2030, we expect that number to grow to half of the entire UK workforce. Nest's members benefit from an award-winning responsible investment strategy and one of the most diversified DC portfolios in the industry. By the end of the decade Nest will have close to £100 billion assets under management. For more information, visit: **nestpensions.org.uk**

The Money and Pensions Service (MaPS) is an arm's-length body sponsored by the Department for Work and Pensions (DWP), established by the Financial Guidance and Claims Act 2018. It was set up to support the policy aims of DWP and HM Treasury in relation to pensions guidance, money guidance, debt advice, and the improvement of financial capability from childhood through to later life. Central to MaPS' purpose is providing credible, expert information that drives action. By working with organisations that produce or commission research on consumer financial wellbeing, MaPS helps fill evidence gaps and supports government, partners and industry to make more informed decisions. For more information, visit: **maps.org.uk**

Contents

Foreword

Much of our work at Nest Insight has brought us back to the same core conclusion: supporting the financial security of low- and moderate-income households requires taking a holistic view of the household balance sheet, and of the different products and services that people use to manage it. Viewing ‘pensions’, ‘emergency savings’ and ‘debt’ as unrelated product categories or policy areas doesn’t reflect the realities of people’s lives, especially those dealing with scarcity and financial volatility. Approaches need to be inclusive in who they serve, human in how they’re designed, and joined-up in how they deliver.

Because this comes through so consistently in our research, the idea of greater join-up and coherence between pension saving and housing security holds some intuitive interest. That includes both demand-side link-ups – allowing people to use pension wealth in some form to help them to buy a home, which is the focus of this report – and also exploring the role of pension fund investment in the supply of social and affordable homes, on which we plan to publish a short follow-up report in the early spring. Housing security is a fundamental component of financial security and of wellbeing more broadly. While housing security and home ownership are not the same thing, the challenges, costs and unpredictability of private rental mean many people will aspire to ownership as an end goal. In many areas, the costs of servicing a mortgage are no higher than the cost of renting an equivalent property, and so the inability to save for a deposit is one of the main barriers to buying a home. This is a challenge to which some have suggested a pension access scheme for home ownership could be a natural solution, since automatic enrolment has created a near-universal savings model for UK workers. And from a retirement security perspective, the UK system assumes a world where people are expected to have low housing costs in later life. Few people will have sufficient pension savings at retirement to meet the costs of renting privately for a further 20 years.

The last couple of years have seen a rising number of proposals emerging to allow people access to their pension savings in some way, shape or form to support purchasing a home. We have profiled the topic through panels and discussions and our annual conference on more than one occasion, including presenting international examples where this has been done.

And yet…

While these ideas are interesting, there has been a lack of robust, UK-specific evidence for whether and how they could be applied here. It’s not enough, for example, to point to pension pledging models in South Africa where income-to-house price ratios, pension system design and average pension balances are very different, and conclude they are relevant in the UK.

That’s why we embarked upon this work – to try to underpin a debate that seems to have been gaining momentum with real data and evidence. It’s been a great project to work on and I’m really proud of this report and the colleagues who brought it together. It doesn’t address all angles, and never could have. Nor does it come down clearly in favour of or against the idea – that wasn’t our goal. But what emerges is a considerable degree of nuance and a clear set of questions and trade-offs that need addressing before a clearer case for or against could be made. This is an idea with some strong attractions, but which could create significant risk both for individuals and for the integrity of both our housing and pensions systems if delivered badly.

We hope this work will help inform the discussion and contribute to that discussion being truly evidence-based.

Will Sandbrook

Managing Director, Nest Insight

Executive summary

UK home ownership has declined sharply over the past two decades, driven partly by the growing challenge of saving for a deposit. Meanwhile, more than 80% of employees now contribute to a pension, often their largest asset for those who don't own their own home.

This has prompted discussion over whether pension savings could be used to fund deposits to help more people onto the housing ladder. While there are international examples of similar models, to date there has been little evidence or research into their applicability in a UK context. Through this research we aim to address that. The goal of the work has not been to argue for or against the idea but rather to provide evidence to ensure a more informed debate.

By analysing existing datasets and conducting new primary research with people in the UK, we explore the potential long-term financial advantages for individuals, identify who might be able to use a pension access scheme for home ownership, and explore public attitudes towards the idea.

The picture that emerges is nuanced – with benefits for some, risks for many, and the clear need for caution over wider impacts on pension and housing systems. We find **benefits** that could improve financial security through working and later life and reduce inequality across generations, while increasing home ownership among some groups. But importantly, we find the clearest beneficiaries to be a relatively small number of people – in part because the relative immaturity of the UK DC system means many people won't have sufficient savings for this to be a difference maker for some years. The potential benefits also come with complex **risks** and trade-offs for a much larger group of people who might use a pension access scheme to accelerate home ownership, along with mixed public opinion. Together, they create a need for **caution**: the findings highlight further considerations to understand whether there is a version of a potential pension access scheme that could help people in the UK without triggering some of the offsetting risks, when it could be most effective, and where it might sit relative to other potential changes to housing and pension policies.

Chapter 1: Home ownership and pensions in the UK

In the UK, saving for retirement and saving for a home are typically treated as separate financial goals – which is reflected in today's pension system which locks savings away until retirement. The benchmarks used for 'adequate' retirement income also assume people either own their home outright or rent in the social sector.

Yet, based on current trends, challenges around buying a home mean that the share of retirees renting privately could almost treble by 2040 – and this group will face significantly higher housing costs in retirement. The difficulties are most acute for private renters aged 35-44 today, who need to buy soon to pay off a mortgage before retirement, and for those aged 45 or older, who may struggle to access standard mortgages at all.

Chapter 2: Using pensions towards home ownership: what are the options and what can we learn from other countries?

Falling home ownership rates have sparked debate on whether housing, financial security, and long-term saving should be considered more holistically. One idea is to allow people to use part of their pension savings towards buying a home.

Several models are used in other countries: early withdrawals, loans from pension savings that must be repaid, and pledging against pension savings. Early withdrawals are simpler to design but reduce retirement pots, while pledging models avoid this but are more complex.

Whichever model might be considered in the UK, using pension savings for home ownership carries both benefits and risks: it could reduce inequality across and within generations and lower barriers to saving for a deposit, but also raises concerns about mortgage defaults, pension adequacy and systemic risks if housing supply fails to meet demand or pension funds need to hold large amounts of liquidity.

Chapter 3: Would people be better off if they use their pension savings to buy a home?

For those with no other route to home ownership there are clear potential benefits: accessing pension savings could mean higher disposable income after housing costs and greater property wealth in retirement compared to renting later in life, even if access involves withdrawing savings.

For those who might draw on pension savings despite being able to buy without doing so, the benefits are less clear. Buying a home earlier may help people improve financial security in working life and pay off their mortgage before retirement, but these people face more complex trade-offs and, under a withdrawal model, may need to take extra steps to offset the impact of a smaller pension pot compared to leaving their savings invested.

Lower and single-income households stand to gain the most but are also least likely to meet mortgage criteria or have sufficient pension savings to make use of a pension access scheme.

Chapter 4: Who might be able to use pension savings to buy a home?

Eligibility for and uptake of any scheme allowing access to pension savings would depend on a complex interaction of policy design, wider context, and individual choices. It would also depend on pension pot sizes, which are not widely large enough to make a material difference today, but will increase over time.

Estimating how many people might use a pension access scheme is challenging, not least because of uncertainty around future changes to housing and pensions. Across all scenarios we considered, the group who might need to use pension savings to buy a home at all appears to be small, and is clearly far smaller than those who already have, or will have, sufficient cash savings for a deposit. Some in this latter group might still choose to use pensions if given the option – introducing more risk and a less clear-cut benefits case to the overall idea.

Allowing access to pension savings would likely make the greatest immediate difference in enabling home ownership for private renters over 35, single-income households with higher earnings, those without family financial support, and people living in more affordable regions.

Chapter 5: How do people feel about using pensions to buy a home?

Public opinion on this issue is divided and nuanced. Those most likely to benefit from accessing pension savings to buy a home were generally most supportive.

However, even among those who view the idea positively, concerns remain. These include a widespread preference for preserving pension savings for retirement, alongside doubts this type of scheme would address the wider housing crisis, fears of undermining the pension system, objections to trading off housing security against retirement income, and worries that using pensions for home ownership could become an expectation rather than a choice in future. Private renters also highlighted that lack of a deposit is only one barrier among many, with mortgage affordability a major obstacle.

Chapter 6: Conclusions and further areas for consideration

Using pensions towards a deposit could, to some degree, help to reduce inequality in home ownership, slow the trend of private renting at later ages, and support greater financial security through working life and retirement for some people.

The greatest gains will likely be limited to a relatively small group, while many others could use a pension access scheme without urgent need – potentially facing more complex trade-offs. Expanding access through a more generous policy design could heighten risks to individuals and the wider housing and pension markets. These include risks that demand-driven incentives could increase house prices, and that any need for greater liquidity could impact investment returns. But more restrictive designs could limit access for those who need the most help rather than those who need the least. Attitudes towards a pension access scheme also highlight the need for careful consideration of how it can best support those who need the most help, minimise trade-offs and help individuals make decisions that are right for them.

Important eligibility, design, and implementation questions remain, alongside a need for further research to better understand potential benefits, risks and reach. We explore the role that institutional pension fund investment could play in supporting social and affordable housing for those who can't buy their own home in an upcoming short report.

Chapter 1

Home ownership and pensions in the UK

Chapter 1: Home ownership and pensions in the UK

Summary

In this chapter we explore the background to the idea of using pensions to buy a home. We look at whether there are any links between housing and pensions in the UK today, why home ownership rates have fallen and who might need the most help to buy their own home. We find that:

- The UK has a relatively inflexible long-term savings system compared to some other countries that allow pension savings to be withdrawn or pledged to buy a home.
- Saving for a home and saving for retirement are traditionally seen as separate financial goals in the UK, but doing both at a time of high living costs can be very challenging.
- Today's working-age households have persistently lower rates of home ownership and higher rates of private renting relative to older cohorts, particularly those age 35-44. There is a limited window to help those who aspire to home ownership, with time to pay off a mortgage ahead of retirement.
- Private renters over the age of 45 are often renting for different reasons to younger households. Around one third have owned a home before and most are not confident that they will be able to manage their rent through later life.

1.1 Is there a link between pensions and housing in the UK?

For most people in the UK, putting money aside for a home and building up a pension feel like two very different goals. This is reflected in the design of the pension system.

One is about finding a place to call your own, the other is about making sure you have enough to live on later in life. It's rare that people think of these two priorities as part of the same financial journey. Instead, most people think of them as separate savings goals, each with its own barriers and opportunities.

The introduction of automatic enrolment in 2012 has transformed retirement saving around the UK. In 2024, over 80% of all employees, as well as some contract workers, were participating in workplace pension schemes.[1] The majority are private sector workers in Defined Contribution (DC) schemes. But the UK has a relatively inflexible retirement saving system compared to some other countries: to protect retirement savings from being spent early and to support long-term investment, access to pension savings is rarely allowed without significant penalty until age 55 (rising to 57 in 2028).

Underpinning the UK pension system are several increasingly outdated assumptions.

Behind the calculations of 'adequate' pension income benchmarks (the amount deemed enough for people to live on in later life) is the expectation that people will have very low housing costs through retirement; either because they own their own home or because they rent in the social sector. And behind that assumption is the expectation that first-time buyers can afford to save for a home while paying rent at the same time.

[1] Department for Work and Pensions (2025). **Workplace pension participation and savings trends of eligible employees: 2009 to 2024.**

1.2 What are the trends in home ownership?

For many people, neither of these assumptions reflect reality any more. High housing costs can make people feel like they have to choose between paying today's bills, saving for a home and saving for the future. Home ownership has decreased significantly since the early 2000s.

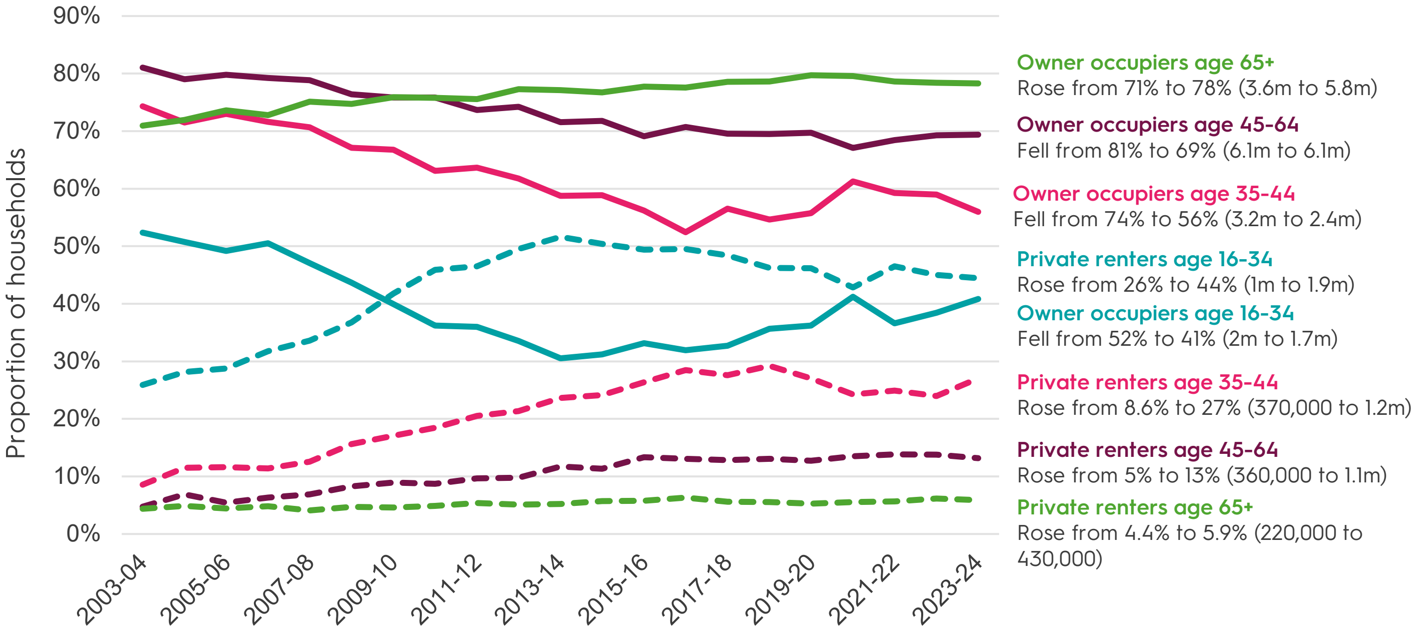
The UK has a strong societal bias towards home ownership – and when the current pension system was designed, home ownership among working-age groups was near a record high. That's in part because property prices were more affordable, and in part because Right to Buy policies of the 1980s and 1990s allowed nearly two million social tenants to buy their homes. But most of these social homes were never replaced and today, around 1.3 million households are waiting for social housing to become available, often doing so in privately rented or temporary accommodation. And since the 1990s, rapid property price increases, accompanied by a tightening of mortgage affordability rules that followed the 2008 financial crisis, mean that across all working-age groups, fewer people own their home today than twenty years ago.

The share of households renting privately has more than doubled over 20 years, from 11% in 2003-04 to 24% in 2023-2024.

If trends continue, the share of households renting privately in retirement could almost triple from 6% today to around 16% by 2040 (those aged 45-64 in 2023/24). This would represent a major shift in housing tenure in retirement and puts pressure on income for older people – meaning that many could face financial hardship because they don't have enough pension income to afford their rent.[2]

Low rates of home ownership have been most persistent among households over age 35, while those aged 35-44 have also experienced the largest relative increase in private renting. Households aged 18-34 have seen a partial recovery in home ownership, although rates are still around 11 percentage points lower than in 2003/04 (Figure 1.1).

Figure 1.1: Changes in type of housing tenure 2003/04 – 2023/24, by age group



Notes: Social housing not included in graph but remains largely unchanged among most groups. Source: English Housing Survey (2003-24).

[2] Ministry of Housing, Communities and Local Government (2025). **English Housing Survey 2024 to 2025: Headline findings on demographic and household resilience.**

Changes to the UK housing market have affected people differently over the past 30 years, with the impacts more pronounced and persistent for some groups than others.

- **Households with single or lower incomes**, and those without family help towards a deposit have lower rates of home ownership than couples and those with higher income.[3, 4, 5]
- **Private renters** may find saving for a deposit particularly challenging because they tend to spend a higher share of their income on rent than any other group. They are also more likely to live in substandard homes, have lower financial resilience, face greater risks to health and wellbeing, and face greater risks to financial security in later life if they have to pay rent from their pension income.[6]
- **Different age cohorts** have experienced the changes differently, and will need different kinds of support to find a secure home (Table 1.1).

[3] In 2024, the price of the average home ranged from 9.6 times average income in the South-East of England and over 11 times in London, to 4.8 times average income in the North-East of England. With mortgage providers typically lending between four and five times household income, it can be very difficult for those with single or lower incomes to find a home they can afford, save a deposit large enough to buy the home (or secure the mortgage) they want, or both.

[4] Office for National Statistics (2024). **Housing affordability in England and Wales 2024.**

[5] Building Society Association (2024). **First time buyers age-old problems, modern solutions: A roadmap for change.**

[6] Office for National Statistics (2025). **Private rental affordability: England, Wales and Northern Ireland 2024**.

Table 1.1: Home ownership trends and need for support by age group

Household age	What has happened to home ownership?[7]	What support do they need for housing and home ownership?
16-34 today Started work when house prices were near record highs	Home ownership has partially recovered, although still lower than 2004 (41% in 2023/24 compared to 52% in 2003/04). Likely due to rising income, gifts or loans, and first-time buyer support. Private renting remains very high (44% in 2023/24 compared to 26% in 2003/04), as social housing down seven percentage points.	Help to build savings and secure a mortgage, particularly if there's no financial help towards a deposit or renting privately. Secure, affordable rent and access to social housing for those who cannot buy.
35-44 today Started work as house prices were rising through the late 90s and early 2000s	Largest sustained fall in home ownership of all age groups (56% in 2023/24 compared to 74% in 2003/04), and largest relative rise in private renting (27% in 2023/24 compared to 8.6% in 2003/04). Unlike younger groups, home ownership shows little sign of recovery.	Help to build a deposit quickly, or access to affordable mortgages with very low deposit requirements, so that people can buy while they still have time for a regular mortgage term. Secure, affordable rent and access to social housing for those who cannot buy.
45-64 today Aged between 20 and 40 when house prices began to rise in the late 90s	Fourfold rise the number of private renters signals imminent retirement risk for 1.2 million households. Rates of home ownership (69% in 2023/34 compared to 81% in 2003/04) and private renting are lower than 20 years ago (13% in 2023/24 compared to 5% in 2003/04) and unchanged in ten years, implying little room for improvement. Many renting due to major life events such as redundancy or divorce (see **1. Insight Into: Private renters aged 45-64**).	It is now too late for many to buy a home. There is need for mortgages to later ages, or secure, affordable rent and access to social housing for those who cannot buy.
Over 65 today Aged over 40 when house prices started to rise and likely bought their own home before then, with some using Right to Buy	Home ownership remains near record high due to the long-lasting effects of Right to Buy and lower house prices (78% in 2023-24 compared to 71% in 2003/04). Social housing is nine percentage points lower, partly due to transfer of homes into private ownership. Very few privately rent.	Safe, good-quality social homes and adequate housing benefit for those who need it. Potentially wider access to later-life lending products for those who might want or need to supplement their retirement income.

[7] Ministry of Housing, Communities and Local Government, Ministry of Housing, Communities and Local Government (2018-2021), & Department for Levelling Up, Housing and Communities (2008 to 2025). **English Housing Survey**.

