ACA STUDENT ESSAY COMPETITION · RUNNER-UP

Improving Pension Adequacy & Engagement in the UK

Three reforms, proven abroad, built for the UK



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We shape our buildings, and afterwards our buildings shape us.

Winston Churchill · House of Commons, 28 October 1943



Tonight: a SWOT analysis of the UK pension system, and a package of recommendations on increasing contributions, sidecar savings and decumulation pathways.

A system designed for a world that no longer exists

As the need for long-term financial security adapts to a rapidly evolving global landscape, the value and stability that pensions provide have never been more critical.

88%

of eligible workers auto-enrolled — around 22 million employees

14.6m

people in the UK under-saving for retirement

87%

of middle earners saving below the 15% benchmark for a comfortable retirement



We have ushered millions through the shop front — only to leave them in the aisles with a basket that cannot feed them in old age.

Sources: DWP (2025a); Cribb, Emmerson & Karjalainen (2025); TPR (2025).

SWOT: strong infrastructure, shallow outcomes

Strengths

- Auto-enrolment: 22m employees, 88% of eligible workers
- Clear regulatory split: TPR (trust-based) and FCA (contract-based)
- DB funding at 125% (s179, March 2025); world's 4th-largest pension market

Weaknesses

- Depth: 87% of middle earners save below the 15% benchmark
- Coverage: self-employed pension saving stuck at ~17%
- Decumulation: only 1 in 5 DC savers has a plan to access their pension

Opportunities

- Pension Schemes Act 2026: Value for Money, megafunds, small-pot consolidation, guided-retirement duty
- Multi-employer CDC open for applications since 31 July 2026

Threats

- Political and regulatory volatility — the top strategic risk cited by schemes
- DB-to-DC shift moves investment and longevity risk onto individuals ill-equipped to bear it

Sources: DWP (2025, 2025a); Cribb, Emmerson & Karjalainen (2025); FCA & TPR (2022); PPF (2025); BNP Paribas AM (2025); Sweeting (2026); Pension Schemes Act 2026; PMI (2024).

Three synchronised reforms — one for each weakness

WEAKNESS: DEPTH

1

Raise contributions

LEARNING FROM

AU Australia

THE UK MOVE

8% → 12% over five years, with a handbrake

WEAKNESS: COVERAGE

2

A sidecar for the self-employed

LEARNING FROM

US United States

ZA South Africa

THE UK MOVE

5% of profits via Self-Assessment, split 70/30

WEAKNESS: DECUMULATION

3

Default pathways with longevity pooling

LEARNING FROM

NL Netherlands

AU Australia

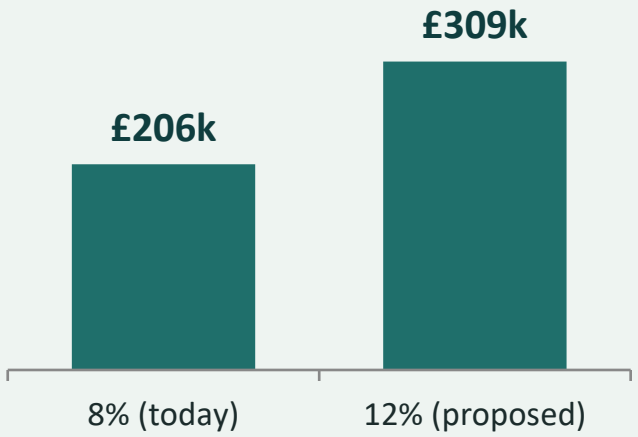
THE UK MOVE

Collective income as the default; one pot that follows the worker

"A building has at least two lives — the one imagined by its maker and the life it lives afterward — and they are never the same." **Rem Koolhaas**

1 Raise contributions: 8% is inadequate, 12% is proven

POT AT RETIREMENT · £35K EARNER

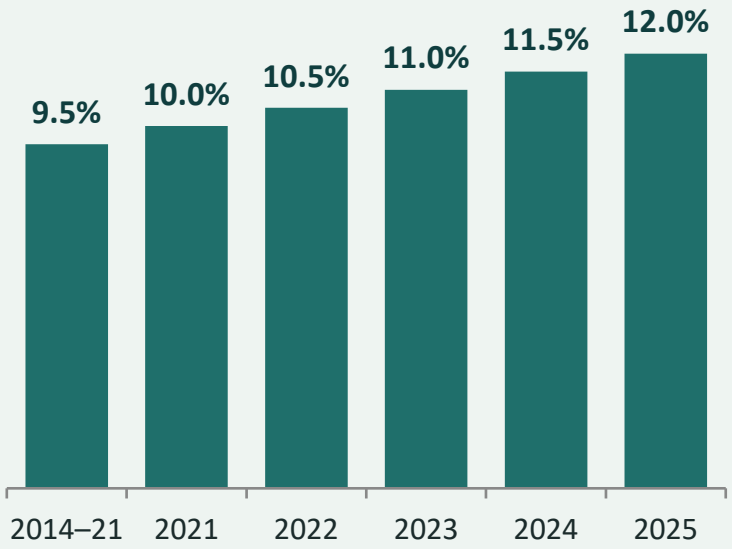


+£103k
more at retirement

57%→71%
replacement rate

Crosses the Turner Commission's 67% target
8% leaves a 10-point shortfall

AU AUSTRALIA'S SUPER GUARANTEE



Half a point a year from 2021: 12% of wages reached in July 2025.

