



The number of people in the UK who have a disability – a physical or mental impairment with a ‘substantial’ and ‘long-term’ negative effect on their ability to carry out normal daily activities, according to the definition in the 2010 Equality Act – has been growing steadily for years. In 2023, 16.1 million people in the UK had some kind of disability – almost a quarter (24 per cent) of the population, up from 18 per cent in 2003, according to the DWP’s *Family Resources Survey*. That included 23 per cent of working age adults and 45 per cent of those old enough to draw a state pension.

There are many different types of disability, but there are some things that many disabled people are likely to have in common. One is that they are less likely to be employed: 51 per cent of men and 54 per cent of women with disabilities were in paid work in 2024, compared to 84 per cent and 79 per cent of non-disabled men and women (figures from the Office for National Statistics). A disability may make it too difficult for someone to work, or to work all the time, but there is also clearly still plenty of discrimination – both active and unconscious – in workplaces. The enormous numbers of buildings and public transport facilities that are still inaccessible to many disabled people create further barriers to employment.

The result of this disability employment gap is a huge disability pensions gap. Many disabled people accumulate little or no occupational or private pension savings before retirement, forcing them to rely on the state pension and benefits. In spring

### Summary

- While life has improved for many disabled people in the UK in recent years, overt or unconscious prejudice in the workplace and practical difficulties mean many either cannot work, or are employed in roles that are part-time and/or not well paid. This disability employment gap has created a disability pensions gap.
- Carers and the parents of disabled children are also likely to find it more difficult to work, or to save for retirement.
- Some pension providers and employers are working hard to improve the way they treat savers or employees with disabilities to help alleviate these issues, but there is much more room for improvement.
- Further intervention from policymakers may be necessary, in relation to the way employers and pension providers meet the needs of people with disabilities.

# Closing the disability pensions gap

**Many people with disabilities are unable to accumulate significant occupational or private pension savings, in part because of the difficulties to find work and the struggles they may face within the workplace. David Adams looks at what the pensions industry, employers and policymakers might do to help ensure more disabled people can enjoy a better income in retirement**

2025, a report produced by the Pensions Policy Institute (PPI) with Now Pensions found that people with disabilities had the lowest pension income of all the ‘underpensioned’ groups it identified, reaching just 43 per cent of the UK average.

Scottish Widows’ *Retirement Report* for 2025 found that 54 per cent of people with disabilities risk not reaching a ‘minimum’ lifestyle income in retirement (£14,800 for a single person and £23,100 for a couple, as defined by Pensions UK), compared to 35 per cent of non-disabled people. Only 19 per cent of people with disabilities will enjoy a ‘comfortable’ retirement income (£44,400 for one person, £60,800 for a couple), compared to 34 per cent of the non-disabled.

“They don’t have as much employment activity so are unable to

build up private pensions,” says PPI senior policy analyst, John Adams. “When they are employed they are more likely to be part-time, which reduces their capacity to build up pension savings.” This also means disabled people are likely to earn less than the £10,000 level, which triggers auto-enrolment.

### Barriers to saving for retirement

Further problems may lie ahead: July 2025 research from Barnett Waddingham found that only 19 per cent of people with long-term health conditions or disabilities had fully considered the costs of long-term care, while 40 per cent had thought about this but not made any provision for it within their retirement planning.

Non-disabled parents of disabled children also lose out: Research from

the People's Partnership has found that as well as suffering physical and mental health problems and practical difficulties while supporting their children, these parents lose earnings if they give up work, or work less, and through a lack of career progression either way; while also facing increased household costs, which make it harder to save for retirement.

Less time spent in employment also leaves gaps in someone's National Insurance (NI) contribution record, making it less likely they will receive a full state pension in retirement.

"A large percentage of people with long-term health conditions or disabilities will have an incomplete record of NI contributions," says Disability Rights UK editor of the *Disability Rights Handbook*, Ian Greaves. Nor is relying on the state necessarily an easy option, with the processes of applying for benefits as either a disabled person or a carer filled with bureaucratic complexity around eligibility rules for benefits or allowances at different times of life and in different circumstances.

Clearly, people with disabilities could be better served by the pensions industry, by some employers and by the state. So what could be done to help more disabled people enjoy a better standard of living in retirement?

People's Partnership customer engagement director, Allie Jenkin, says it has redesigned staff training programmes to help them identify and respond appropriately to different types of vulnerability among its customers; and has invested in a range of improved human and technology-based forms of support and assistance for them. This includes using accessible communications formats such as Braille and EasyRead, and assistive technologies like screen readers.

Scottish Widows vulnerable customer lead, Niamh Whelan, says the company has designed its app with input from people with disabilities and other vulnerabilities.

"It was important to us to make it

user-friendly, with clear information and engaging visuals," says Whelan. "The simple design and navigation are particularly beneficial for individuals with cognitive or physical challenges. To be truly inclusive we need to be having those conversations and gathering feedback at every step of the way."

"I think providers have started taking some useful steps," says Zedra Governance managing director and professional trustee, Kim Nash. "Awareness of vulnerable members is much higher than it used to be."

**"Both the industry and policymakers must ensure that accessibility and inclusion are built into systems and services by design, not treated as optional add-ons"**

She believes these issues will become even more important in future. "As we start to think about guided retirement and targeted support in the DC space, segmentation strategies should consider physical disability as a factor likely to affect life expectancy and retirement planning," Nash suggests. "Both the industry and policymakers must ensure that accessibility and inclusion are built into systems and services by design, not treated as optional add-ons."

Jenkin suggests that employers provide accessible and tailored information about pensions and retirement planning to employees, as well as one-to-one guidance. But she also stresses the need for more employers to offer "genuine options for flexible working, without stigma or negative impact on career progression" to help people with disabilities find and retain employment.

"Organisations that embrace flexible, inclusive working practises are likely to see stronger staff engagement and loyalty,"

she says. "But as a society we have a long way to go to ensure that flexibility is the norm, not the exception, and that it doesn't come with hidden penalties."

### Closing the gap

A similar call to action is found in a Society of Pension Professionals (SPP) paper on disability within diversity, equity and inclusion strategies, produced in partnership with the charity Disability Rights UK. The latter organisation is a founding member of the Disability Employment Charter, a coalition of organisations that is calling on employers and government to implement changes to close the disability employment and pay gaps – which would, in turn, help close the disability pensions gap.

Those changes might include setting targets for employing people with disabilities and reporting on progress towards those targets; and revision of recruitment processes to ensure they are inclusive and accessible. Employers could make use of the government's Access to Work scheme, which can help support workers with disabilities by funding transport to work or purchase of specialist equipment. Disability Rights UK and the SPP suggest that businesses within the pensions industry could lead by example, by making these changes.

Policymakers could help too, by continuing to encourage employers and the pensions industry to take the needs of people with disabilities into account.

"The Pensions Commission should also look at whether the pension system treats disabled people fairly and whether further reforms are needed," says Jenkin.

Indeed, while moves to help ensure disabled people have a decent income in retirement form part of a broader drive to help everyone save for retirement, pensions providers, employers and policymakers could certainly be doing more.

 **Written by David Adams, a freelance journalist**