1. Insight Into: Private renters aged 45-64 – why do they rent and are they ready for retirement?

The rapid increase in renting among households over 45, and the risk it could present to retirement outcomes, is a key reason that commentators are considering new ways to help people into home ownership. As part of this research, we surveyed and spoke with older private renters and found that many had not planned to become long-term tenants, and most are not confident about how they will manage in the future.[8]

Renters aged 45-64 in our survey were more likely to:

Have experienced major life changes. 18% are divorced, separated or widowed compared to 13% of all 45 to 64 year olds, and 3% under 45. A further 35% told us they were single.

Live alone (36%) compared to those under 45 (24%). 35% of renters aged 45 to 64 live in a 2-person household and 19% live in a household of three or more people.

Be male (59%) compared to female (41%), and slightly more likely to be male (59%) than under 45s (53%).

Have owned a residential property before (31%) compared to those under 45 (6%).

Have lower household income. 70% have gross household income below £40,000 per year compared to 51% of private renters under 45.

Older renters will benefit most from housing policies that support low- or single-income households, and people who have lost their home due to major life events.

Renters over 45 in our survey were much more likely to have lower household income than those under 45, in part because they were also more likely to live alone than younger groups. Some told us that time had "run away" from them and that they were now too old for a mortgage, often because they had persistently low incomes, had been self-employed or in insecure jobs. We also heard that around one in three had owned a home in the past, but lost it due to unexpected life events including divorce, separation, illness, bereavement or redundancy.

> We sold our house, due to ex-husband been made redundant so had to rent – self-employed so couldn't get a new mortgage – then that landlord wants to sell so we bought a boat with the remains of the house sale… probably the worst decision yet!

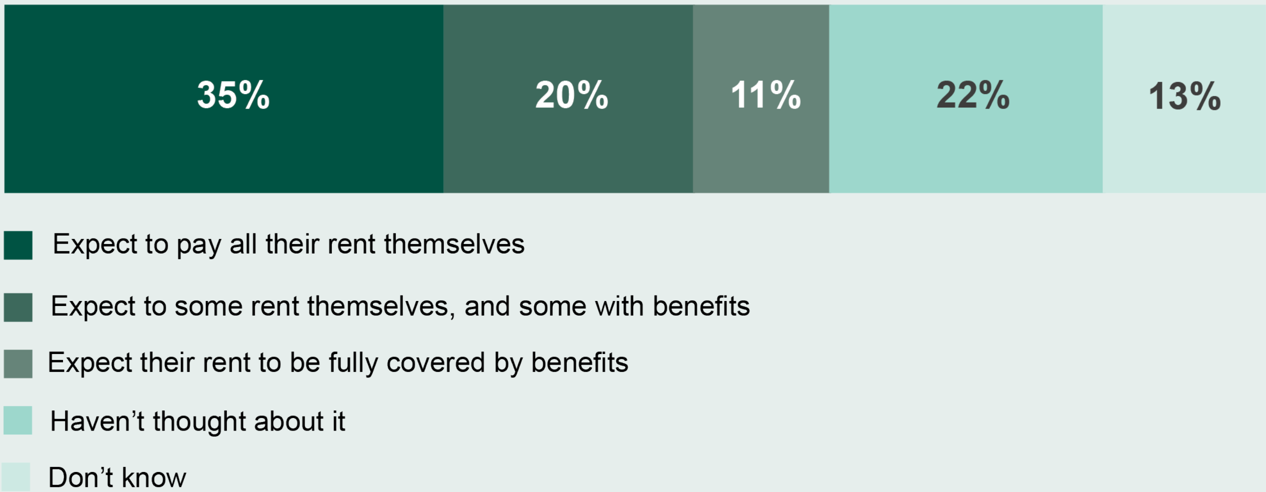
Private renter over age 45

[8] Details on our approach can be found in **2. Insight Into: Methodology**.

Not all older renters want, or will be able, to buy a home. Many said they would value more certainty over future rents, as well as flexibility and security over where they live.

Some older renters had “regrets in hindsight” and mixed feelings about not owning a home but, overall, they were more likely to be comfortable, or to “have accepted” renting than younger groups. In our survey, just 51% of private renters aged 45-64 said owning a home was important to them, compared to 78% aged under 45. Overall, renters liked having no ties and low worries over maintenance, but some said they felt “doom and gloom” or “physically sick” at the rent they pay each month. When asked what might help them in later life, renters told us they would like to see capped rent rises along with reimagined housing better suited to the changing needs of older people, higher state pension and housing benefits.

Over half of renters aged 45-64 expect to have to pay some rent from their household income in retirement, but not all are making financial preparations to do so.



Just 2% of private renters aged 45-64 in our survey who expect to have to pay rent from income in later life said they were very confident they would be able to afford it, while 31% said they were somewhat confident and 59% were (net) not confident.[9]

There was also considerable variation in the degree of thought given to affording rent among older renters in our discussion forum. Some were rigidly saving more where they can, some planned to share or find alternative kinds of housing, some planned to sell valuables and some planned to work longer. But others were “winging it” with no plans at all, suggesting help for people to plan how they rent in retirement is important for future financial security.

> **I still have nowhere near [enough retirement income to rent through later life] and my plans involve panic and despair.**

Private renter over age 45

[9] Net not confident combines “not very confident” and “not confident at all”.

1.3 What we've learned

- The design of the UK pension system and considerations of what constitutes an 'adequate' pension income assume that people will have low housing costs in retirement, either because they own a home outright or rent in the social sector. However, home ownership rates have declined over the last 20 years, while the share of people renting privately has increased across all working-age groups. This poses the risk of significant financial hardship for those having to afford private-sector rents in later life.
- Single- and lower-income households, and those without help towards a deposit find it harder to buy their own home than other groups, while households aged 35-44 have seen the most persistently low rates of home ownership and high rates of private renting. In the near term, these groups would benefit most from interventions that support them into home ownership.

Chapter 2

Using pensions towards home ownership

Chapter 2: Using pensions towards home ownership: what are the options and what can we learn from other countries?

Summary

In this chapter we explore the background to the idea of allowing access to pension savings to buy a home, who it could help, how it might work and what the benefits and drawbacks of different models might be. We find that:

- Helping people into home ownership has been a priority for several successive UK governments, but initiatives need to be part of a wide range of measures to tackle challenges that face first-time buyers – including deposit and affordability requirements for mortgages, housing supply shortages and limitations of existing schemes.
- In countries that allow people to use their pension savings to buy a home, take-up appears to be driven by policy design as well as need. Where policies are flexible, take-up of the policy can be high. Where pension access is available but more restrictive, take-up is relatively low.
- While pension access schemes have helped to increase home ownership in some countries, there are concerns in others that it may have contributed to lower investment returns and higher house prices which, in turn, may be contributing to lower levels of home ownership.

There are a wide range of potential opportunities and drawbacks both to the idea of using pensions towards a home, and to different models – but there is a critical lack of evidence around how it could work in the UK.

2.1 What help is there for first-time buyers today?

Different people find it hard to buy a home for different reasons, meaning that no single solution is likely to support everyone equally into home ownership.

Helping people into home ownership has been a priority for several successive UK governments, and recent years have seen reforms and initiatives aimed at making it easier for people, especially first-time buyers and those with small deposits, to buy a home. These initiatives aim to:

- **Lower initial entry barriers to home ownership** by lowering deposit requirements (mortgage guarantee scheme), helping savings to go further (Lifetime ISA), and supporting part-owned or subsidised homes (shared ownership and affordable housing schemes).
- **Target affordability constraints and narrow gaps** that arise from structural barriers, including high house prices, deposit requirements and limited supply of affordable homes (with the UK government targeting to deliver 1.5 million homes by 2029).[10]
- **Adapt to economic and market pressures** including interest rates and supply issues that impact market dynamics.
- **Reduce costs and delays in the homebuying process.**

Recent mortgage lending reforms also mean that some lenders are expanding lending to first-time buyers through higher loan-to-income products, or higher loan-to-value (lower deposit) mortgages.

However, even with these initiatives in place, experts we interviewed for this research told us that many challenges remain, including:

[10] Prime Minister's Office (2024). **Plan for Change.**

- **Deposit requirements,** as 5% deposits can still be difficult for many people to meet, and may mean higher monthly repayment costs or increased risk of negative equity in the event of a fall in property prices.
- **Affordability and mortgage eligibility rules**, including income requirements, loan-to-income ratio and stress-testing, still pose significant barriers to home ownership for low-to-moderate income households, even for those with government support. Market conditions such as interest rates, cost-of-living pressures and wider economic uncertainty also mean that low-deposit or high loan-to-value ratio mortgages can pose a long-term risk for some buyers.
- **Lack of suitable low-cost and social homes** relative to demand, particularly where schemes are limited to new-build or qualifying homes only. These homes can be geographically unevenly distributed and harder to find in more expensive areas.
- **Limitations of existing schemes**: Schemes such as the Lifetime ISA don't always meet the needs of buyers in high-cost areas, while others such as shared ownership involve additional ongoing costs that can impact on long-term affordability.[11]

2.2 How could the idea of using pensions towards a home work?

Various commentators have started to ask whether we need to look beyond traditional approaches for new ways to think more holistically about housing, financial security and long-term saving. The idea of allowing people to use some of their pension savings towards a first home is one of them.[12]

We know that high housing costs are a common cause of poor financial security, especially for low-to-moderate income households. But allowing people to use their pension savings to buy a home could mark a shift in how we think about financial security in the UK; from a model where pension savings are preserved almost exclusively for retirement to a more holistic approach, in which home ownership is seen as part of a strategy for financial security over the long-term. This section looks at how it might work, how it works in other countries, and what the benefits and drawbacks could be.

Before examining potential options, it's important to note that for the most part, only savers with Defined Contribution (DC) pensions would be able to use their pension savings towards a home. Throughout this report, we therefore use the term 'pension savings' to refer to DC pension savings.[13]

The next section outlines the different models for how pension savings could be made available for home ownership. We refer to these collectively as 'pension access schemes' throughout the report.

[11] The Lifetime ISA is set to undergo significant changes in response to concerns over the complexity and suitability of the current model. The UK government is consulting on a new product which is expected to be more straightforward and more tailored towards homebuyers.

[12] See, for example, The Pensions Management institute (2025). **Lifetime Savings Initiative**; Resolution Foundation (2024). **Precautionary tales**.

[13] DC pension contributions are saved in an individual account. This means DC pension savers have a pot of savings that grows over time which, under a pension access scheme, could be withdrawn as cash or used as collateral towards a mortgage when large enough. Under Defined Benefit (DB) schemes, pension contributions are pooled and do not accumulate in individual pots. Most of today's DB savers are saving into unfunded public sector pension schemes. This means that contributions from current members are used to pay current retiree's pensions, rather than being invested to create a reserve. Experts we spoke to therefore agreed that it could be very difficult to use DB savings towards a home in the UK.

Most private-sector employees now have DC pensions, although a small number will still have active DB pensions and some may have DB pension entitlements from previous employment. Most public sector employees have DB pensions, although some may have some DC from previous employment. Self-employed workers may have personal DC pensions but are much less likely to have enough to use towards a home than private-sector employees. Only 18% of self-employed workers contribute to a pension compared to almost 90% of eligible employees (HMRC (2025). **Private pension statistics commentary: July 2025**.).

Private-sector employment was 28.29 million in September 2025, public-sector employment 5.94 million employment, and 4.37 million people were self-employed (House of Commons Library (2025). **UK labour market statistics**).

1 Early Access Withdrawal

Early Access Withdrawal allows savers to withdraw a share of their pension savings for housing as a one-off lump sum.

Through our interviews and the proposals made publicly by other organisations, there is some consensus that a model which allows withdrawals up to 25% of savings on a tax-free basis could be most suited to the UK. But this is open to debate.

When considering how much could be withdrawn, household income and regional differences in house prices are important considerations. Lower earners and people in more expensive areas may need to use more of their pension savings to afford a deposit, although it may still be financially beneficial to do so despite the impact on the size of the pension pot.

Versions of this model are used in: **New Zealand, Australia, Singapore, United States.**

Potential benefits

- Relatively **straightforward to implement**, subject to agreement over how to treat withdrawal amounts for tax purposes.
- Fewer complexities mean that it could become **available in time to help the current cohort of renters in their thirties and forties** to buy a home while they can still access standard lending products and repay mortgages before reaching retirement.

Potential risks

- Potential for **smaller pension pots at retirement**, but the cost of this should be assessed against the value of financial benefits people might gain outside their pension. These include not having to pay rent in later life, and the potential benefits of buying a home earlier, or accessing lower monthly mortgage rates through having a larger deposit.
- Requires pension funds to hold **more liquid assets** to manage withdrawals, potentially resulting in lower long-term risk-adjusted returns than alternative growth asset classes and compromising wider policy aims to increase investment in long-term illiquid assets.
- Potential complexities around calculating remaining **tax-free balances** at age 57 due to differences in present and future values of withdrawal amounts.
- Carries a **risk of present bias**, meaning people could withdraw more than they need to because they disproportionately value the short-term over long-term benefits. Examples of this have been seen in analysis of pension withdrawals since Pension Freedoms were introduced in the UK.[14]
- Carries a **risk that people use the scheme to extract savings** from the pension system by buying and then selling property.

[14] National Centre for Social Research (2020). **Pension freedoms: A qualitative research study of individuals' decumulation journeys.**

2 Pension Loan

Pension Loan allows savers to withdraw a share of their pension savings for a home under the same mechanisms as withdrawal, but with terms and conditions that require repayment into the pension within a specified period of time, potentially including interest.

Failure to meet repayment terms may result in loan amounts being subject to income tax or early withdrawal penalties.

Used in: **United States.**

Potential benefits

- **Reduces the impact of a withdrawal** on retirement pot while still being relatively straightforward to implement.
- **Reduces (but does not eliminate) present bias**, which could cause people to withdraw more than they need to.
- Reduces the **possibility that people use the scheme to extract savings** from the pension system by buying then selling property.

Potential risks

- As with the early access withdrawal model, potential for **smaller pension pot at retirement** if the full withdrawal is not repaid.
- **Lower earners may find it difficult** to increase contributions to repay the loan, particularly if it has to be repaid over a short period of time. Risk in event of decrease to income or redundancy.
- Repayment terms are **hard to enforce** in a voluntary system and across job moves.
- Pension funds will still need to manage **higher levels of liquidity**, but more assets will be replaced over time compared to simple withdrawal.

3 Pension Pledging

Pension Pledging allows people to use their pension savings as collateral for a home loan.

No withdrawal required.

Used in: **South Africa.**[15]

Potential benefits

- Unlike a withdrawal or loan model, pledging allows pension **savings to remain invested** and there is no reduction in the size of the pensions pot at retirement.
- **No requirement for pension funds to hold liquid assets** to manage withdrawals.
- In the event of foreclosure, **savers lose a lower proportion of savings** than under a withdrawal

Potential risks

- **Complex to implement**, time to work through complexity could limit the chance to help the current cohort of renters over 35 while they still have time to buy with standard term mortgages.
- No consensus among experts over **who would hold the savings or liabilities**, and what would happen in the event of **default**.

[15] In South Africa, loans valued at up to around 60% of the pension pot are typically provided through tri-party agreements between member, employer and bank or loan provider. Monthly loan repayments are deducted from salary by employer, and retirement savings are used to settle the loan if the member fails to repay or exits the fund. Pensions Management institute (2024). **Lifetime Savings Initiative.**

model, as keeping savings invested would allow growth on the nominal amount between the point of purchase and point of default (assumes higher returns from pension funds than property).

› Requires that people can afford to repay a **higher mortgage principle** over working life than using a cash deposit, with possibility of punitive interest rates.
› Potential to contribute to **systemic risk** if economic shock were to trigger widespread defaults on homes that are backed by collateral from pensions.
› Potential complexities if the member **changes employer**.
› Potentially **compromises protections of pension savings from creditors**.

2.3 What can we learn from other countries?

It's difficult to directly compare the way that other countries allow people to use their pension savings towards home ownership to how it might work in the UK because each has its own unique pension system and housing market. But there is a lot we can learn.

Variations of pension access schemes do exist in New Zealand, Australia, the United States, Singapore and South Africa. We looked for common themes to identify learnings that might be transferrable to the United Kingdom and found that:

Countries with less restrictive models appear to have higher rates of take-up, suggesting that the use of pensions towards home ownership is driven by policy design as well as need:

› New Zealand allows early access withdrawals from pension pots for first-time home ownership with relatively few conditions or limitations. Take up is high, with 77% of all first-time buyers accessing their KiwiSaver to buy a home in 2023-24. But since its introduction in 2010, rising property costs mean that home ownership has fallen by 7%. Some commentators are concerned the policy may be contributing to this increase in house prices as well as lower home ownership, lower investment returns and higher mortgage debt.[16]
› Singapore also has a fairly flexible system whereby a fixed portion of pension savings are directed to designated retirement accounts, and early access withdrawals are permitted for housing, medical expenses and education. Around 44% of cumulative contributions are withdrawn for housing and have helped to increase home ownership from 58% in 1980 to 90% in 2023.[17]
› Australia has a much more restrictive system of early access withdrawal, with withdrawal only allowed from voluntary contributions. Although more people are using the scheme as house prices increase, around 13,200 people accessed the scheme in 2023-24 – equivalent to around 15% of first-time buyers.[18] The possibility of extending the scheme to allow people to withdraw savings from their Superannuation workplace pension is currently under debate.
› The United States requires people to prove financial hardship in order to make an early access withdrawal from their retirement account and requires anyone else to use a pension loan model for home ownership. The pension loan model has strict repayment terms and punitive rules for those unable to repay their loan.

[16] New Zealand permits savers to make a withdrawal of any size from their KiwiSaver pension (the main system for workplace pension saving) for the purpose of home ownership, with the only requirement being to leave a minimum balance of $1,000. The average withdrawal in 2023-24 was around $43,000 NZD in a market where the median house price is around $700,000 NZD. Most withdrawals are made by people under age 45. See Pensions Management institute (2024). **Lifetime Savings Initiative**; Super Members Council (2025). **Home truths: The KiwiSaver experience.**

[17] Pensions Management Institute (2024). **Lifetime Savings Initiative**.

[18] Australian policymakers are currently considering expanding early access withdrawals to superannuation retirement savings in response to a rising property market but there is widespread contention over the potential risks and opportunities of the idea. (see Australian Tax Office (2025). **Usage of the FHSS scheme**).

Although it can be difficult to determine how many people use their pension towards home ownership, estimates suggest that take up is low, and around 10% of current homeowners have used retirement savings for a deposit on their first home, with highest rates of take-up among people from black ethnic minority backgrounds.[19, 20]

Countries use different ways to limit the amount of pension savings that people can access in order to preserve savings for retirement.

In countries such as Singapore and South Africa, savings are split across two or more dedicated pots, giving savers a clear indication of what can be used for home ownership and what can't. In countries with one pot, there are also limitations of the amount of savings people can use towards a home, including:

- Requirement to leave a minimum amount in the pension pot (New Zealand)[21]
- Capping the amount people can use at a maximum value (Australia)[22]
- Capping the proportion of pension savings that can be used (United States,[23] South Africa[24])
- A combination of rules that determines the amount of savings people can use (Singapore)[25]

While each of these approaches has its own merit, any UK policy would need to be designed in the context of the automatic enrolment system and the UK housing market, bearing in mind that groups in most immediate need of support (households over 35) only have a limited window in which to secure a mortgage that they can pay off ahead of retirement.

2.4 What are the potential benefits and risks of using pensions towards home ownership?

The next two sections set out the potential benefits and challenges of pension access schemes for home ownership, based on insights from our experts and a review of literature from housing and pensions systems around the world.