UK THE UK PATH

Today	8%	5% employee 3% employer
Year 1	9%	
Year 3	10.5%	
Year 5	12%	employer share reaches 5%

Handbrake: pause the next step if real disposable income falls for a full year, or vacancies go below 1.5% or above 3.5%. Lever: Pensions Act 2008.

Illustrative: £35,000 salary, contributions on full salary, 35 years, 4% real return.
Sources: IFS (2023); Cribb et al. (2025); WPI Economics (2024); Australian Taxation Office (2025); Standard Life (2025). UK path: proposed.

2 A sidecar for the self-employed: design around liquidity fear

THE UK GAP

17%

of the self-employed save into a pension. The barrier isn't will — it's liquidity fear.

WHAT IS A SIDECAR?

An easy-access pot beside the pension. Saving no longer means losing access to cash.

70%
PENSION
locked for retirement

30%
SIDECAR
open any time

PROVEN ABROAD



United States · SECURE 2.0
Emergency sidecar up to $2,500 inside the plan, penalty-free.



South Africa · two-pot (2024)
⅓ accessible, ⅔ locked for retirement.

UK THE UK APPROACH — COLLECTED THROUGH HMRC SELF-ASSESSMENT

1. **Declare** Profits are declared through Self-Assessment, as now.
2. **Collect** HMRC calculates 5% of profits above £10,000 and collects it with payments on account.
3. **Split** 70% to the pension · 30% to a liquid sidecar pot (new ISA variant).

WORKED EXAMPLE · PER YEAR

Profit	Saved	Pension	Sidecar
£20,000	£500	£350	£150
£30,000	**£1,000**	**£700**	**£300**
£50,000	£2,000	£1,400	£600
£100,000	£4,500	£3,150	£1,350

AMBITION

65–75%

self-employed coverage within five years — up from 17%

PUBLIC UNDERSTANDING

- **Show income, not pot size**
- **Plain, consistent language**
- **Retirement Living Standards as targets**
- **Life-moment nudges + Pension Wise**
- **Dashboards + FCA targeted support**
- **Financial education in schools & advertisement**

Sources: Nest Insight (2024); DWP (2025); SECURE 2.0 (IRS; Fraser Stryker on PLESAs); National Treasury / SARS two-pot system (2024); PLSA Retirement Living Standards; FCA targeted support. Ambition: author's projection.

3 Default pathways with longevity pooling: the Dutch lesson

Alone

Will my pot last 15 years — or 35? Only 1 in 5 DC savers has a plan.

Pooled

Mortality risk becomes stable and diversifiable across the cohort.

NL **Netherlands — Future Pensions Act (Wtp)**

- Contribution-based system that pools longevity risk through retirement
- Every fund must complete the transition by 1 January 2028

UK THE UK'S GOLDEN WINDOW

31 Jul 2026	Multi-employer CDC opens
2026 Act	Guided-retirement duty on DC schemes

PROPOSAL

A default pathway centred on a collective longevity pool — lifelong, inflation-linked income, no new employer liability

Sources: Chambers Pensions 2026 – Netherlands; Pension Schemes Act 2026; TPR (2026) multi-employer CDC; Sweeting (2026).

3 One pot, one plan: the Australian lesson



Stapling

Your pension follows you job to job

AUSTRALIA · SINCE 2021



Sweeping

Dormant small pots merge automatically

AUSTRALIA · SINCE 2019



Income Covenant

Every scheme must plan the drawdown

AUSTRALIA · SINCE 2022

UK

THE UK APPROACH

One pot per worker — like one National Insurance number — and a duty to plan the drawdown.

Sources: Austpayroll (2021) stapling; ATO, Protecting Your Super (2019); SuperGuide (Retirement Income Covenant, 2022); Pension Schemes Act 2026.

We do not need to reinvent the wheel

AU	AUSTRALIA **Contribution discipline**	1	**Raise contributions to 12%**
US	UNITED STATES **Behavioural automation**	2	**Cover the self-employed**
NL	NETHERLANDS **Collective solidarity**	3	**Pool longevity at retirement**

“In the long run we are all dead.”

John Maynard Keynes, A Tract on Monetary Reform (1923), p. 80

But many of us will live into our late eighties and nineties. Paying for those years is the problem a pension exists to solve.

Thank you

Q&A

If stewarded well, the system we have built can turn near-universal participation into an adequate, secure income for life.

We don’t need a new system. We need the will to finish the one we’ve built.

Appendix: key sources

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- ATO (2019) Protecting Your Super; Austpayroll (2021) stapling
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- National Treasury / SARS: two-pot retirement system (2024)
- Chambers Practice Guides (2026) Pensions – Netherlands
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- DWP (2025a) Small Pots Delivery Group; DWP (2026) Pensions Commission
- Cribb, Emmerson & Karjalainen (2025) Oxford Rev. Econ. Policy 41(1)
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- Standard Life (2025) Auto-enrolment: rising to 12%
- Sweeting, P. (2026) Pensions Expert, 23 March
- TPR (2025) Adequacy; TPR (2026) multi-employer CDC
- PPF (2025) Purple Book; PMI (2024)
- WPI Economics (2024)
- BNP Paribas AM (2025); Thinking Ahead Institute (2026)
- FCA & TPR (2022) Regulatory strategy update