Helping savers understand their pension choices

Comment from the Association of Consulting Actuaries (ACA)

ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE: IMMEDIATE

ACA says members` appreciation of pensions requires an early start

25 July 2022: The ACA has responded to the DWP consultation on helping savers understand their pension choices. The response welcomes the intent behind the consultation but stresses that to achieve the goal requires action much earlier than the period immediately ahead of retirement.

Commenting on the response, Tess Page, ACA DC Committee Chair said:

"To achieve the goal of helping savers understand their pension choices, it is critical to go beyond the period pre-retirement in order to engage individuals throughout their journey, including when in education before entering work, and post-retirement.

"Providing information and support (however well-designed and delivered) only around the retirement point will fail if engagement has not been built and maintained throughout.

"The majority of members of occupational pension schemes are invested in a default investment strategy during the accumulation phase and can be part of a scheme without ever needing to make a single active decision on investments or benefits. The at-retirement and decumulation world marks a significant departure from this arrangement.

"In future, we see key roles for low cost, transparent, and easy-to-manage income drawdown products to better support individuals, including potentially via "default" decumulation pathways that mirror the FCA's investment pathways. CDC schemes will also have a part to play. There is much scope for industry innovation in decumulation."

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About the Association of Consulting Actuaries (ACA)

Members of the ACA provide advice to thousands of pension schemes, including most of the country's largest schemes. Members of the Association are all qualified actuaries and all actuarial advice given is subject to the Actuaries' Code. Advice given to clients is independent and impartial. ACA members include the scheme actuaries to schemes covering the majority of members of private sector defined benefit pension schemes. The ACA is the representative body for UK consulting actuaries, whilst the Institute and Faculty of Actuaries is the professional body.

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