Potential benefits of using pensions towards home ownership

- **Boosts first-time buyer budgets:** Could help people to buy their home earlier and may, in some cases, be the key to home ownership among those who might otherwise have rented all their lives, particularly households on single and lower incomes. But it is unclear that demand-side interventions help to increase home ownership among low-to-moderate income households. Evidence from other countries, along with evidence from other demand-side interventions in the UK, suggest that the people most likely to use pension savings would be those who are already close to owning their own home.[26, 27]

[19] Bankrate (2024). **Younger homeowners more likely to have used retirement savings for a down payment, should you?**

[20] National Association of Realtors (2024). **Snapshot of race and home buying in America.**

[21] New Zealand requires that savers leave a minimum amount in their pension pot ($1,000 NZD, early access withdrawal model).

[22] Australia allows people to access voluntary savings up to a maximum amount ($50,00 AUD, early access withdrawal model), leaving regular superannuation savings untouched for retirement.

[23] The United States allows people to use up to a maximum proportion of their pension pot (50%, pension loan or early access withdrawal model).

[24] South Africa allows people to pledge up to a maximum proportion of their retirement pot (60%, pension pledging model), but savings are not withdrawn. Early access withdrawal is permitted from a second savings pot for other purposes.

[25] Singapore has a series of rules that determines the amount of savings people can use from their "Ordinary Account" pot (early access withdrawal model), leaving savings in their "Retirement Account" and "Special Account" pots untouched. The amount of CPF Ordinary Account savings that can be used for property purchase depends on the remaining lease of the property, type of property, and the loan type. Central Provident Fund (2025). **How much CPF savings you can use for your home purchase.**

[26] Super Members Council (2025). **Home truths: The KiwiSaver experience**.

[27] House of Commons Library (2021). **Extending home ownership: Government initiatives.**

› **Reduces impact of differences in financial support from family:** The ability to become a first-time buyer is increasingly dependent upon the 'bank of mum and dad', but many buyers don't have this help and it can be harder for those without family support to buy their first home.[28] Intergenerational transfers can also entrench inequality as people with wealthier parents are most likely to benefit.[29, 30] Although some buyers who receive gifts and loans may still choose to use pension savings to boost their deposit if the option was available, allowing people to access pension savings may help to reduce the gap between those who have access to family support and those who don't.

› **Lowers barriers to saving:** Saving can be hard for a range of structural and behavioural reasons, but it can be especially difficult for households who struggle with headroom in their household budgets. A regular and consistent savings plan, or an understanding of the products, can help them to grow their savings best.[31]

› **Faster saving:** Having savings invested through pension funds, along with the employer contributions and tax relief they receive, mean that savers achieve higher returns than putting post-tax savings into standard savings accounts. Where employers offer matched pension contributions, savings will grow even faster. It is important to note though that access to higher employer pension contributions is itself uneven. For example, employees of larger firms are more likely to have higher employer pension contributions than those in smaller firms,[32] and those on higher incomes are more likely to be able to benefit from additional matched contributions. It's important to note that pension access schemes typically limit withdrawals to a share of the total pot in contrast to savings made outside a pension for home ownership, which can be fully withdrawn.

› **Lower reliance on government housing subsidies:** Unlike other home ownership initiatives in the UK such as the Help to Buy equity loan scheme,[33] using pension savings to buy a home means that people can subsidise their deposits with their own household saving. This means that a pension access scheme would not need additional government spending to be effective, and would not expose the government to significant market risk through the timing of buyers repaying loans.

› **Stimulates supply:** In theory, interventions that increase demand for housing from first-time buyers could encourage the building of more new homes which in turn, could contribute to economic growth and dampen any increase in house prices that the added demand might prompt. However, lessons from other policies have not always shown this to be the case, particularly when conditions placed on the type or price of homes people can buy concentrates demand in a specific segment of the market.[34]

At the same time, our expert interviews and desk research also identified potential risks associated with pension access schemes.

Potential risks around using pensions towards home ownership

› **Losing both pension and property in the event of default:** Current mortgage arrears and default rates are very low compared to long-term averages, suggesting that despite cost-of-living pressures, most mortgage borrowers are managing their payments. From July-September 2025, 0.97% of all homeowner mortgages were in arrears. However, were homeowners to default on a mortgage where they had used their pension savings, they would not only lose their home but also a portion of their income in retirement.[35] The chances of

[28] We explored the role of family help with participants in our survey and discussion forum, see in Chapter 5.

[29] Institute for Fiscal Studies (2024). **Home ownership for young adults has recovered to its 2010 level**.

[30] Building Society Association (2024). **First time buyers age-old problems, modern solutions: A roadmap for change.**

[31] We explored the question of whether a pension access scheme might make people save more or less into their pension with research participants, see Chapter 5.

[32] Office for National Statistics (2022). **Employer contribution bands by size of business and pension type: Table P12.**

[33] The cost of Help to Buy was expected to be in the region of £29 billion in cash terms by March 2023, but commentators raised concerns over the targeting of Help to Buy funds and whether they provide value for money, since they were found to mostly benefit those already close to being able to buy their own home. The National Audit Office also highlighted the opportunity cost to this funding, as it meant less was available for more pressing housing needs or other departmental priorities. See House of Commons Library (2021). **Extending home ownership: Government initiatives.**

[34] House of Commons Library (2021). **Extending home ownership: Government initiatives.**

[35] Pension savings are generally not considered an asset in the case of insolvency or bankruptcy, see **Welfare Reform and Pensions Act 1999**.

this would be higher if pension savings were used alongside other measures that widen access for higher-risk homebuyers, such as lending products with very low deposits or higher income multiples.

- **Higher house prices:** Economists agree that demand-side housing measures increase house prices when growth in the supply of housing falls short of the growth in the underlying demand. This risk is particularly acute when demand is concentrated in a specific segment of the market. Examples of this have been seen in the UK Help to Buy scheme, which is believed to have increased house prices, with little effect on housing supply in areas where housing was already expensive. Commentators have also raised concerns about the effect of New Zealand's KiwiSaver withdrawal scheme, suggesting that house prices and mortgage debt have increased and home ownership has fallen since its introduction. And in Australia, only one of 49 independent economists surveyed supported the withdrawal of superannuation savings to purchase housing, with a further study suggesting it could increase house prices by up to 9% across Australia's five major cities.[36, 37, 38]
- **Contradictory growth and risk investment profiles:** People expecting to use pension funds to buy a home in the short-term might typically benefit from lower volatility investments to lower the possibility that a market downturn reduces the value of their savings at the point of withdrawal. However, people saving for retirement would typically benefit from higher growth investment strategies, with the expectation that their savings are invested on a long-term basis. For pension funds, designing investment strategies that were suited to both goals would introduce complexity and a degree of compromise. Any such model would also increase the need for liquidity in the UK pension system, in conflict with the push towards higher investment in illiquid assets such as through the Mansion House Accord of 2025.[39]
- **Compromises protections from creditors:** For the same reasons as savers are not permitted to withdraw savings or use workplace pensions as collateral towards a loan, pension savings are generally also excluded from assets that can be claimed by creditors in bankruptcy. But allowing people to access savings as a withdrawal, loan or collateral could potentially compromise the protections in place to prevent pensions being used to pay off debts.

2.5 What we've learned

- The UK has a relatively inflexible system of long-term saving compared to other countries. Several countries already allow people to use their pension savings towards home ownership in different ways. Options include allowing early withdrawal from pension savings, loan from pension savings or pledging against a pension. In a UK context, each of these approaches would have its own potential benefits and drawbacks for the individual and for the wider housing and pensions systems.
- For a pension access scheme for home ownership to be effective, it would need to be of greatest benefit to those who need the most help to buy a home, while not harming future buyers or other groups, such as long-term renters. Further thought would need to be given to a wide range of questions about how the idea might interact with other features of pensions and housing policy to minimise trade-offs and complexity.

2.6 Building on our learnings, with new data

Despite the momentum that the idea of using pensions towards home ownership is gaining in policy and industry circles, there is a lack of evidence on the topic. To address these evidence gaps, we conducted primary and secondary research to address three questions:

1. **Are people better off if they use their pension to buy a home (Chapter 3)?** Nest Insight modelling that compares the outcome of using a share of pension savings for a home deposit to never buying a home and becoming a homeowner without using pension savings under a series of scenarios.

[36] Super Members Council (2025). **Home truths: The KiwiSaver experience**.

[37] Martin, P. (2024). **'Doing nothing is not an option' – top economists back planning reform and public housing as fixes for Australia's housing crisis**.

[38] Carozzi, Hilber & Yu (2019). The Economic Impacts of Help to Buy. Available at: **The Economic Impacts of Help to Buy.**

[39] Pensions UK (2025). **The Mansion House Accord.**

2. **Can the right people benefit from using their pension to buy a home (Chapter 4)?** Nest Insight data analysis that explores how many households could afford to buy a home if they were able to add a portion of their pension savings to existing cash savings.
3. **How do people feel about the idea of using pensions to buy a home (Chapter 5)?** Nest Insight nationally representative survey of 4,200 people across the UK, followed by a one-week online discussion forum with 48 participants to understand peoples' experience of saving for a home and how they might shape views towards the idea of a pension access scheme.

This work was supplemented by desk research and a series of interviews with experts by profession – the insights from which are summarised earlier in this chapter and included throughout the report. We also facilitated a series of roundtable discussions with a range of pensions and housing industry stakeholders, after the fieldwork was complete, to test emerging findings.

For more detail on the research methodology used see **2. Insight Into: Methodology**.

2. Insight Into: Methodology

We collected and analysed a range of qualitative and quantitative data to answer the key research questions covered in this report.

Expert interviews and desk research

At the beginning of the project, we interviewed 16 experts by profession from the housing and pensions sector, as well as public policy. We also conducted a review of literature that examined recent and emerging trends in UK and international housing and pension systems, and the policies that shape them. The aim was to better understand potential models of pension access for home ownership, international experience, and expert views on potential benefits and risks. The insights from this phase of the research helped shape our research questions and the subsequent primary research.

Modelling of expected benefits (Chapter 3)

We modelled the impact of using pensions towards home ownership for financial security at retirement under a number of different scenarios. Analysis was carried out using Nest's Pot Distribution Simulator – a model that allows us to calculate the value of a pension pot over time, based on contribution and earnings patterns. Earnings estimates were based on age-related household income for working-age couples and single-income households from the Wealth and Assets Survey (WAS) Wave 8. The WAS is a nationally representative survey that collects detailed information about people's financial circumstances and wellbeing. Wave 8 data was collected from an achieved sample of 15,100 households in Great Britain between 2020-2022.

We examined outcomes for households earning median income, and households earning at the 25th income percentile and made the following assumptions: individuals work full time from age 22 until age 68 unless otherwise stated; they make pension contributions in line with current automatic enrolment requirements, followed by drawdown in line with Nest Guided Retirement Fund; they use £20,000 of their pension savings towards a home worth £200,000,[40] the value of which increases at an annual rate of 0.25% above inflation; annual housing costs for homeowners are £1,140 per year;[41] annual housing costs for renters are £10,248.[42]

We don't make assumptions around the availability or use of other cash savings towards a deposit or household wealth. Our output modelled pension savings and property wealth at age 68 to estimate income in later life. Total income included income that private pension savings and State pensions together might provide after housing costs (AHC) through retirement.

We compared outcomes for different pension access models, types of households and withdrawal ages (see Chapter 3 for scenarios).

Analysis of potential reach (Chapter 4)

We used the WAS Wave 8 to better understand who might be able to benefit from a pension access scheme in the UK. We estimated:

1. the number of non-homeowners who, at the point of data collection, could only afford a deposit if they were to add some of their pension savings to the cash savings they already have; and
2. the number of non-homeowners who, at the point of data collection, already had enough cash savings for a deposit under the same scenarios, but who may choose to use some of their pension savings to grow their deposit.

Non-homeowners include working-age private renters, social renters and individuals who live with, but are not in a partnership with, other adults such as family and friends. We assumed that households buy a property equivalent to the value of the price of an average first-time property in the region where they live, based on 2022

[40] Based on average purchase price for first time-buyers, March 2022. Available at: **UK House Price Index**

[41] ONS (2023) Family Spending in the UK. Available at: **Family Spending in the UK: April 2021 to March 2022**

[42] Equal to the cost of renting an average one bedroom property in March 2022 (**Price Index of Private Rents, UK: monthly price statistics - Office for National Statistics**)

prices. We compared outcomes for different deposit requirements, income multipliers and percentages of pension savings accessed (see Chapter 4 for scenarios).

Limitations to the analysis include:

1. The age of the data, collected between 2020-22, means that our analysis likely underestimates the number of people who could benefit from a pension access scheme because pension savings will have grown considerably faster than house prices since the time the data was collected.
2. It wasn't possible to identify individuals who do not live together but who might pool their savings to buy a home. Instead, we assumed that prospective first-time buyers include couples who currently live together, or individuals who either live alone, or live with (but are not partnered with) other adults. This may also underestimate the number of households who could benefit from a pension access scheme.
3. Beyond house price to income ratios, it was not possible to identify households who might find it difficult to secure a mortgage on account of factors such as credit history or income variability. This means our analysis may overestimate the number of people who could benefit from a pension access scheme.

Survey of members of UK public (mainly Chapter 5, with insights also in other chapters)

We added 18 questions to YouGov's online omnibus survey to understand the UK public's views on home ownership, buying a home and the idea of allowing access to pension savings for home ownership. Data was collected from a nationally representative sample of 4,200 UK adults in July 2025.

Discussion forum with members of UK public (mainly Chapter 5, with insights also in other chapters)

Our research partner Ignition House ran a one-week online discussion forum with 48 participants, to gain deeper insight into details around people's experiences of saving for a home and how they might shape views towards the idea of a pension access scheme.

Participants included 24 non-homeowners who were actively saving to buy a home and expect to buy within the next ten years; 12 people who had bought their first home within the past three years; and 12 private renters aged between 45 and 65 who don't expect to buy a home before they retire.

Research participants responded to over 100 questions over the course of five days. They were also invited to share their reflections and react to and comment on other participants' contributions in writing.

More detail will be available in the Technical Appendix accompanying this report.

Chapter 3

Would people be better off if they use their pension savings to buy a home?

Chapter 3: Would people be better off if they use their pension savings to buy a home?

Summary

This chapter explores the potential impact of pension access for home ownership on long-term financial security. We find that:

- **The impacts of using a pension access scheme to buy a home broadly differs across two groups of people:** those who would likely need to use their pension savings to buy a home or risk never being able to buy, and those who might choose to use their pension savings if the option was available but could likely buy a home either now or in the future anyway.
- **The main financial benefits of a pension access scheme are not having to pay rent or carry significant mortgage costs into retirement,** and reaching retirement with an asset that can be converted to supplement income or passed on. Those who stand to make the greatest gains are therefore those for whom access to a deposit could be the difference between owning or renting through working and later life, as well as those who might otherwise have to wait until later in life to buy their home.
- **Those who might choose to use a pension access scheme** to supplement or substitute existing cash savings may benefit from being able to buy a home sooner, and potentially with access to better mortgage rates than paying their deposit through other means. But the benefits among this group are more complex because they risk having lower income in later life unless they repay any early access withdrawal or use a pledging model.
- **Households with single and lower incomes could see greater benefits** for financial security than couples who live together or higher earners, because rent typically consumes a higher share of their income. But these groups could find it harder to benefit from a pension access scheme because they are also less likely to have enough pension savings for a deposit, or income to afford a mortgage.

The findings presented in this chapter are from modelling done using Nest's Pot Distribution Simulator and earnings age-related earnings data from Wave 8 of the Wealth and Assets Survey. For more detail see **2. Insight Into: Methodology**.

3.1 Which groups might benefit from using pensions to buy a home?

When thinking about the potential benefits of a pension access scheme, there are three groups to consider:

1. **Households who might *need* to use their pension for a deposit**: for whom access to their pension savings could be the difference between owning and renting for life. Looking at patterns of persistently low rates of home ownership across the population, we find that people in this group are most likely to be households with single, lower or variable incomes who could afford a mortgage but find it hard to save, those who don't get help towards a deposit and private renters over the age of 35.[43, 44] Helping this group could **increase** home ownership rates overall.
2. **Households who might *want* to use their pension for a deposit:** for whom pension savings could boost existing savings, even though they would probably go on to buy anyway. People in this group are more likely to be higher earners, households in more affordable regions of the country, and younger people who either have cash savings or will receive family help towards a deposit. Helping this group could **accelerate** home ownership for many, but is unlikely to increase overall rates of home ownership across the UK in the long-run.

[43] Building Society Association (2024). **First-time buyers, age-old problems, modern solutions: A roadmap for change**.

[44] Ministry of Housing, Communities and Local Government (2024). **English housing Survey 2023 to 2024: Headline findings on demographics and household resilience.**

3. **Households who would not be able to benefit from a pension access scheme:** including those for whom buying a home remains out of reach no matter what options are available, as well as households who might not have enough saved in a DC pension. This includes the lowest earners, most public sector employees (as they tend to have DB pensions) and self-employed workers (who often don't have any pension at all). Being mindful of groups a potential scheme would not help is also important, as these people will need to be supported to find homes that are right for them in other ways. We consider these groups in a short report which focuses on the role of institutional investment from pension funds in the UK housing system, and follows this publication.

3.2 What could the benefits look like?

For people with no other way to save for a deposit, using pensions could mean having higher income after housing costs in retirement than if they were to rent through later life, as well as the additional wealth built up in their property.

Around 10% of private renters in our survey said that using pensions towards home ownership might be the only way they could afford a deposit towards their first home. For these people, the difference in financial security between owning and renting privately through working and later life could be substantial.

> **Lowering costs for when I retire is one of the main reasons why I want to buy a home. I appreciate there will be other expenses with home ownership, but rent or indeed a mortgage after retirement would deplete any pension or savings rapidly. There would also be the opportunity to 'downsize' if necessary.**
>
> Private renter

For those who go on to become homeowners, not only will they typically reach retirement owning the equity in their home, they will likely have higher pension income because the cost of owning and maintaining a home is generally several times lower than the cost of renting through later life.[45] For those who remain renters, not only could rent consume around a third of retirement income, but households will have no property wealth to fall back on, or to pass on to loved ones should they want to.[46] They will also lack the security of home ownership people told us is so important to them (see **3. Insight Into: Why is owning a home important to people?**).

[45] In 2024, just over 2 in 5 of all new mortgages had terms that run past State Pension age (LCP (2024). **New figures show lending pas pension age now an entrenched feature of the mortgage market**.). We do not model these scenarios in our analysis as there is uncertainty over how far these debts will be carried into retirement. But any additional mortgage costs would (like rent) lower income and living standards in later life unless they are offset by a proportionate increase in saving, working longer, or the expectation of a future pension or non-pension lump sum. Where the home purchase has also been funded by a pension withdrawal, homeowners could face both reduced retirement income *and* additional housing costs if they do not own their home outright when they retire.

[46] Ministry of Housing, Communities and Local Government (2024). **English housing Survey 2023 to 2024: Headline findings on demographics and household resilience.**

Table 3.1: DC pension, property assets and income at age 68 for a cohabiting couple earning median household income throughout their life

Scenario	Pension pot (at 68)	Property value (at 68)	Pension + property assets (at 68)	Annual retirement income (AHC)	Income v. renting
Lifelong renter	£294,500	£0	**£294,500**	**£29,700**	**-**
Withdraws £20,000 at age 30 for first home deposit (64% of savings)	£238,400	£219,900	**£458,300**	**£35,750**	**+20%**
Income compared to pension pledging or not using DC pension					*-8%*
Withdraws £20,000 at age 30 for deposit, increases personal contributions by 2%	£307,200	£219,900	**£527,100**	**£39,500**	**+33%**
Withdraws £20,000 at age 40 to buy first home (23% of savings)	£253,500	£214,500	**£468,000**	**£36,600**	**+23%**
Withdraws £20,000 at age 40 to buy first home, increases personal contributions by 2%	£293,700	£214,500	**£508,200**	**£38,750**	**+31%**
Does not withdraw pensions for home ownership. Uses pledging model at age 30 or other source of savings for deposit	£294,500	£219,900	**£514,400**	**£38,800**	**+31%**
Income compared to withdrawing pension savings					*+8%*

Notes: Cohabiting couple earning median income throughout their life, with the following assumptions: (1) pensions contributions at automatic enrolment minimum contribution level since age 22; (2) for renters scenario: £10,248 annual housing costs; (3) for pension withdrawal scenario: £20,000 of combined pension savings used towards a deposit worth 10% of the value of the average first time property in the UK in 2022 (around £200,000); (4) for all homeowner scenarios: £1,141 annual housing costs. For more detail, see **2. Insight Into: Methodology**. Tables for cohabiting couple earning at the 25th percentile are included in the **Technical Appendix** that accompanies this report.

Households who rent through retirement are likely to have lower living standards and less financial security in retirement than homeowners.

We modelled a scenario in which a median-income cohabiting couple never buy a home, but contribute to DC and State pensions all their life, and found that they could have around £29,700 to live on each year after paying their rent (Table 3.1). In comparison, a cohabiting couple with similar earning and saving profiles who bought own home could have income of around £38,800, around £9,000 more per year than renters, assuming they did not withdraw any pension savings to do so.

> **That's truly frightening. It makes it very clear why it's better to get on the property ladder as soon as possible. Renting now (and probably more so in the future) is just too expensive.**

Private renter

For a cohabiting couple who rent through later life, an income of £29,700 after housing costs (AHC) is 63% of the level that the Pensions UK Retirement Living Standards suggest is necessary for a moderate standard of living.[47] More importantly perhaps, it is also around 30% lower than their household income in working life (AHC), suggesting that rental costs could lead to a considerable drop in living standards when they stop earning.

There are some ways to manage the cost of renting. Some households might plan to work longer, while others might move to a cheaper home in later life. But it can be hard to plan around these options because needs can change unexpectedly as people approach and live through retirement.

On average, renters would be better off in retirement by using a pension access scheme to buy a home, compared to renting through later life. The overall benefit depends on the model used.

Withdrawal model: If the same couple were to withdraw £20,000 of their pension for a deposit worth 10% of a £200,000 home at age 30, their income in retirement could be around £35,750, or around £6,000 a year (20%) higher than had they continued to rent into later life, because the cost of renting in this scenario can be expected to be higher than the impact of having a smaller pension pot at retirement.[48]

By age 85, the household who uses their pension savings to buy a home could see a total net gain of as much as £155,000 in income alone compared to renting. That's despite the pension withdrawal reducing the size of their pension pot by around £56,000 at age 68. By age 85, the homeowner could also have accumulated an additional £229,000 in property wealth, or more if house prices were to rise faster against inflation than we assumed in our analysis (0.25% per year).

If the same household were to withdraw the same amount at age 40 instead of age 30, the impact on retirement income would be similar. In this case, their retirement income would be around £36,600 a year, compared to £29,700 had they rented through retirement.

Pensions pledging model: Using pension savings as collateral towards a mortgage under a pension pledging model would mean that the household's pension savings can remain invested, and there will be no reduction in retirement income. All else being equal, they would see the same pension income in retirement as a household that uses cash savings to buy a home. Their annual income would be around £3,000 a year higher (9%) than withdrawing the same amount of savings at age 30, and around £9,000 a year more (20%) than renting privately through later life.

But a decision to pledge pension savings could mean additional financial pressures in working life. A model that allows people to pledge their pension savings could require them to borrow up to 100% of the value of their home. This might mean higher repayment costs compared to a scenario in which they had used either cash savings, or some of their pension savings, towards a deposit.

Lifelong renters will need to save significantly more to offset the increased housing costs in retirement.

If the couple in our scenario were to remain renting through working and later life, they may need to save over two thirds more into their pension than to compensate for higher housing costs. If they were to live to their early eighties (that is, average life expectancy) the total sum could be around £190,000 and more if they lived longer.[49]

---

[47] Pensions UK (2025). **Retirement living standards**. In real terms, a couple requires £21,600 for a basic, £43,900 for a moderate, and £60,600 for a comfortable standard of living through retirement respectively.

[48] The cost of renting through retirement is highly individual because the rents vary widely by need, property and area. Rental calculations assume annual rental price of £10,248 which was the mean average of a one-bedroom property in 2022 (Office for National Statistics (2025). **Private rent and house prices, UK: December 2025**); Cost of owning and maintaining a home assumed to be £1,140 per year (Office for National Statistics (2023). **House purchase affordability, UK: 2023**.). DC saving based on continuous contributions of 8% from age 22 to age 68.

[49] Based on cost of renting one-bed property

For most renters on low-to moderate incomes, saving this sum while also paying rent from working life earnings would be almost impossible.[50]

> **Wow!!! I've never seen it in numbers like that [the cost of rent in retirement] – that is a lot of extra money to save just to cover housing costs. I didn't expect it to be that high.**

Private renter

3.3 What is the benefit to those who could afford a deposit without using their pension savings?

For some households, using pension savings to buy a home will not be the difference between buying and becoming lifelong renters, but they might still choose to do so if given the option. For this group, adding pension savings towards current or future cash savings could accelerate home ownership and have financial benefits in working life, but it may mean lower pension income later as a result.

Almost half of all private renters in our survey said the idea of using their pension towards a deposit would be helpful for buying a home. But for many of those with higher income, cash savings, or family help towards a deposit, it is unlikely to be the difference between owning and remaining lifelong renters. 39% of private renters in our survey said that it could help them to buy a home sooner than planned, while 26% said it would make it easier for them to afford a home deposit even if they expect to buy anyway. One in ten said that they would use their pension savings to buy a home that was bigger, in better condition, or in a better area than planned.

These people face a very different set of decisions compared to those for whom pension savings might be the difference between buying and renting in the long run. Because they would likely go on to buy their own home anyway, these households don't benefit from the biggest net gain – eliminating the need to pay rent through retirement. Instead, using pension savings could help them to:

- Ease financial pressures and trade-offs while saving for a deposit.
- Buy a home with a bigger deposit, which could open access to lower loan-to-value mortgages and potentially lower repayment costs.
- Buy a home sooner, which in turn could mean paying fewer years of rent, accessing more affordable rates through an extended mortgage term; or increasing the chance mortgage debt is paid off before retirement.
- Spend a little more on their home, potentially meaning fewer compromises on size, condition or location of the home they choose to buy, less of a need or desire to 'upgrade' to a more expensive home and greater property wealth later.

Early withdrawal would lower the pension income they have to live on through later life.

Our research suggests that the full impact of an early withdrawal from pension savings to use towards a deposit will be determined by the benefits that people can gain in working life, and any steps they take to reduce impact on retirement income later.

Estimating the potential gains that people could make in working life from using their pension to buy a home is complex, and this topic would benefit from additional research. But at retirement, a cohabiting couple with median

[50] It is important to note, however, that in many cases, renters with low income will be able to claim housing benefit to help pay their rent through retirement. Almost a quarter of all private renters receive some sort of housing support, either through universal credit or housing benefit **English Housing Survey (2025)**. During working life, pension savings are not included in eligibility assessments for income-related benefits so as to preserve their value for retirement. During retirement however, eligibility rules differ, meaning that having pension income and, in some cases having pension savings, could affect entitlement depending on how people take money out of their pension. While adding housing benefit to retirement income could improve financial security for those who qualify in later life, private renters told us that it may not necessarily mean that people feel secure in their home, particularly if underlying Local Housing Allowance rates continue to fall behind rental inflation on a regular basis.

household income who withdrew £20,000 from their pension for a deposit at age 30 would have £56,000 less in their pension pot than had they left their savings invested (see Table 3.1). As a consequence, their annual retirement income could be around £3,000 a year lower *because* they used their pension savings, than if they had they saved for a deposit through other means. Pledging the savings instead of withdrawing them would counter this impact.

Withdrawing the same amount at age 40 would have a directionally similar, albeit smaller effect. The same household have around £41,000 less in their pension pot at 68 and around £2,200 a year less to live on through retirement.

The two scenarios explored here – pension savings being necessary to afford home ownership, and people accessing pension savings even if they could access home ownership without - represent the polar ends of a possible spectrum but highlight the complexity of a decision that people might have to make. In practice, there would be a wider range of use cases. In some, using pensions to buy home could mean that people are somewhat better off in terms of income after housing costs in working life than had they waited to use cash savings. In others, buying a home sooner could mean reducing the likelihood of paying mortgage costs into retirement, or it might allow them to grow non-pension savings and investments during working life.

People could make up for the impact of withdrawals from their pension pot by increasing contributions, accessing housing wealth, relying on wealth transfers or increasing earnings.

The two scenarios so far consider the impact of withdrawing pension savings for a deposit, but there are other ways that households could use pension savings without lowering income in retirement.

> **I personally would make an effort to put more back in after I had secured the house, in an attempt to slowly put back in what I took out. But I don't think most people would do this.**
>
> Recent homebuyer

- **Increasing pension contributions to repay a pension withdrawal, either through a pension loan model or individual choice:**

  In the scenario we considered, increasing personal pension contributions by 2% of income after a withdrawal at age 30 until age 68, and by the same amount after a withdrawal at age 40, would mean that the value of the pension pot would be around the same size at retirement as it would be if funds had remained invested. Repaying the value of any withdrawal over a shorter period of time would require a higher increase in contributions, which could be harder for people to afford.

- **Accessing housing wealth to bridge a retirement income gap:**

  Owning a home means that accessing property wealth could be an alternative option for people who want or need to increase their income in later life, and may be a consideration for those unable to rebuild pensions after withdrawing a portion of their savings.

  Recent research suggests that around half of households aged over 60 in 2040 could access their housing wealth to partially or completely bridge gaps where retirement saving can't support the standard of living they want or need through later life.[51]

  Property wealth could be accessed through downsizing, or through later-life lending models that either release a lump sum or an income stream from the property. Income could also be enhanced through, for example, renting out a spare room.

[51] Fairer Finance (2025). **How can housing wealth bridge the later life funding gap? In partnership with the Equity Release Council.**

- **Receiving inheritance or a future lump sum:**

  Some households could choose to use pension savings towards a deposit because they expect to receive an inheritance in the future, where the inheritance could make up for the reduction in retirement income that a withdrawal would bring about. Although some transfers are made as “living inheritance” (gifts made while the benefactor is still alive), many families will need to wait until a family home is sold before anything can be passed on.

- **Increasing earnings during working life or working to later ages:**

  This analysis assumes that households will continue working and earning until they reach the future State Pension age of 68 years. For those who are able to, working past this age or increasing earnings through later life could help to reduce the impact of any pension withdrawal on retirement income. Again, there may be considerable uncertainty around the possibility of working to later ages, particularly for those who may experience health conditions that limit their ability to work.

3.4 What would be the benefits for low- and single-income households?

Single-income households and low earners are particularly vulnerable to the risks of renting because rent takes up a higher share of their earnings, often leaving people with little left over for saving or essentials. For this group, the benefits of using pension savings to buy a home could be greater than for cohabiting couples and higher earners.

When we looked at what a pension access scheme might mean for single-income households and lower earners, we found similar patterns to cohabiting couples but with an important difference.

On a relative basis, the benefits of buying a home compared to renting may be greater for single-income and lower-earning households because their rent tends to consume a higher proportion of earnings than cohabiting couples and higher earners.

At retirement, a single-income household who never buys a home but contributes to DC and State pensions all their life could have around £10,000 to live on each year after paying their rent. That’s below the level that the Pensions UK Retirement Living Standards suggest would be necessary for a minimum standard of living in retirement.[52] People with similar earning and saving profiles who bought their home using cash savings could have income of around £19,000, £9,000 more per year than renters (Table 3.2).

Were the same household to withdraw all their pension savings (£14,600, the expected pot value for a median earner) at age 30 to buy a home, our research suggests they could have £17,200 to live on each year in retirement and £19,000 were they to pledge the savings instead.

However, the opportunity for single-income households and lower earners to use pension savings towards home ownership is more limited because of a lower likelihood of being able to afford a mortgage, and lower average levels of pension savings.

[52] Pensions UK (2025). **Retirement Living Standards**.

Table 3.2: DC pension, property assets and income in retirement for a single-income household

Scenario	Pension pot (at 68)	Property value (at 68)	Pension + property assets (at 68)	Annual retirement income (AHC)	Income v. renting
Lifelong renter	£152,000	£0	**£152,000**	**£10,000**	**0%**
Withdraws full pension pot at age 30 for first home deposit (£14,600)	£116,000	£219,900	**£335,900**	**£17,200**	**+42%**
Income v. pledging or not using DC pension					*-9.5%*
Withdraws full pension pot at age 30, increases personal contributions by 2%	£152,800	£219,900	**£372,700**	**£19,100**	**+48%**
Withdraws £20,000 at age 40 to buy first home (46% of savings)	£110,600	£214,500	**£325,100**	**£16,800**	**+41%**
Withdraws £20,000 at age 40 to buy first home, increases personal contributions by 2%	£132,600	£214,500	**£347,100**	**£18,000**	**+45%**
Does not withdraw pensions for home ownership. Pledges £20,000 at age 30 or uses other source of savings for deposit	£152,000	£219,900	**£371,900**	**£19,063**	**+48%**
Income v. withdrawal					*+9.5%*

Notes: Single-income household earning median income throughout their life, with the following assumptions: (1) pensions contributions at automatic enrolment minimum contribution level since age 22; (2) for renters scenario: £10,248 annual housing costs; (3) for pension withdrawal scenario: £20,000 of pension savings used towards a deposit worth 10% of the value of the average first time property in the UK in 2022 (around £200,000); (4) for all homeowner scenarios: £1,141 annual housing costs. For more detail, see **2. Insight Into: Methodology**.

3. Insight Into: Why is owning a home important to people?

As part of this research we asked non-homeowners what owning a home meant to them.

> A home is your shelter and should be your safe place. It can provide stability and security from which to build your (and your family's) future.

Private renter

While this report focuses on the financial benefits of home ownership, for many, the dream of owning a home is about more than building wealth or making an investment. It is about security, which our participants described as the foundation for a good life, enabling them to build their future and feel safe and settled. 79% of non-homeowners under age 65 in our survey told us that owning a home one day was important to them, and that they valued security more than any other benefit of owning.[53]

69% value long-term safety and security

40% value lower living costs in later life

30% value an asset that can be passed on

Some felt that they should not have to buy a home to have a secure place to live, while others questioned if the UK's strong bias towards home ownership is in part due to lack of security in other housing sectors.

> We must stop measuring housing success solely by homeownership rates. Instead, the primary metric should be: how many people have access to a secure, decent, and affordable home, regardless of whether they own or rent.

Private renter

The lack of security that people feel in privately rented homes was a main driver for wanting to own a home among our survey participants.

Across our research, participants said that a secure home brings them stability, safety, wellbeing, comfort and peace of mind. It helps them to thrive, rest, relax and recharge, and improves their prospects, productivity, mental and physical health, family life, work life, relationships and social connections. They felt strongly that a home should be the "basis for human foundations in life" and that housing shouldn't be seen as a "profit-making exercise".

[53] Details of our survey and qualitative research can be found in **2. Insight Into: Methodology**. Participants could select up to two answers in response to what they considered as being the main benefits of owning a home.

> **Having a safe and secure home is a top priority… Those of us in private renting always have that worry that we will be asked to move out for whatever reason, this just hangs over your head constantly and can cause depression and anxiety.**

Private renter

Private renters told us how precarious their housing situation could feel, how it affects their lives, and why it means they want to buy. Not only is their sense of security undermined by the cost of their rent, uncertainty over how much the next increase might be, and when they might be asked to leave their home, but people also spoke of poor relationships with landlords, and how the poor condition of their homes can be detrimental to their mental and physical health.

Around 20% of private renters could feel locked out of owning a home by their financial circumstances; with households over 35, or with single or low incomes at greatest risk.

- Around 60% of private renters in our survey said they expect to buy a home in the future.
- Around 10% prefer to rent or don't plan to settle in the UK in the long-term.
- Around 30% don't think they will ever be able to afford a home, of whom two thirds (that is, overall 20% of all private renters) identified home ownership as being important to them.

There are wider negative implications too. A recent study found those who give up on homeownership tend to spend more, save less, work less and take riskier investments than those who believe they can buy, suggesting the gaps are both a cause and effect of being locked out of home ownership.[54]

[54] Lee, S, H., & Yoo, Y. (2025). **"Giving up": The impact of decreasing housing affordability on consumption, work effort and investment.**

3.5 What we've learned

- Households who otherwise have no other way to buy a home would see the biggest potential benefits of a pension access scheme. This is due to lower housing costs through retirement and an asset which can be drawn on to supplement income if need be.
- For those who choose to use their pension savings towards a deposit, either instead of or as well as other cash savings, there can still be benefits. These could include buying a home earlier than expected or with a larger deposit, thereby opening up access to more affordable lending terms. But doing so also brings the risk that pension savings are reduced, meaning a lower income in retirement unless any withdrawal is repaid.
- In both cases, using a share of pension savings as collateral towards a home under a pledging model will mean that pension savings are preserved, and there is no impact on income in retirement. Under all potential models of a pension access scheme, low- and single-income households would see the greatest financial gains because rent consumes a higher share of their income.
- This analysis is only a starting point. It necessarily requires a number of assumptions that will not be representative of all groups or circumstances. It focuses on median earners, prudent lending scenarios, and regional average first-time property prices. It does not adjust for financial decision-making around non-pension assets or savings behaviours, meaning that the actual distribution of outcomes will be a lot more complex. Even if the average scenario is correct, some households might benefit a lot more, some less.

Chapter 4

Who might be able to use pensions savings to buy a home?

Chapter 4: Who might be able to use pension savings to buy a home?

Summary

This chapter explores how many people might be able to use their pension towards home ownership if given the opportunity. It finds that:

› The number of people who might use pensions to buy a home will depend heavily on policy design, behaviours, flexibility of lending products and market conditions.

› There is a relatively small group of households for whom using their pension would be the difference between owning and renting in retirement, compared to a potentially much larger group of households who might want to use their pensions to buy a home, even if they don't need to do so.

› A pension access scheme for home ownership could be most effective at increasing home ownership in the long term among households over 35, single-income households with higher incomes, those without financial support from family and households in more affordable regions of the country.

› It is less clear that allowing access to pension savings could increase long-term home ownership rates among low-to-moderate income renters, younger households, and those living in less affordable regions of the country; while it could potentially accelerate home ownership among higher earners and younger people with cash savings.

4.1 How big are the groups who may use pension savings to buy a home?

Eligibility and demand will depend on policy design, lending products and a wide range of personal, financial and economic circumstances.

Chapter 3 showed that the impact of using pension savings to buy a home will depend on people's circumstances, and why two groups stand to benefit more than others:

› **The greatest benefits are seen where a pension access scheme might enable home ownership,** meaning a secure home and not having to pay rent through working and later life.

› **More marginal benefits are seen where a pension access scheme might accelerate home ownership**, allowing people to supplement or substitute existing cash savings for a deposit - but with potential risks to retirement income if they withdraw savings from their pension.

Under all the scenarios we considered, a substantially higher number of households appear to fall in the latter category compared to the former. In addition, there are several million households who would still not be able to buy a home even with access to their pension savings.

The true number of households who might use pensions to buy a home will depend on a wide range of factors (Figure 4.1) and could differ across a wide range of scenarios (Table 4.1). But in most cases, findings suggest that the greatest benefits of using pensions towards a deposit (eliminating the need to pay rent through later life) may be concentrated among a relatively small population of people.

Under a prudent baseline scenario[55], allowing people access up to a quarter of their pension savings could help up to 55,000 households without enough cash savings to afford a deposit towards a home at the time the data was collected. Within this group however, a pension access scheme will not be the difference between home ownership and renting for everyone. Some, particularly higher earners who aren't ready to buy and younger

[55] The scenario assumes people need a deposit worth 10% of the value of the average first time property in their region, not valued at more than 4.5 times household earnings, using a combination of existing cash and up to 25% of DC savings. Average value of deposit in analysis is £20,000, ranging from £12,500 in the north-east of England to £29,000 in the south-east of England and £47,000 in London. For comparison, first-time buyers in the UK paid actually deposits worth 24% of the value of their first home or more in 2023. In many of these cases, people will have help towards a deposit and these sums will be out of reach for low-to moderate income households or those who don't have family support.

people who haven't yet saved enough into their cash or pension savings, will go on to buy a home in the future regardless. Under the same scenario, a further 291,000 households would already be able to afford a deposit without using any pension savings, but may choose to use pension savings to help grow their deposit or to avoid using as much of their other savings for a house purchase (Table 4.1).[56]

Table 4.1: Distribution of potential reach by sub-group

Scenario	Total potential buyers[57]	Of whom private renters	% of all private renters
Baseline scenario: Needs a deposit worth 10% of first-time property in household region, valued at no more than 4.5 times household earnings, can add up to 25% of DC saving to cash savings			
Could only afford to buy using DC in addition to cash savings	**55,000**	27,000	0.5%
Could already buy without using DC savings, but may opt to use	**291,000**	276,000	5%
Lower deposit requirement: As baseline scenario, but needs a 5% deposit instead of a 10% deposit			
Could only afford to buy using DC in addition to cash savings	**211,000**	113,000	2%
Could already buy without using DC savings, but may opt to use	**567,000**	470,000	9%
Higher income-to-value ratio: As baseline scenario, but can buy a home worth up to 5.5 times household earnings instead of 4.5 times			
Could only afford to buy using DC in addition to cash savings	**96,000**	50,500	1%
Could already buy without using DC savings, but may opt to use	**384,000**	333,500	6%
Higher share of DC savings: As baseline scenario, but can use up to 50% of DC savings in addition to cash savings instead of 25%			
Could only afford to buy using DC in addition to cash savings	**75,100**	33,000	1%
Could already buy without using DC savings, but may opt to use	**291,000**	276,000	5%

[56] The age of the data is an important limitation in this analysis. The data comes from the most recent wave of the Wealth and Assets Survey (Wave 8), collected between 2020 and 2022. Since the time of collection, pension savings will have grown due to the maturing of the automatic enrolment system, meaning the findings will likely understate the true number of people number of people who might be able to use pensions towards home ownership today or in the future. See also Chapter 4.2.

[57] Note that the scenarios are not additive; that is, were all changes from the baseline scenario be implemented, the total number would not be the sum of all scenarios.

Scenario	Total potential buyers	Age			
		<34	35-44	45-54	55-64
Baseline scenario: Needs a deposit worth 10% of first-time property in household region, valued at no more than 4.5 times household earnings, can add up to 25% of DC saving to cash savings					
Could only afford to buy using DC in addition to cash savings	**55,000**	4%	48%	33%	15%
Could already buy without using DC savings, but may opt to use	**291,000**	48%	26%	21%	5%
Lower deposit requirement: As baseline scenario, but needs a 5% deposit instead of a 10% deposit					
Could only afford to buy using DC in addition to cash savings	**211,000**	18%	26%	34%	21%
Could already buy without using DC savings, but may opt to use	**567,000**	46%	29%	17%	7%
Higher income-to-value ratio: As baseline scenario, but can buy a home worth up to 5.5 times household earnings instead of 4.5 times					
Could only afford to buy using DC in addition to cash savings	**96,000**	13%	34%	33%	19%
Could already buy without using DC savings, but may opt to use	**384,000**	45%	30%	18%	7%
Higher share of DC savings: As baseline scenario, but can use up to 50% of DC savings in addition to cash savings instead of 25%					
Could only afford to buy using DC in addition to cash savings	**75,100**	9%	41%	10%	39%
Could already buy without using DC savings, but may opt to use	**291,000**	48%	26%	21%	5%

Scenario	Total potential buyers	Income by percentile		
		<50th	50-75th	>75th
Baseline scenario: Needs a deposit worth 10% of first-time property in household region, valued at no more than 4.5 times household earnings, can add up to 25% of DC saving to cash savings				
Could only afford to buy using DC in addition to cash savings	**55,000**	9%	50%	41%
Could already buy without using DC savings, but may opt to use	**291,000**	4%	30%	66%
Lower deposit requirement: As baseline scenario, but needs a 5% deposit instead of a 10% deposit				
Could only afford to buy using DC in addition to cash savings	**211,000**	32%	27%	40%
Could already buy without using DC savings, but may opt to use	**567,000**	17%	29%	54%

Higher income-to-value ratio: As baseline scenario, but can buy a home worth up to 5.5 times household earnings instead of 4.5 times				
Could only afford to buy using DC in addition to cash savings	**96,000**	20%	51%	29%
Could already buy without using DC savings, but may opt to use	**384,000**	13%	28%	59%
Higher share of DC savings: As baseline scenario, but can use up to 50% of DC savings in addition to cash savings instead of 25%				
Could only afford to buy using DC in addition to cash savings	**75,100**	26%	24%	50%
Could already buy without using DC savings, but may opt to use	**291,000**	4%	30%	60%

Scenario	Total potential buyers	Household type		Region by affordability	
		Single	Couple	Most*	Least*
Baseline scenario: Needs a deposit worth 10% of first-time property in household region, valued at no more than 4.5 times household earnings, can add up to 25% of DC saving to cash savings					
Could only afford to buy using DC in addition to cash savings	**55,000**	48%	52%	81%	19%
Could already buy without using DC savings, but may opt to use	**291,000**	27%	73%	58%	42%
Lower deposit requirement: As baseline scenario, but needs a 5% deposit instead of a 10% deposit					
Could only afford to buy using DC in addition to cash savings	**211,000**	29%	71%	59%	41%
Could already buy without using DC savings, but may opt to use	**567,000**	28%	72%	61%	39%
Higher income-to-value ratio: As baseline scenario, but can buy a home worth up to 5.5 times household earnings instead of 4.5 times					
Could only afford to buy using DC in addition to cash savings	**96,000**	53%	47%	83%	17%
Could already buy without using DC savings, but may opt to use	**384,000**	31%	69%	61%	39%
Higher share of DC savings: As baseline scenario, but can use up to 50% of DC savings in addition to cash savings instead of 25%					
Could only afford to buy using DC in addition to cash savings	**75,100**	53%	47%	63%	37%
Could already buy without using DC savings, but may opt to use	**291,000**	27%	73%	58%	42%

Notes: Rows may not add up to 100% due to rounding. Household unit defined as a cohabiting couple, a single adult living alone, or an adult living with friends and family, all of working age. Total number of eligible households includes all non-homeowners (private renters, social renters and adults who live with but do not formally own with or rent from, other adults, for example those living with parents). A further 305,000 households meet the criteria in the baseline scenario but would not be eligible because most or all their pension savings are in defined benefit pensions. *Share of total potential buyers by scenario and group in most affordable regions of the country include those where the average house price were less than seven times average income in 2022. They include Scotland, Wales, the North West and North East of England, Yorkshire and the Humber and the East and West Midlands. Least affordable regions of the country are those where average house prices were more than seven times average income in 2022. They include the East of England, South West of England, South East of England and London.[58] See **2. Insight Into: Methodology** for details. Source: Nest Insight analysis of Wealth and Assets Survey Wave 8, collected 2020-2022.

4.2 What could increase or lower eligibility and take-up?

Policy design, context, and individual behaviour will influence both people's eligibility to use pension savings for home purchases and the likelihood of them doing so.

The number of people who would actually use their pension savings to buy a home, under any model, will depend on a complex range of circumstances. Outcomes will depend on economic factors such as house prices, mortgage products and the level of savings people have. They will also be closely linked to how people feel about pensions, how they feel about their home, and how they feel about the idea of linking them together in the context of wider concerns around financial security – factors which we explore in detail in Chapter 5.

Factors that could **increase** eligibility and take-up include (see Figure 4.1):

› People who already have enough cash saved for a deposit might still **choose to use some of their pension savings**. In the baseline scenario, this could mean up to 291,000 more people using their pension savings for a home deposit than if only those who need to use their pension savings do so, and the number could be even higher in other scenarios.

› Allowing widespread access to **low-deposit mortgages** could also substantially increase the reach of the policy and allow more low-to moderate income households to afford a deposit. Were the deposit reduced to 5%, a pension access scheme could open access to home ownership for up to 211,000 people, and a further 567,000 would be in reach of a deposit with cash savings only, but might choose to use pension savings to supplement the savings they already have (Table 4.1).

› **Higher levels of pension savings in the future** will increase the number of people that pensions could help into home ownership, while some people who are somewhat close to being able to buy could even divert some pension savings to more liquid savings options and reach the threshold faster.[59]

Other factors that could increase the number of people using pensions for home ownership, although to lesser degrees, include allowing people to **use a larger share of pension savings** or **changes to lending rules** that give people greater flexibility around house-price-to-income ratios.

Equally, highlighting some of the key considerations that could **reduce** eligibility and take-up:

› **Older age:** Around half of households who would need to use pension savings to afford a deposit were over age 45, potentially because their age means they are more likely to have sufficient pension savings than younger people. Finding solutions that can reduce the risk of long-term renting among this group is particularly acute, but it could require greater flexibility in lending markets to ensure that people have access to the right lending products as they move into their fifties and sixties.

› **Eligibility rules:** Around one third of private renters aged 45-64 in our survey said they have owned a home before, and may not be able to use their pension savings if the policy is limited to first-time buyers instead of wider range of current non-homeowners.

› **Mortgage eligibility criteria**: Factors like debt, variable income and credit history were not included in this analysis and would lower the number of households who could actually make use of a pension access scheme. In the baseline scenario, we assumed that people would be allowed to use 25% of their pension savings towards a home. Allowing people to use up to 50% increased the number of people who this might enable home ownership for up to 75,100 (see Table 4.1).

Importantly, several **external factors** could also lower the number of people who would need to use pensions towards home ownership or the numbers who can. These include people who might use **gifts or loans** from

[58] ONS (2023). Housing Purchase Affordability, UK: 2023. Available at **Housing Purchase Affordability, UK - Office for National Statistics**

[59] Note that this would be especially feasible at lower capped levels of access to pension savings and if using a vehicle with a matched contribution element such as the Lifetime ISA. Someone diverting their AE minimum contributions to an ISA could access 125% of their savings (with the match) at any time, whereas continuing to save in a pension with a 25% cap on access would only allow access to approximately 25% of future individual contributions.

family and friends instead of pension saving, **a lack of suitable and affordable properties** for people to buy (including the risk that demand could lead to house price inflation), **expansion of lending products** such as very high loan-to-value or 100% mortgages that negate the need for a deposit, and long-term improvements in affordability and conditions of the **private rental sector** which could mean that people feel happier renting for longer.

It is also worth noting that introducing access to pensions to support home ownership could have complex behavioural consequences that could affect the total impact of the change. **Public opinion** towards the idea was very mixed, making it difficult to determine how many people would want to use their pensions towards home ownership, even if they were able to (Chapter 5). **Behavioural biases** could impact how people view the opportunity – including prompting people to withdraw more than they strictly need to meet a mortgage threshold due to present bias. And people may respond differently to the incentive of being able to access pension savings for this purpose. Some participants in our discussion forum told us that the policy would **motivate them to save more** for a home, both into pension and non-pension savings, which in turn could increase likelihood of use, but may also partially offset the loss of assets out of the retirement system. Others told us that knowing their pension savings were available to them could make them more complacent around saving elsewhere. As noted above, people who were close to achieving a mortgage via pension savings may be motivated to re-route future pension contributions to a more accessible product, such as a LISA, if their access to pension savings is capped at 25%.

Figure 4.1: Potential factors influencing eligibility and take-up of a pension access scheme

What could increase the number of people who use a pension access scheme?

Policy design factors and lending market

- Increase of **share of DC savings** that households can access.
- More widespread availability of **low-deposit mortgages** for first-time buyers and mortgages allowing for **higher loan-to-income ratios.**

Individual and saving-related factors

- **Maturing auto enrolment** system leading to larger DC pots.
- Encouragement of accelerated pension/non-pension saving among **potentially eligible households.**
- Uptake among those who, in theory, could buy with **other forms of saving** alone.
- Uptake among those who **otherwise might receive help** from family/friends.

Market factors

- **Fall in house prices** increases the number of households who would be able to use scheme.
- **Increase in house prices** increases the number of households who would have to use the scheme.

How many people might use their pension savings towards a home deposit?

A pension access scheme could boost home ownership for those unable to save a deposit at all, while accelerating it for many more who could likely buy anyway. The size of these groups depends on several factors.

What could lower the number of people who use a pension access scheme?

Policy design factors and lending market

- **Restriction of eligibility** to incomes below a certain threshold.
- More widespread availability of **low-deposit mortgages** for first-time buyers could mean fewer people need to use a pension access scheme.

Individual and saving-related factors

- **Reservations among eligible households** around using DC savings towards home ownership.
- **Barriers limiting mortgage eligibility** such as household debt, credit history, income variability.
- **Lack of suitable mortgages** for older households.
- **Availability of financial help** from family and friends.
- **Restriction of eligibility** to first-time buyers.

Market factors

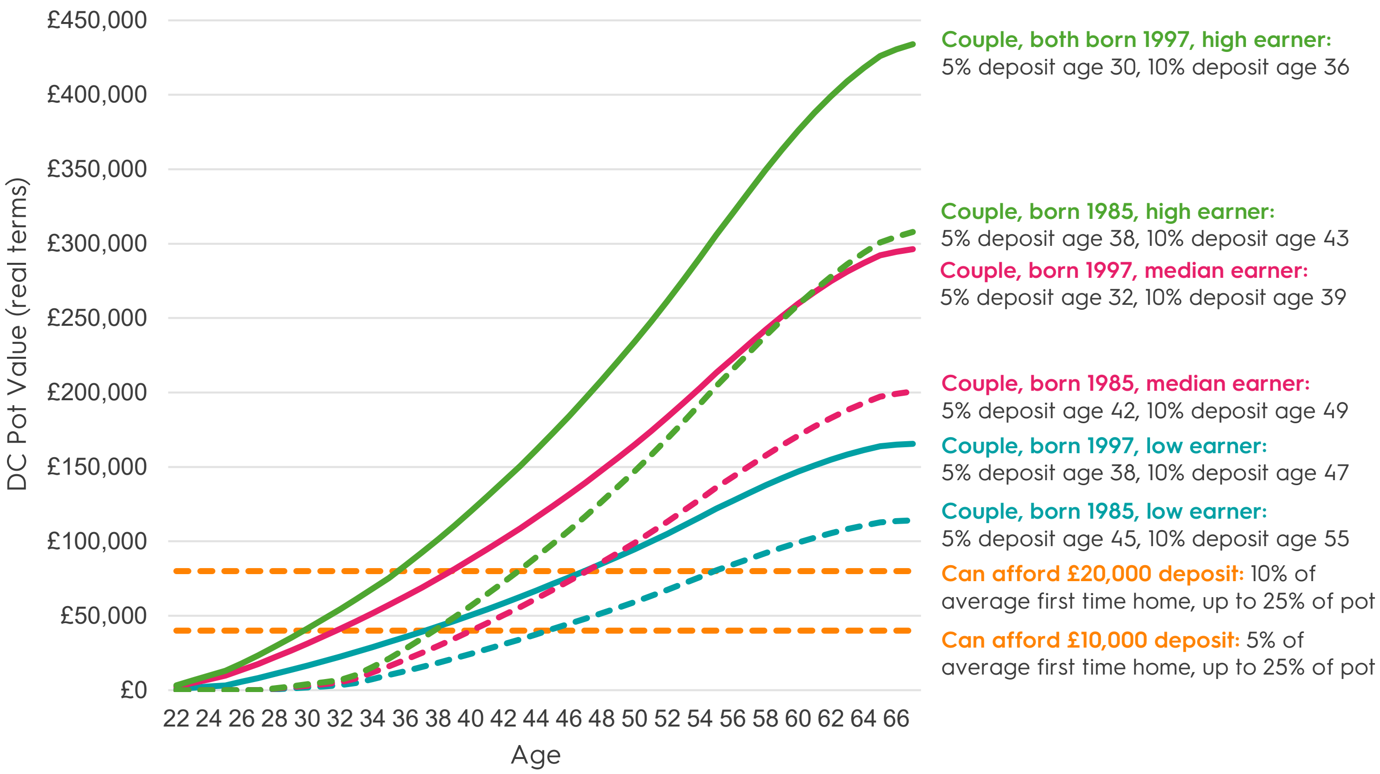
- **Increase in house prices** and/or lack of suitable homes reduces the number of households who might be able to buy.
- **Improvement in situation for private sector renters** could mean fewer people choose to buy a home.

4.3 Why don't pension savings make a difference to more people? How might reach change in the future?

With the automatic enrolment system maturing, more people will have sufficient pension savings in the future.

Despite the automatic enrolment system now being fully embedded in UK workplace savings, only younger employees have benefited since the start of their careers. In contrast some employees over age 30 will have variable history of pension savings. For this research, we used the most recent wave of the Wealth and Asset Survey, for which data was collected between 2020 and 2022. While this data provides an indication of trends around the number of people who might use their pension savings towards home ownership, it should be noted that pension savings will have grown since the time the data was collected, meaning that findings may understate the number of people who might have sufficient pension savings today and in the future, and importantly also the relative share of people for whom a pension access scheme will make a difference between owning and lifelong renting.

Figure 4.2: Development of DC pot values over time



Notes: Compares DC pot values for couple born in 1997 and 1985 to estimate when each group would have enough DC savings to afford a deposit worth £10,000 or £20,000, equal to 5% of 10% of an average first time property, using up to 25% of their pot. Adults born in 1997 have been automatically enrolled at 8% since age 22. Adults born in 1985 have been automatically enrolled since age 27-31 (due to phasing in of automatic enrolment), with 8% contributions since age 33. Higher earners are those earning at the 75th percentile; lower earners those earning at the 25th percentile. Source: Nest Insight analysis of Wealth and Assets Survey Wave 8 (2020-2022). See **2. Insight Into: Methodology** for details.

Pension savings are, and will continue to be, substantially lower among those who have only spent a portion of their career in automatic enrolment.

Figure 4.2 shows that workers in their 30s and above today, who started their career before the introduction of automatic enrolment, will have lower pension savings at the same age than those who have been fully automatically enrolled since starting work at age 22 (those 28 and under today). A reason pensions don't widely add to the number of people who might be able to afford a deposit therefore, at least at the 10% deposit level, is that younger workers will not yet have had enough years of work to accumulate savings and older workers will not have had enough years of contributions for their pension pots to be large enough to use towards a home.[60]

- Among cohabiting couples aged 40 today (born in 1985), only those earning above median income, or those who saved outside automatic enrolment, would likely have enough to use £10,000 of their pension savings towards a deposit (if allowed to withdraw 25% of their pension pot), and they will have to wait until age 48 to access £20,000. For people born after 1997, median earners would be able to access £10,000 at age 32 in 2029, and £20,000 at age 38 in 2035.[61]
- Among single adults aged 40 today, only the highest earners would be able to access £10,000 of their savings. Median earners would need to wait until age 46 to do so, lower earners would need to be 53. But among those born after 1997, median earners would be able to access £10,000 at age 40, and low earners could do the same from age 44.

4.4 Why aren't more people buying homes if they already have sufficient cash savings?

Under all scenarios, a large number of households already have enough cash savings to meet the deposit threshold we looked at – from 291,000 under a 10% deposit scenario and 567,000 under a 5% deposit scenario. There may be several reasons they have not yet bought a home:

- **Saving for a deposit is not the only barrier** to buying a home. Others include mortgage affordability checks, low or variable income, insecure employment, lack of suitable properties and other costs associated with moving home (see Chapter 5).
- **Waiting to save for a higher deposit** will give access to lower interest rates and more affordable monthly repayments. In the UK, the average first-time deposit is around 24% of the property value (although this will include buyers who have received help from friends and family).[62] Others may want more space than a starter home, and will conserve first-time buyer stamp duty relief.
- **Understanding of lending products** could be a barrier for those who might want to buy a home with a 10% or lower deposit but may be unaware of the products they could access. A recent UK study found that only 40% of first-time buyers know they can buy a home with a low deposit, even though the number of low-deposit mortgages has risen to the highest level since the financial crisis of 2008.[63]
- **Owning a home is not right for everyone**. Among private renters in our survey, 10% said they prefer to rent and don't want to own a home, 14% said they don't yet know where they want to settle, and 5% were waiting for a social home.

4.5 Who would allowing access to pensions most likely help?

Chapter 1 identified households over 35, single-income households and those without financial support from family as being in greatest need of help towards home ownership. There are promising indications that a pension access scheme could be the difference between owning and long-term renting for households in some of these at-risk groups.

The opportunity for pensions to make the difference between owning a home and renting is likely to be greatest for:

---

[60] The same chart for single adults is available in the technical appendix that accompanies this report.

[61] The amount of pension savings that people might use towards a deposit (either under a withdrawal or pledging model) will depend on the property they buy, and the other cash savings they have available to them. £10,000 represents the full value of a 5% deposit on the average first time property in the UK, valued at around £200,000. £20,000 represents a 10% deposit. Analysis assumes level of DC saving that people can use is capped at 25%.

[62] Zoopla (2023). **What's the average first-time buyer deposit by region in 2023?**

[63] IFA Magazine (2025). **How long does it really take to save for a house deposit in the UK?**

Households aged 35-to-44: Around half of households who need to use pension savings to meet a deposit threshold fall within the 35-to-44 age bracket in the baseline scenario. In our survey almost 60% of people in this age group said they rent because they struggle to save enough for a deposit. However, their relatively larger pension pots, compared to those with fewer years in work, indicate that pensions could be a decisive factor in enabling homeownership for some in this group. Overall, outcomes indicate that a pension access scheme could be well targeted to address the needs of this demographic, potentially bridging the gap between renting and owning.

Households who don't expect to receive support towards a deposit: Survey respondents aged 35-to-44 are much less likely to expect support from family towards a deposit (30%) than those under 35 (50%) and among those who do, they expect the sum to be smaller. Lack of help towards a deposit may be a key reason that households over 35 have not yet bought a home, meaning there may be a role for pensions to reduce disparities in home ownership between those who receive help to get on the housing ladder, and those who don't.

Single-income households: In most scenarios, only a quarter of households who could afford a deposit without using their pension savings were single adults, reflecting the challenges people face buying a home on one income. But also in some scenarios, the share of people who could afford to buy with their pension savings almost doubled among single-income households. Many of these people are higher earners, which could explain why their pension savings could be substantial enough to make a difference. A policy allowing access to pension savings could again be aligned with the needs of single-income households, who often find it difficult to save for a deposit because they spend a greater share of income on rent than households with more than one income, and are at greater risk of poor financial outcomes in later life on account of their housing (see Chapter 3).

More affordable regions of the country: In some scenarios, 80% of the households who could afford a deposit using pension savings were in more affordable regions of the country where house prices are between five to seven times average earnings or less. In almost all scenarios, the likelihood of being able to afford a deposit increased across these regions when pension savings was included because people need less of their pension to reach a deposit threshold, meaning the a pension access scheme could be effective even for those with smaller pensions in these areas.[64]

4.6 Who would allowing access to pensions least likely help?

It is less clear that a pension access scheme could increase long-term home ownership rates among low-to-moderate income renters, younger households, those living in less affordable regions of the country, public sector employees, self-employed people and workers without DC pensions.

Our analysis found that a pension access scheme is less likely to increase home ownership among households whose savings are low, relative to the cost of the deposit they might need:

Low-to-moderate income renters: The relatively low level of pension savings among low-income households at the time the data was collected mean that levers to improve affordability, including when combined with access to pension savings, will make a bigger difference to these groups than allowing the use of pension savings alone. Under scenarios where people could use either 25% or 50% of their pension savings towards a deposit, fewer than one in ten households who would need

[64] Most affordable regions of the country include Scotland, Wales, the North West and North East of England, Yorkshire and the Humber and the East and West Midlands. Least affordable regions of the country include the East of England, South West of England, South East of England and London (see ONS (2023). Housing Purchase Affordability, UK: 2023. Available at **Housing Purchase Affordability, UK - Office for National Statistics**)

to do so earn below the median average income for their household type. The underlying number of households relates to 0.1% of renters below median income, compared to around 2% in higher income groups. Lowering the required deposit value and increasing the earnings multiplier were much more effective ways of widening access to home ownership to lower earners than using pension savings alone (see Table 4.1). While pension savings will also increase among this group as the automatic enrolment system matures, they will do more slowly than for higher earners. Additionally, this group might face other barriers to obtaining a mortgage.

Younger households: In most cases, fewer years of pension savings and lower balances among younger households mean pension savings are unlikely to increase long-term rates of home ownership among households under 35. Just 4% of households who could reach a 10% deposit threshold with their pension savings were under 35, compared to 48% of households who already had enough cash saving. Most younger households have not yet been able to build up enough pension savings to make the difference, but many have already started to build cash savings. A maturing automatic enrolment system is unlikely to increase the effectiveness of the policy among younger workers, since most adults currently in this group will have been automatically enrolled for most of their working life. Those aged 28 and under have been fully enrolled at 8% since age 22. In all the scenarios we looked at, lower deposit requirements were most likely to widen access to younger households, followed by increasing the income multiple. Allowing an increase in the share of pension savings that people use did not significantly increase volumes.

Households with self-employed or public sector workers, and employees who opt out of, or are not eligible for, automatic enrolment: Workers without DC pensions, including around 6 million current public sector workers with DB pensions[65] and many of the UK’s 4.3 million self-employed workers are much less likely to have sufficient pension savings to use towards a home than private sector employees.[66] Under the baseline scenario, around 300,000 households have enough pension assets to afford a deposit but would be unable to do so because their pensions are in DB schemes. Although public sector workers may have DC savings from previous roles, and around one in five self-employed workers are actively saving into a pension,[67] the effectiveness of the policy will depend on being able to build up a meaningful level of pension savings through consistent contributions. In 2024, around 8-10% of newly enrolled employees also opted out of automatic enrolment (around 2.2 million workers), while 2.3 million workers did not automatically qualify for a workplace pension because their earnings were below the threshold of £10,000 in any individual employment (but one in four opted in).[68,69] For these groups, we find that pension access schemes are less likely to help towards home ownership, either as individuals or part of a household.

Households approaching retirement: As the current cohort of 45 to 64 year olds will have had less time under automatic enrolment than future cohorts, they are less likely to have sufficient pension savings. We find that non-homeowner households in this age group that have sufficient pension savings to pay a 10% deposit are likely to be less able to access a mortgage product with such a deposit requirement and other standard mortgage terms. They are also more likely to be deemed ineligible for standard mortgage products based on affordability requirements, as they would have to repay a mortgage with a standard term far into retirement.

[65] House of Commons Library (2021). **Public service pensions: Facts and figures**.

[66] Institute for Fiscal Studies (2023). **Understanding pension saving among the self-employed**.

[67] Social Market Foundation (2025). **Set for life: Policies to boost the retirement savings of the self-employed.**

[68] Gov.UK (2024). **Workplace pension participation and savings trends statistics: Background information and methodology**.

[69] Gov.UK (2025). **Analysis of Automatic Enrolment saving levels**.

Less affordable regions of the country: Households in more expensive regions of the country were much less likely to be able to afford a deposit in this analysis, either with or without their pension savings than those in cheaper areas. When pension savings were added to cash, the share of households who could afford a deposit in more expensive areas fell, potentially because prices in these areas can be so expensive relative to the level of pension savings people have.

4.7 Which groups could most likely afford a deposit anyway, but may choose to use their pension savings?

Pension access schemes could accelerate home ownership for large groups of higher earners, younger people and households in more affordable areas of the country with cash savings.

Our analysis found that a pension access scheme might bring home ownership forwards for three groups:

Higher earners: At least 80% of households who could already afford a deposit without using their pension savings were above average earners for their household type, and in almost all the scenarios we looked at, around 60% earned above the 75^{th} income percentile. Under the baseline scenario, as many as 250,000 above average earners might choose to use pensions towards home ownership, rising to 450,000 in a 5% deposit scenario (see Table 4.1).

Younger households: While this is also one of the groups for whom a pension access scheme would likely not be useful, it's also the group with a high number of non-homeowners with sufficient cash savings. In most scenarios, as many as half of all households who already have enough cash savings for a deposit were under 35, most likely because many people in this group are already saving for home ownership but have not yet bought for a variety of reasons. Under the baseline scenario, up to 100,000 households under 35 might choose to accelerate their journey towards home ownership by supplementing cash savings with pension savings, and potentially as many as 250,000 if 5% deposits were made widely available.

More affordable regions: Households in more affordable regions of the country were more likely to have enough cash savings to meet deposit thresholds than those in more expensive areas, meaning that increased demand would be more likely to come from these areas and supply would need to be balanced accordingly.

4. Insight Into: What do people give up to save for a deposit and how much help to they get?

To understand more about the challenges people face when saving for a home, we asked our research participants about their experience of saving for a deposit.

One in three non-homeowners in our survey said they are actively saving for a deposit. Some told us that the “sheer cost of living makes it incredibly hard” as high rents and prices consume a growing share of their disposable income, and wage growth fails to keep up with change.[70]

Almost nine in ten survey respondents said they are making or have recently made sacrifices, cutbacks or lifestyle changes to save for a deposit. While some of these people mentioned steps they take to lower spending or increase their income, others spoke of selling valuables, cars and unneeded items to raise additional cash.

More recent homebuyers said that without having “worked extremely hard”, “made massive budgeting cuts”, “been incredibly lucky to have had parents, friends or an inheritance to help them out”, “lived in an area with lower house prices”, “been in a couple”, or “lived with parents to benefit from saving on rent”, they would never have been able to buy their home.[71]

46% spend a **bit less** on non-essentials

36% spend a **lot less** on non-essentials

6% have **moved home** to pay less rent

34% are working **extra hours or jobs**

6% **stopped or reduced** paying into their pension

13% have **not needed to** make any changes

Many of those actively saving for a deposit told us that they don’t feel like they have to choose between saving for retirement and saving for a deposit because their pension contributions are automatically deducted from their salary. On average, 6% of survey respondents said they lowered their pension contributions to save for a home, rising to as many as 10% of people in households aged 35-44 and ethnic minority groups.

> Choosing between saving for a house and saving for retirement is tough… the idea of stopping contributions worries me a little but I feel necessary.

Private renter

Insufficient income remains the most significant barrier towards saving for a deposit, and many said that buying a home would not be possible without help from family and friends.

- Among existing homeowners in our survey, more than twice as many homeowners under 45 had received financial help towards their deposit (56%) as homeowners over age 45 (25%). And the help they received was more likely to make up a greater proportion of their deposit.
- Not surprisingly given the uncertainty around potential support, non-homeowners planning to buy were less confident about whether they might receive help towards their deposit at all, and much less confident about how much they might get.
- The likelihood of expecting help towards a deposit also falls with age, most likely due to a selection effect: those who don’t receive help will take longer to save up and buy a home themselves or not buy at all, and make up a greater share of non-homeowners in older age cohorts.

[70] Includes private renters and working age adults who live with family and friends either paying some rent, or rent-free. Does not include social tenants, although 11% of social tenants say they are actively saving to buy a home.

[71] Participants could select more than one answer.

4.8 What we've learned

- The number of households who might use their pension savings towards a deposit would depend heavily on policy design and on external factors, including the affordability of house prices and lending products as well as people's views on the idea.
- Overall, a much larger group of people might *want* to use their pensions to accelerate home ownership or to enable them to hold onto more of their non-pension savings, compared to a relatively small group of people who might *need* to use their pensions to buy a home.
- Measures that widen access to the group of people who might *need* to use their pension savings to buy a home will also widen access to the larger group of people who might choose to use pension savings as a top-up to existing savings or to buy earlier. It would also increase the risk profile of those who could benefit from access to their pensions, as the marginal household might struggle more to afford the costs of home ownership in case of even moderate financial shocks, such as increases in interest rates or maintenance costs.
- Measures that restrict access overall would limit those who need the most help. Designing a scheme to target those groups who stand to gain the most while also minimising unintended consequences could be very difficult.
- Findings suggest that the policy could be well aligned with the needs of some groups who risk otherwise being locked out of home ownership, including households over 35, single-income households with higher earnings, and those who don't have support from family towards home ownership.
- However, it is less clear that a pension access scheme could increase long-term rates of home ownership among lower earners, younger households and people in more expensive parts of the country. It would also not benefit those without DC pensions, including many self-employed people and public sector workers.

Chapter 5

How do people feel about using pensions to buy a home?

Chapter 5: How do people feel about using pensions to buy a home?

Summary

In this chapter we explore people's hopes and concerns around the idea of being able to use pension savings to fund home ownership, and whether their behaviours might change if such a scheme was available. We also explore how people feel about owning a home, buying a home, and using pensions towards a deposit. We find that:

- People we spoke to were divided over the idea of using pension savings to buy a home. They were more likely to say it was a good idea if it might be helpful to them, and more likely to say it could be helpful to them if they are in groups that find it hardest to save. But people also told us that the deposit is not the only obstacle they face to buying a home, and that not everyone who might want to would be able to use their pension savings.
- As in Chapter 4, we found a relatively small group of people who might *need* to use pensions to be able to buy compared to a much larger group who might *choose* to. But findings indicate strongly that not everyone in these groups will *want* to use their pension savings to buy.
- Although many people liked the flexibility a pension access scheme offers, others felt it came with serious risks. We also heard the common sentiment across all groups that people should not have to choose between having a permanent home and sufficient pension savings and that such a scheme is not a solution to the housing crisis.
- Consistent with findings across this research, the research with the UK public suggests that the idea could be most effective for people aged 35-44. But if it is limited to first-time buyers only, it may be least effective for people over age 45, as around a third in this group had previously owned a home.
- Several participants changed their views on the idea of a pension access scheme as they learned more about it. Some felt more positive towards a potential scheme when they heard how much rent might cost through retirement, that similar schemes are available in other countries, and that an alternative option could be to pledge, rather than to withdraw, savings towards a home. Others felt more negative when they learned it would likely exclude those with public sector pensions, while also being difficult for low-income and self-employed workers to use.

The findings in this chapter are based on our online survey and online discussion forum. For more detail see **2. Insight Into: Methodology**.

5.1 How do the public feel about the idea?

Understanding how people feel about the idea of using pensions to buy a home is central to the question of what the impact of a pension access scheme might be in the UK. Public voices can help to ensure that policy proposals are inclusive, realistic, relevant and responsive to real needs. They can also help to reveal practical constraints, unintended consequences and potential alternatives, and identify priorities in order that any future policies could best serve those who need the most support.

Overall, people were more likely to say that the idea of using pensions to buy a home was a good one if it might be helpful to them, than if it wasn't something they might need to use.

Participants were most likely to say that using pension savings towards home ownership was a fairly good idea (29%), while 10% said it was a very good idea. In contrast, 20% of people said it's not a very good idea, while 13% said it's not a good idea at all.[72]

[72] 14% of participants said it was neither a good idea nor a bad idea, and 14% said they don't know (n=4,200).

Groups most likely to say that it was good idea included:

- People who don't expect to receive financial help from family and friends (50%) compared to those who expect gifts to cover at least half their deposit (43%).
- Private renters (49%) compared to homeowners (36%), and social renters (42%).
- People from Black ethnic backgrounds were most likely to agree that it was a good idea (61%), compared to 49% of people from Asian backgrounds, 41% among those from mixed ethnic backgrounds and 37% of people from White ethnic backgrounds.

Groups most likely to say that it was not good idea included:

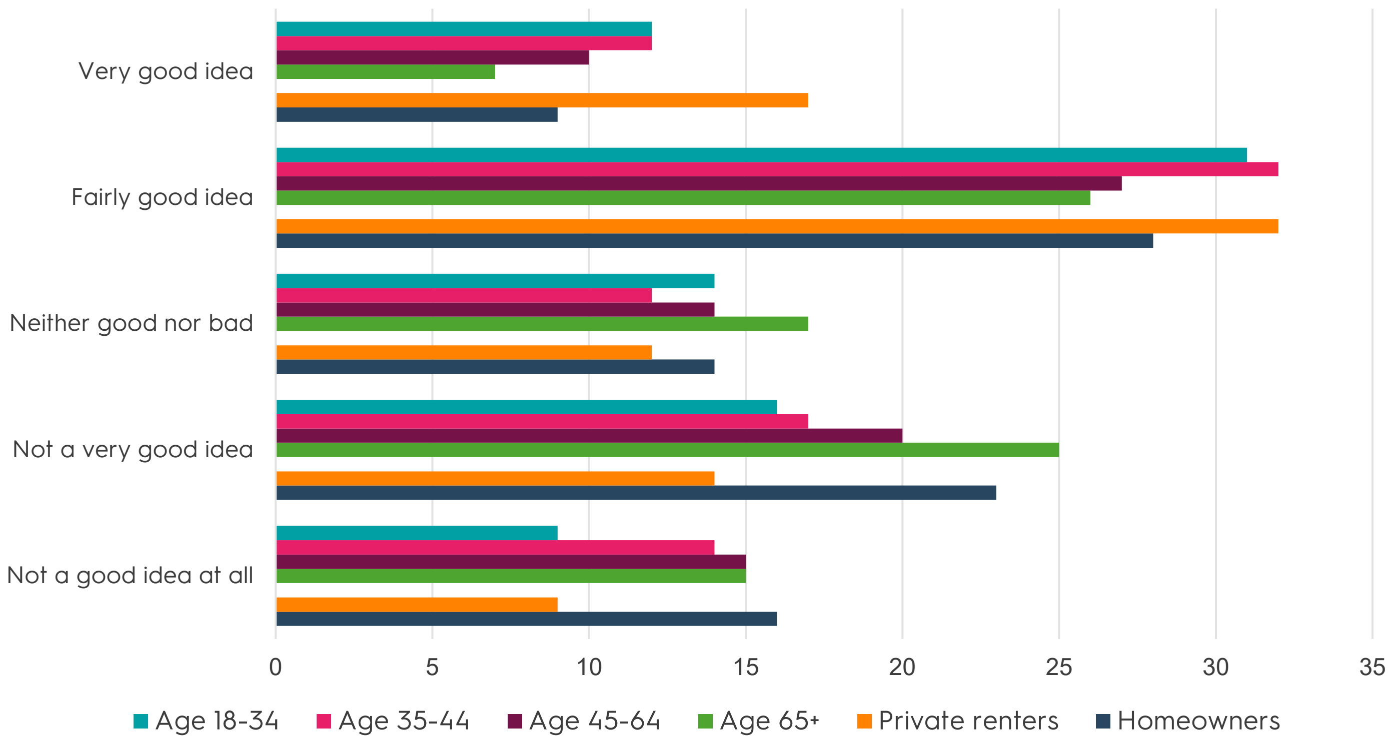
- Households over age 65 (40%) compared to those aged 18-34 (25%).
- Households with income over £40,000 (37%) compared to those with lower income (29%).

There was limited difference between men and women, and between those who live alone compared to those who live with others.

Life stage strongly influenced people's views on using pension savings for home ownership.

Rather than basing their views solely on their personal aspirations or experiences of buying a home, some people's opinions shifted depending on how important pension savings felt to them at different stages of life. For example, younger people told us that "a pension feels important, but it's decades away", and prioritised more immediate goals like buying a home. In contrast, older participants placed greater value on preserving pension savings for retirement and were more likely to feel that using pension savings towards home ownership meant "risking financial security in old age". This led to considerable variation in perspectives, both across different age groups and within them.[73]

Figure 5.1: Views on using pension savings towards home ownership, by age group and tenure



Note: n = 4,200. Source: Nest Insight Survey, see **2. Insight Into: Methodology** for detail.

[73] 30% of people aged 18-34 who said a pension access scheme would be helpful told us that that saving for a home was more important than saving for a pension, compared to 25% of people aged 35-44 and 14% of people age 45-64.

People were both divided and conflicted over whether using pensions to buy a home is a good idea or not.

The depth of insight that people shared in our research, and the strength of feeling people have around both housing and pensions, was striking.

> **I feel like I move between it's a good and a bad idea frequently. It does have some potential, but I worry that it feels like gambling with the future.**

Private renter

We heard the widely shared sentiment that the UK housing system is "broken" for both buyers and renters, and that there is a pressing need to help more people, especially those on low-to-moderate incomes, to buy their first home. But from all sides, we also heard considerable scepticism that pensions are "not the way to fix the housing crisis" and would not tackle the root cause of the problems people face today: high house prices.

When we asked people if they thought that withdrawing a portion of their pension savings to buy a home was a good idea, people tended to instinctively weigh up the overall security of owning a home, against the perceived financial loss to retirement income later. Initially, many did so without necessarily factoring in any possible financial gains of buying a home sooner, or the loss of security that could come from not buying a home at all.[74]

> **I suppose using half your pension will be a serious worry for many. I guess it comes down to how much more secure home ownership makes an individual fee.**

Private renter saving for a first home

Over the course of the discussion forum process, participants shared increasingly nuanced perspectives on the the idea of a pension access scheme. Many moved from divided and somewhat instinctive first responses, to a common appreciation of its complexities and trade-offs. But while some felt that "the more people know of this scheme, the more likely they are to use it towards buying a home", others told us that "initially I was quite excited by this idea… but I have pondered on this a lot and in fact had quite a detailed conversation with my dad about it that re-enforced my fears about doing this".

Our research participants told us that while the idea of using pension savings towards a deposit seems good in principle, they felt it came with some serious risks.

Among those who thought a pension access scheme was a good idea, several key themes emerged:

- **Easier saving**: "It allows people to save without really thinking about it", with the added benefits of tax relief and employer contributions, in part because "pensions to me is like a secret saving which you do behind the scenes". Participants said it could be particularly useful for those who struggle to maintain consistency or may be "tempted to dip into their savings", while also being "easier and perhaps more positive to save for one large savings pot rather than trying to allocate money to a few".
- **Higher financial wellbeing in the near-term**: "There's no time like the present" – people told us that the a pension access scheme would allow them to prioritise home ownership today "while still having time to save for the future", "provided that people understand all the risks".
- **Flexibility**: People told us the decision should "depend on the individual" and that "the more options everyone is given the better it should be for all"; because "the whole point of money is that it's supposed to be fungible"

[74] We began by asking people how they felt about withdrawing savings as it is the least complex model and went on to ask people if they preferred the idea of pledging their savings later in the survey an discussion forum.

and “you should be able to use your [pension pot] anyway you want. Your money, your risk”. Some also said a pension access scheme would give buyers greater flexibility, “without giving away free money”.

› **Greater security**: Some participants told us that they “would have preferred to be a homeowner than have a larger pension” and “I’d rather own my own home and have less money”, because it makes them feel more secure. We found that people focused more (though not exclusively) on the feelings of security home ownership could bring, than the financial benefits of buying a home earlier, or not having to pay rent through retirement. Although they also understood it could mean “my largest expense in old age – housing – is eliminated. This is a powerful form of financial security in itself”.

> **I understand that by keeping pensions separate you're not at risk of affecting your future by spending savings too early. However, there is an argument [that you could be] saving too much for the future rather than getting the most out of life in the present and thus using pensions to help with first time house buyers does make sense. It is also easier and perhaps more positive to save for one large savings pot rather than trying to allocate money to a few.**
>
> Private renter

However, people on both sides of the debate shared several concerns:

› **‘Sticking plaster’**: We heard widespread views that “People shouldn’t have to choose between having a permanent home and having provision in old age” and that “there are better ways of helping people to afford housing”.

› **Unfavourable trade-offs**: Many were worried about having lower income in retirement, with some saying it is “not an acceptable trade off, it’s a gamble – especially not knowing the fate of the state pension at retirement”, in part because their pension savings are already low, but particularly if the homeowner were to default on their mortgage and lose both. People also told us that a pension access scheme would concentrate more household wealth in property and reduce diversification.

› **Lack of separation of savings**: We saw very strong preferences for dividing savings into different buckets and preserving retirement savings for the future, including among those who don’t own homes today. “Pensions and property ownership should not be connected, should not even be mentioned in the same sentence”. By mixing the buckets people felt a pension access scheme could be “robbing Peter to pay Paul, home crisis becomes pension crisis.”

› **Impact on house prices**: There were very strong concerns that house prices could rise as a result of increased demand.

› **Establishment of a new norm**: People questioned how long it might be until it becomes expected that they use their pension savings to buy a home, not optional. And they suggested they could be “somewhat forced into using your pension for a home” leading to people feeling “injusticed [sic] they can’t use a pension for future savings anymore”.

› **Negative impact on trust**: People questioned whether a pension access scheme could undermine the automatic enrolment system as it is “hard enough to get people to save into pensions, now you're using their "opt-ed in" savings for something else” and expressed concern over whether they could rely on the future of the State Pension. Many also felt it would “discourage anyone from tackling the housing crisis in an effective long-term way.”

› **Complexity**: Concern that people already find the “mysterious world of pensions” to be “the most difficult financial product to understand and manage effectively”. Many told us that the “jargon and complexity of choosing from a range of products” could make it difficult to make a decision, and questioned “who would give you solid advice”, and what protections there might be against scams or the risk that it “might not be the best financial decision for someone like me”.

› **Exclusion**: We heard concerns that many groups would not be helped by a pension access scheme including self-employed people and those on lower incomes, and people who have owned a home before but lost it through reasons such as redundancy, divorce and bereavement. The latter would especially be a concern for those over 45, with around of third of renters in this group having owned before (see **1. Insight Into: Private renters aged 45 – 64**). People were also "angry" and felt it "unfair" or a "discrimination issue" that public sector workers with a DB pension may not be able to use the scheme because "everyone deserves a safe place to call their own"; although others said that DB pensions are worth more than DC pension pots at retirement, so "this benefit … offsets the saving time required to get onto the property ladder".

> **Suggesting the use of pensions in order to buy property makes me very angry. For starters, people should not feel the need to own property in the first place in order to feel safe in old age. Secondly, why should anyone risk the loss of pension money when owning a property is a risk; no one can predict their future and events that may impact on financial abilities.**
>
> Private renter

Although people had strong instinctive views on a pension access scheme, we found that some (but not all) changed their views as they took in more information, generally becoming more positive to the idea of a pension access scheme rather than more negative.

- **International precedent**: Some people said that knowing that similar schemes are operating in other countries could "give a new perspective, provided that the data showed it was a positive thing." and that it "was more encouraging and makes me feel more positive towards this idea". However, others asked, "If everyone else jumped off a cliff, would you?" and said that they "don't want to copy what other countries do" because "Lots of countries have lots of different ways that people manage their money and they don't necessarily translate to other countries well, or just because they exist it doesn't mean that they are good".
- **Cost of renting in retirement**: When participants in our discussion forum were shown how much it might cost to rent through later life, some told us that it became "clear why people see using pensions for a deposit as attractive" and that after seeing the costs "I think it looks like a better idea now". People described the cost as "shocking", "unachievable" and "frightening" and "ridiculous", especially as "people at a younger age do not realise these costs and think things will just sort itself out". "Wow!!! I've never seen it in numbers like that - that is a lot of extra money to save just to cover housing costs. I didn't expect it to be that high."[75]
- **Alternative scheme - Pension pledging**: After presenting the option of withdrawing pension savings towards home ownership, we went on to propose the idea of using pensions as collateral. In our survey, 55% of people said that it was a better idea than withdrawing pensions, 20% said it was neither better nor worse and 9% said it was worse. In our discussion forum, some said it could "make me feel more financially secure than taking half of my pension out" but raised concerns that it could "open the door to money being taken out".

> **I actually like this idea [pension pledging] because there is no lowering of your pension pot; it is merely used as a guarantee that you can still accrue interest on that money in your pension pot. I appreciate that the mortgage would need to be larger to accommodate more of the property value. I feel that, on balance, this is a better way to use your pension as a deposit.**
>
> Private renter saving for a first home

5.2 What are the views of non-homeowners?

The data presented so far in this chapter has drawn on the full population of people we spoke to. In practice, the responses of those who don't own their own home, especially those renting privately and those renting who want

[75] We presented participants with the expected cost of renting a one-bedroom property until their early eighties, based on the average cost of a one-bedroom property in the UK today and assuming it rises in line with earnings.

or plan to buy eventually, are perhaps particularly relevant to thinking about the merits of this as an idea. In this section, we summarise some of the key findings specifically from this group.

Participants in our research told us that the dream of owning their own home is about more than building wealth or making an investment. It is about security, which they said is the foundation for a good life, enabling them to build their future and feel safe and settled.

> **A home is your shelter and should be your safe place. It can provide stability and security from which to build your (and your family's) future.**

Private renter

3. Insight Into: Why is owning a home important to people? looks in more depth at attitudes towards home ownership. We find that 79% of working-age adults who don't own their own home say that owning a home is important to them, in large part because of the lack of security they feel as private renters. But, as many as 20% don't believe they'll ever be able to afford their own home with the deposit, as well as living on low or single incomes, being a main reason.

A pension access scheme would need to be part of a wider package of measures to meaningfully increase home ownership. For all groups, affordability of the mortgage was either almost as significant as the lack of a deposit, or was more so.

The data analysis we set out in Chapter 4 suggested that deposits were just one of a number of barriers that mean people can't buy their own home, with income and affordability being the more binding constraints.[76] And although people rent privately for a variety of reasons, results from our survey and discussion forum found the same.

> **I have been renting property since I divorced at age 30. I am now 48 and unable to buy a property as I am single, have very little in savings and earn a low wage. It is very difficult to find rental properties where I live in [the north-west of Scotland]. I feel I won't ever be able to buy my own property due to house prices being unrealistic, my wages are stretched as the cost of living becomes horrendous and being on own.**

Private renter

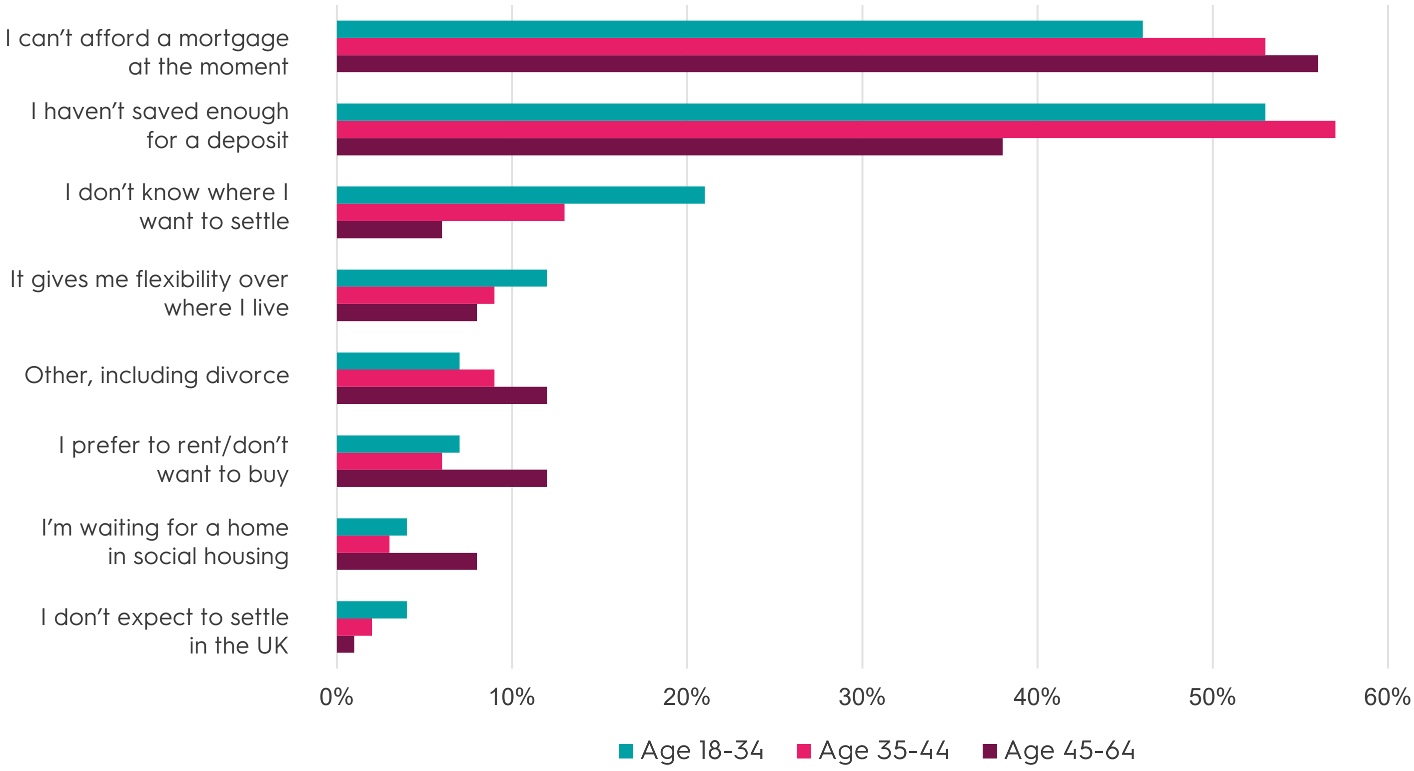
Across all ages, the most common reasons for renting privately were being unable to afford a mortgage (49%) and not having enough savings for a deposit (46%) (Figure 5.2). We also found:

- The likelihood that people rent because they cannot afford a mortgage increases with age.
- The likelihood that people rent because they cannot afford a deposit is lower for those aged 45 to 64, compared to younger age groups.
- Being able to get a mortgage is at least as much of a barrier to home ownership for households with gross income of under £40,000 as saving for a deposit.[77]

[76] Other challenges people face include stringent mortgage affordability checks, stagnant wage growth, high house prices, employment status, lack of suitable supply and cost of moving.

[77] Reasons for being unable to get a mortgage include house price to income multiples, having insecure or irregular employment, or having poor credit history.

Figure 5.2: Reasons for renting privately, by age group



Note: n = 4,200; respondents could select up to two answers. Source: Nest Insight survey, see **2. Insight Into: Methodology** for more detail.

Lower income remains the most influential factor in saving for a deposit, but many said that buying a home would not be possible without help from family and friends.

Family and friends can help people into home ownership either directly through gifts, loans and inheritance to boost a deposit, or indirectly through allowing them to save more by staying at home longer either rent-free, or with lower costs than renting privately. Receiving help towards a deposit can not only help people to buy a home sooner, it can also help people to build a bigger lump sum, which in turn can help them to overcome challenges of affordability by opening up access to better mortgage rates and lower monthly payments.

> **Unfortunately, some people getting more help than others is the way the world is at the moment, it does show the stark problem with inequality in this country.**
>
> **Private renter**

But not everyone has access to these sorts of help. A potential advantage of a pension access scheme is reducing inequalities between people who have help from the so-called 'bank of mum and dad' and those who don't. Our survey found 56% of homeowners under the age of 45 had received help towards a deposit compared to 26% over 45, suggesting that support has become more important in recent years and/ or that it enables home ownership earlier (Figure 5.1).

> I feel I am in a lucky position to be able to benefit from having help buying a house but also, the people involved all worked hard for their money in demanding, professional jobs and invested money well - it wasn't an accident that they ended up in a position to help others.

Recent homebuyer

For people who have not yet bought a home, it could be harder to save for a deposit with age because people in their late thirties and above are both more likely to rent privately, and less likely to have financial help from family.

Saving for a deposit will likely be easiest for those who live with family or friends and expect to receive help towards a deposit, and it will be hardest for those who rent privately and don't expect to receive help towards a deposit. The likelihood of having circumstances that make it difficult to afford for a deposit increase with age.

Table 5.1: Relationship between importance of home ownership, age, living situation and expected support

Proportion of adults who say owning a home is important	Rents privately, doesn't expect help towards deposit*	Rents privately, and expects help towards deposit	Lives with family, doesn't expect help towards deposit	Lives with family and expects help towards deposit
Age 18-34 (n=612)	26%	13%	40%	21%
Age 35-44 (n=147)	48%	13%	23%	16%
Age 45-64 (n=80)	68%	10%	**	**

Note: Colours indicate conditions that we hypothesise impact saving for a deposit from dark pink (more challenging) to light pink (less challenging). * 'Doesn't expect help towards deposit' includes those who say they don't know. 'Expects help towards deposit' includes gifts of any size ** Findings suppressed due to small sample sizes. Source: Nest Insight survey. See **2. Insight Into: Methodology** for detail.

5.3 Would those who need the most support find having access to pension savings helpful?

Those who said they would find it helpful were those most likely to find it hard to save.

We asked non-homeowners in our survey if using pensions to buy a home might be helpful to them to understand how much demand there could be for a pension access scheme, and from which groups.[78]

Overall, more people said that a pension access scheme would not be helpful (49%, including those who do not think they would have enough pension saving) than said it would be helpful (39%), while 11% said they didn't

[78] We began by asking people how they felt about withdrawing savings as it is the least complex model, and went on to ask people if they preferred the idea of pledging their savings later in the survey or discussion.

know. But groups who said they would find it helpful were those most likely to find it hard to save, suggesting the idea could be well-placed to support those who need the most help.[79]

The most common reasons for saying that having access to pension savings would not be useful were not wanting to use their pension savings, and not having enough pension savings for it to be worthwhile.

> No I don't [think it would be helpful], not for me. It's too much of a risk.
>
> Renter aged 45-65

Of those who said having access to their pension savings would not be helpful to them, people told us they didn't want to use their pension savings to buy a home for two main reasons:

- **41% wanted to keep pension savings separate from other forms of saving**. Higher earners and private renters felt much more strongly about this than lower income groups (59% of private renters with income over £40,000 compared to 29% of lower income private renters). Findings echo concerns from our discussion forum that "pensions are for the future", with many adding that pension savings is already inadequate and that they don't feel confident the State Pension will exist in the future.[80]
- **29% said they didn't want to use pension savings to buy a home**, either because they felt strongly that they should not have to become homeowners to have a secure place to live, or because they felt that it was more important to save for retirement than to buy a home.

> In an ideal world, pensions and property deposits don't meet; they are not connected and stay separate. I am not in favour of risking people's financial security in old age in order to finance something that should be affordable based on their generated income.
>
> Private renter

We also heard three further reasons that people didn't think the idea would be helpful. All are consistent with Chapter 4 which found that a relatively small group of households would see an increase in home ownership as a result of being able to access pension savings, compared to a much larger group who already have (or will go on to have) enough cash savings for a deposit, but could choose to use pension savings to accelerate home ownership.

- **25% said they don't have enough, or don't expect to have enough,** pension savings to be able to use them towards a deposit. Households with income over £40,000 were less concerned about having enough pension savings to buy a home, but more concerned about preserving their savings for later life. There was no variation by region.
- **13% say they already have enough cash savings for a deposit,** rising from 6% of households with income below £40,000 to 29% of households with income above £40,000.
- **Allowing access to pension savings does not tackle other barriers to home ownership** including low wages, mortgage affordability and eligibility, being able to afford the upkeep on a home, house prices and limitations getting a mortgage towards the end of working life.

[79] Non-homeowners include working-age private renters and adults who live with family and friends. We did not include social tenants in this sample as they were more likely to feel secure in their existing home, but 23% of working-age social tenants told us that they expect to buy a home in the future. Among social tenants, 30% said they would find a pension access scheme helpful.

[80] Participants could select more than one answer.

> I am really not sure if this would help me. I'm 48 and work as a care practitioner presently, so I don't earn a huge wage each month. I do have a private pension and a work pension, but I don't feel I would have enough funds to draw from to enable me to get on the property ladder.

Private renter

Table 5.2: Views on helpfulness pension access scheme by age, living situation and expected support

View on pension access scheme	Rents privately, doesn't expect help towards deposit*	Rents privately, and expects help towards deposit	Lives with family, doesn't expect help towards deposit	Lives with family and expects help towards deposit
Age 18-34 (n=612)	Net helpful: 55% Net not helpful: 37%	Net helpful: 50% Net not helpful: 46%	Net helpful: 35% Net not helpful: 50%	Net helpful: 44% Net not helpful: 52%
Age 35-44 (n=147)	Net helpful: 57% Net not helpful: 39%	Net helpful: 58% Net not helpful: 17%	Net helpful: 41% Net not helpful: 43%	Net helpful: 33% Net not helpful: 52%
Age 45-64 (n=80)	Net helpful: 61% Net not helpful: 38%	**	**	**

Notes: Colours indicate the share of participants who said a pension access scheme would be helpful or not helpful from highest (light pink) to lowest (dark pink).

*Net Not Helpful includes those who said they don't have, or expect to have, enough pension saving to buy a home. Responses do not total 100% because they exclude people who said they don't know if a pension access scheme would be helpful. No help towards deposit includes those who say they don't know. Expect help towards deposit includes gifts of any size.

**Findings suppressed due to small sample sizes.

Source: Nest Insight survey, UK 2025. See **2. Insight Into: Methodology** for detail.

We saw **significant differences** in people's views **depending on their circumstances:**

- Private renters were more likely to say the idea was helpful (47%) than those who live with family and friends (32%).
- Non-homeowners who don't expect help towards a deposit were more likely to say the idea could be helpful (48%) than those who expect to receive help (40%),
- Private renters with income above £40,000 were much more likely to say they idea was helpful (59%) than those with income below £40,000 (40%).
- Non-homeowners from minoritised ethnic groups were much more likely to say the idea could be helpful (48%) than those from White ethnic backgrounds (34%), especially if they were renting privately (59%), possibly at least partly reflecting cultural differences in the value of saving for a home compared to saving for later life through a pension.
- Non-homeowners aged 35-44 were more likely to say that it would be helpful (43%) compared to those aged 18-34 (35%) even though there was no difference in the share of people who thought they had enough pension savings to afford a deposit.

There was little other variation by geography, income or household size.

Around one in three non-homeowners said that it would be helpful to be able to use their pension savings to buy a home, and the results showed promising signs that a pension access scheme could be of value to those who need the most help to buy a home.

Of those who might find being able to access their pension savings helpful, around 18% said this would be the only way they could afford to buy a home (7% of all non-homeowners). In contrast, 64% said it would make it easier or quicker to save for a deposit (24% of all non-homeowners). This is consistent with the findings in Chapter 4.

Just 10% of respondents said that they would use the savings to buy a home that was bigger, in a better location or in better condition than expected, indicating that it for most people, it would not significantly change the type of home they bought.

The survey also found that the biggest factors in determining whether a pension access scheme might be helpful or not were renting privately, and not expecting to receive financial support from family and friends. People who fell into both these groups (those who might find it hardest to save), were most likely to say having access to their pension savings would be helpful to them. In contrast, those with fewer barriers to saving (because they expect to receive financial support or live with family and friends) were much more likely to say this would not be helpful (Table 5.2).

5.4 Would having access to their pension savings change people's savings habits?

When we asked if a pension access scheme might motivate people to save more, some told us that it would, but others said it could make them more "complacent" about saving for a deposit.

People told us that the inflexible and automatic nature of the UK pension system could be advantageous in helping them to save for a deposit, particularly if they are the type of person who struggles with saving. In part, people said that it means that they "don't even think about" saving, and in part they said that knowing that savings were "less easily accessible than in a bank account" would stop them from being "tempted to spend it".

Among participants who said they might consider using the scheme, some said that it could encourage them to make an effort to save more into their pension, either before or after buying a home. People were particularly attracted to the idea that their contributions would be invested, topped up by employers and subject to tax relief, allowing them to save faster than with other products.

> **If I were aware of this scheme, I would have paid more into my pension pot as a percentage of my salary, knowing that my employer would match that contribution up to 10%. This would enable me to save even more over the time that I have been saving, as opposed to the APR that I currently get through my savings account.**
>
> Private renter saving to buy first home

But of those who might consider making use of a pension access scheme, others felt that opening up access to pension savings could make them more complacent about saving outside their pension because they would feel "like I had this backup chunk of money to use" and compared it to the effect of receiving a gift towards their deposit from family or friends.

> **If I could have used some of my pension savings for a first home deposit, I think this would have a negative effect on my savings. This is because I might become complacent and not put away as much as I should.**
>
> Recent homebuyer

Others were not convinced that using pension savings were a better option than current alternatives such as the Lifetime ISA, in part because it also has the benefit of tax relief, and in part because people can withdraw all their savings rather than a portion of them. This research predates announced LISA changes.

> **I still think it'd be more beneficial to use the LISA, as you still get the 25% bonus, but you also have the flexibility to withdraw it if you absolutely have to due to a life emergency.**
>
> **Recent homebuyer**

5.5 What we've learned

- Public opinion is split on whether using pension savings to buy a home is a good idea. Many people instinctively weigh the security of home ownership against the risk of reduced retirement income. Some see potential benefits, while others worry it feels like "gambling with the future."
- Some of those in favour of allowing the use of pension savings towards home ownership highlight benefits such as easier saving (due to automatic pension contributions and tax relief), increased flexibility, and a sense of security from home ownership. However, even among supporters, there are concerns about trade-offs, including the risk of lower retirement income and the possibility of the use pensions for housing becoming the norm in the future. There are also widespread concerns that the policy does not address the root causes of the housing crisis, such as high house prices and affordability. For some, the idea of using pensions for housing is seen as a "sticking plaster" rather than a real solution.
- A pension access scheme could be most helpful for groups who find it hardest to save for a deposit - such as private renters without family support and those with lower incomes. However, even among these groups, many remain sceptical or feel a pension access scheme would not be helpful due to insufficient pension savings or other barriers. The policy is not seen as a "silver bullet" and would need to be part of a broader package of measures to meaningfully increase home ownership.
- Based on our findings, it is also unclear whether everyone who could use pension savings towards a deposit would do so. The details and framing of implementation of any policy in this space will likely make a difference to adoption rates and attitudes. Actual uptake could thus be lower than eligibility under different designs of a scheme.

Chapter 6

Conclusions and further considerations

Chapter 6: Conclusions and further considerations

Summary

The final chapter of this report brings together evidence from across the work to outline some of the considerations to inform any future debate around a pension access scheme in the UK.

- A pension access scheme could potentially reduce inequality, increase home ownership among at-risk groups, and support financial security in working and later life. But the greatest gains would likely be limited to a relatively small number of people who might have no other way to buy a home. In part because deposits are not the only barrier that people face to home ownership, and in part because pension savings may need more time to grow under the automatic enrolment system to make a more material difference.
- While many more could see more marginal benefits of using a pensions access scheme to accelerate home ownership, this group would also face complex trade-offs. Widening access through a more generous policy design could increase the risk both individuals as well as the wider housing and pension systems in the event that large numbers of people opt to use their pension savings, even if they don't need to. This includes risks to house prices from demand-led initiatives, and to investment returns from any need for liquidity. A more restrictive policy design is more likely to limit access for those who need the most help to buy than those who could buy anyway, meaning that it could be difficult to a scheme that targets those groups who stand to gain the most while also minimising unintended consequences
- Further topics for consideration include aspects around design and implementation. Additional research is needed to gain a more nuanced understanding of potential benefits, risks and reach of a pension access scheme.

6.1 Conclusions

The purpose of this report is to strengthen the evidence base and improve the quality of debate around allowing early access to pension savings for home ownership in the UK. Our research was not intended to reach firm conclusions or advocate for **or against these approaches. Instead, we aimed to begin building UK-specific evidence to inform a discussion that has started gaining momentum.**

Given the complexity of the overarching research question, unsurprisingly the overriding conclusion of the research is 'it's complicated', with more questions raised and further work needed if the approach were to be given further consideration. In Chapter 2 we present some of the arguments raised on both sides of this debate and that came through in our expert interviews and desk research. The analysis and the research with the public that we have conducted for this project bear many of these out.

The analysis presented in Chapter 3 makes clear that, for some people at least, using pension savings to buy a home would make a very material positive difference to their financial wellbeing. We see evidence that allowing access to pension savings could be particularly beneficial for certain groups who might otherwise find it difficult to save enough for a deposit:

- **Those without financial support from family**, thereby narrowing the gap to those who can buy with the help of the 'bank of mum and dad'. Support for using pensions towards a deposit was strongest among those who rent privately without financial help towards a deposit.
- **35-to-44-year-olds**, partly because they are more likely to have enough pension savings than younger groups on account of more years in work, and partly because they are likely to have more working years to pay off their mortgage than older groups.
- **Higher earning single-income households**, among whom many find it hard to save for a deposit because their rent typically consumes a larger share of their income but may have higher pension savings on account of their earnings.

We find that **pension pledging models** could provide comparable benefits to early access withdrawal models, but without the trade-offs associated with lower income in retirement. However, such models would likely be considerably more complex, and take longer, to implement.

At the same time, there is a need for significant caution towards allowing access to pension savings, for a number of reasons:

The true benefits may be limited, and effective targeting would be difficult.

Throughout the research, we see the same distinction coming to the fore: between those for whom a version of this policy could make a significant or binary difference for their prospects of ever owning a home; and those for whom accessing pension savings to buy a home would be helpful but not essential.

The former group could see a large benefit for their overall wealth and income in retirement, both because they accumulate a housing asset by the time they retire and because they avoid the potentially significant costs of renting through retirement. For the latter group, the merits of the idea are less clear cut, with a more direct trade-off for using pensions assets in the form of reduced income in later life.

Crucially, the former group appears to be small compared to the latter group, largely because:

› **People whose income makes it hard to save for a deposit outside a pension are also less likely to have enough pension savings for a deposit**. Pension savings will have grown since the data was collected, but for a pension access scheme to make a difference for more people, they would need to be allowed to use *a* higher share of their pot, further impacting their income in retirement under a withdrawal model. If the policy only applied to first-time buyers, it would exclude many older people who have previously owned but now rent, for a variety of reasons which are often beyond their control.

› **People whose income makes it hard to save for a deposit outside a pension are also more likely to face other barriers to home ownership**. These include mortgage affordability criteria, low or variable income, lack of supply of suitable homes and poor credit history.

In more cautious policy design scenarios, the opportunity to make use of pension savings for home ownership is also considerably biased towards higher-income households. Many low- to moderate-income households – the group most vulnerable to the financial risks posed by private sector rents – would be excluded.

Targeting those for whom access to their pension savings would be the only way to home ownership might seem appealing given the trade-offs. However, it may be prohibitively complex, as it can be difficult to identify those who don't have sufficient cash savings today but may go on to build up enough accumulate sufficient savings for a deposit in the future. Additionally, targeting might lead to unintended behavioural consequences, for example, with people saving less outside their pension.

We also find a third group of people, those who might never be able to buy their own home yet still need affordability, stability and security from where they live. For these people, growing levels of institutional investment from pension funds could help to support the supply of social and affordable housing. We explore this further in a short report that will be published in Spring 2026.

Scheme design would drive eligibility, but more flexible design would increase the risk of negative outcomes.

More cautious variants of a pension access scheme would result in a relatively low number of households who might gain the most substantive benefits from using their pension to buy a home. For example, we modelled the policy with a 25% cap on the proportion of the pension fund that could be used. Increasing this percentage would increase eligibility, including for those on lower incomes.

But widening eligibility through policy design or lending markets could mean that **low-to-moderate income households have to take on greater risk, and potentially higher mortgage costs, to use their pension savings** towards a home. In particular, there is the concern that removing a higher proportion of pension savings for a lower deposit percentage and with a higher loan-to-value ratio increases the risk of a default scenario in which both the property and a significant proportion of pension savings are lost. These households might also not have the financial means to deal with other costs of home ownership, such as an increase in interest rates or large repairs, without damage to their financial wellbeing.

Measures that widen access for people who *need* to use their pension to buy a home will also widen opportunities for those who might *choose* to do so. We find that the size of this latter group could be substantial, and evidence from other countries suggests the same. Along with a larger group of people who might need a pension access scheme, this could result in potentially much larger take-up and high overall withdrawals from the DC pension system without the same clear-cut financial security benefits. At the very least, people in this group may need access to advice and guidance to support decisions based on complex trade-offs. At this point, it is very unclear where such support would come from, how it would be regulated or whether housing supply would be sufficient to meet demand.

In all cases, estimating the number of people who might use their pension savings towards home ownership is made more challenging by uncertainty in future developments of the housing market and pension system, due to, for example, themix and availability of supply, affordability and policy changes.

Higher take-up also increases systemic risk and interactions

From both our expert interviewees and our research participants we heard the concern that a scheme like this, operating on the demand side of the housing crisis, risks increasing house prices – a risk that is perceived to have played out both with previous housing interventions in the UK and in international examples.

We also heard, especially from our expert interviewees, the concern that introducing significant liquidity requirements into the pension system could start to interfere with the general move – in line with the Government's productive finance agenda – towards investment in private markets, such as infrastructure, which are illiquid in nature. Further work would be essential to understand these risks.

Public attitudes are mixed and there could be unintended consequences for public trust in the system

The idea of accessing pension savings to support home ownership generates mixed opinions among the UK public. Support for the idea is stronger among those who stand to gain the most and who find saving hardest than among those who might not need a pension access scheme – another reason to think that further consideration may be merited. But across all groups there is a strong sense that this approach shouldn't be *necessary* – that allowing or encouraging people to access pension savings in this way may be a "sticking plaster" to address a more fundamental underlying problem in the housing system.

Our research indicates that public consent for a policy that allows access to pension savings for home ownership may be difficult to achieve and maintain. This also means that not everyone who could access their pension savings under a specific policy would choose to do so, adding to the uncertainty over how many people might actually make use of a corresponding scheme.

As the Government's Pensions Commission considers wider changes to the UK pension system, it will be important to assess the idea of a pension access scheme in the context of wider policy proposals to avoid risking the strong support that has been built for automatic enrolment.

6.2 Potential further considerations

A pension access scheme could provide a significant overall improvement to some people's psychological and financial security, both today and throughout retirement. Based on that finding, many will want to see this idea given further consideration. But as this research makes clear, there are also significant potential risks and trade-offs, highlighting a number of questions that warrant further investigation.

The following list is intended to provide an outline of factors that could inform further discussions around the idea of using pension savings to support home ownership. It is not exhaustive, and will no doubt be extended if the debate continues.

Objectives and interactions with other schemes

› What are the **aims of a potential pension access scheme**? Should it increase home ownership among households who might otherwise never be able to buy, accelerate home ownership among a much larger group of people who are already close to buying their own home, or both?

› How might such a scheme **interact with other changes to the pension system** under consideration? Where do ideas around access to housing fall in a prioritisation relative to others? How might a potential scheme **interact with current or future pensions initiatives** including the increased focus on pension scheme investment in illiquid assets, and other ‘increased flexibility’ proposals such as integrating emergency savings with automatic enrolment?

- Should a potential pension access scheme **be available instead of or as well as current or future housing initiatives** including the Lifetime ISA, Mortgage Guarantee Scheme, First Home discounts, shared ownership, right-to-buy, particularly where initiatives include other tax reliefs or housing subsidies?
- Is there a way to help **those without eligible pension savings** including public sector workers with DB pensions, and self-employed workers and others not benefitting from automatic enrolment into home ownership through similar approaches?

Eligibility and design

- Who should be able to use their pension savings to buy a home - should a scheme be **targeted or universal**? If targeted, by what measure (s) (age, income, region, first-time buyers only or all renters, having other savings or support for deposit)?
- If a potential scheme is intended to increase home ownership overall, **what parameters would be acceptable to widen access** to groups who need the most support, what trade-offs could more generous designs create and would it matter if they increased the number of people who might choose to use their pension savings even if they don’t need to?
- **How much pension savings** should people be able to access, and what are the tax implications? 25% would be congruent with current tax-free lump sum rules; allowing access to higher percentages would create further complexities. But would withdrawals be deducted from a future tax-free lump sum and if so, how would this work in practice?
- Should there be **conditions on the type of home** that people can buy, including value, age, location, condition; or would restrictions concentrate demand in certain segments of the market?
- Should people be able to withdraw or pledge their pensions **towards other people’s homes** (for example parents and children)?

Implementation

- **When should a potential scheme become available** and what does the timeframe mean for decisions or compromises around its design? If it were available earlier, it may be better placed to help today’s cohort of renters over 35 into home ownership. Making the scheme available later, or introducing a scheme that requires people to build up future savings would allow greater time for transition but could mean that renters currently in their thirties and forties remain locked out of home ownership.
- Who would be responsible for providing **advice or guidance** to help people determine if it was a good idea, could it be made widely affordable, how would it be regulated?
- What other **regulatory changes** might be needed to support a potential scheme, including those around safety and environmental standards for property?
- What implications could opening access to pension savings for home ownership have for pension assets after a **divorce/separation**?
- What protections and processes would be needed to manage risk from **default**?

6.3 Further research

This report provides initial evidence to inform the current debate on whether to allow people to use their pension savings to buy a home. However, its scope is necessarily limited, and in addition to the considerations outlined above, we believe that additional research would help a more nuanced debate:

- **Who benefits from a pension access scheme, and by how much?** Chapter 3 analysis models the impact of a pension access scheme for a median household buying an average first-time home with typical running costs, alongside projected growth in pension pots and property prices. This approach overlooks the complexity of individual financial situations and uncertainties around property values, maintenance costs, and more. Given the additional risks that low- and middle-income households would face under a pension access scheme, and their potentially lower ability to absorb such risks, further modelling of a broader range of outcomes is essential – while recognising that no model can capture every possible scenario.

- **For how many people would a pension access scheme turn lifelong renting into home ownership?** Chapter 4 explored the number of households who, under a range of scenarios, didn't have enough cash savings for a 10% deposit but could have met the threshold by using up to 25% of their pension savings at the time the data was collected. Identifying how many of these households might have no other way to buy a home, either now or in the future, is challenging. Further work to better understand the number of people for whom a pension access scheme could genuinely be the difference between owning and renting will be necessary to understand the benefits, and ways in which it could be effectively targeted, in more depth.
- **What is the benefit of buying a home sooner?** Chapter 3 finds that, while less clear-cut, buying a home earlier with a pension access scheme may still offer benefits compared to waiting to save enough for a deposit through other means. Even when a pension access scheme is not essential for homebuyers, it could still ease financial pressures during working life. If these benefits are substantial and affect a large number of households, they could strengthen the case for an untargeted policy.
- **What would be the expected actual take-up?** Our research shows that public views on a pension access scheme are divided and nuanced, so eligibility would most likely not equal take-up. While predicting behaviour is difficult and there is considerably uncertainty over wider dependencies, further research into intentions could help build a clearer picture of likely numbers.

We hope the research presented here informs current discussions – and as ever, we welcome feedback and ideas on how else the evidence base for future decision-making could be improved.

Contact us:

—

insight@nestcorporation.org.uk

To find out more, visit our website:
nestinsight.org.uk

—

—

Image credits

Front cover: esdras700 / Adobe Stock

January 2026