Do not edit
How to change the design

Join at slido.com
#9445489

The Slido app must be installed on every computer you're presenting from

slido

ACA working group update

Pensions Adequacy

INTRODUCTION

Introduction

01 Who are the working group?

- Hannah English, Hymans
- Rich Evans, Isio
- Isabella Gardiner, PwC
- Steven Leigh, Aon
- Saye Mkangama, PwC
- Tessa Page, Mercer
- Laura Sherry, XPS

02 Objectives?

- Develop holistic and practical solutions to the adequacy challenge
- Engage with Government to influence direction of change
- Share insights to inform the work of the Pensions Commission

03 What will we cover today?

- Our initial work and ideas
- Planned next steps
- Seeking your initial feedback

Background

Background

£8,400

The average person receives around **£17,750** when the State Pension and benefits are included.

Pensions UK defines three annual retirement budgets:

Minimum

£13,400 | 80% of DC savers on track

Moderate

£31,700 | 40% of DC savers on track

Comfortable

£43,900 | Less than 20% of DC savers on track

What do these budgets not include:

- Rent or mortgage costs
- Rising food and energy costs, and
- Limited public transport in rural or deprived areas

11 million

workers are underpensioned

Disproportionately affected:

01 Multiple job holders

02 Women

03 Carers

04 People with disabilities

05 Ethnic minority groups

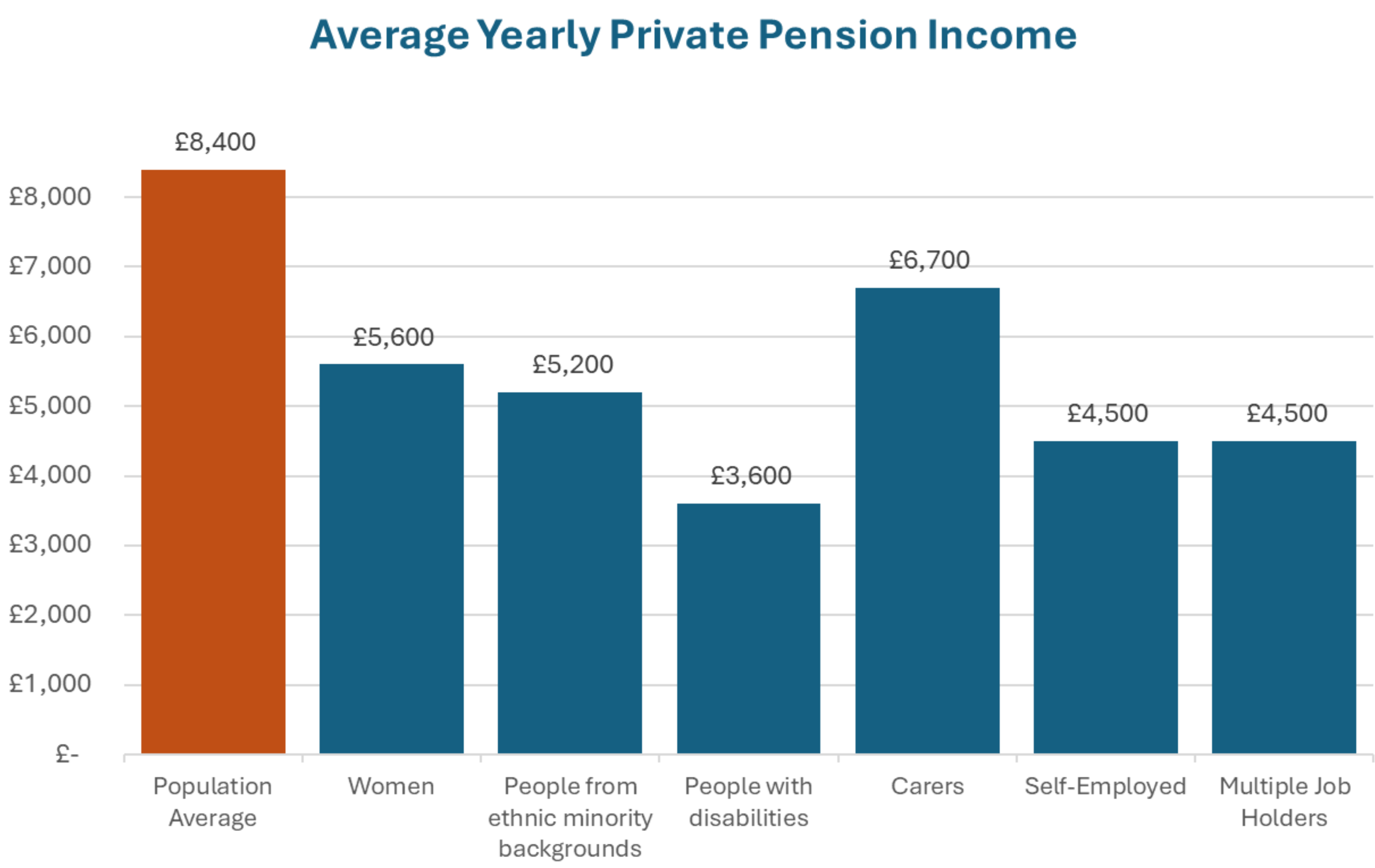
06 Self-employed

Source: Pensions Policy Institute

Underpensioned Groups

How much are groups effected by?

Is it getting better?



Source: Pensions Policy Institute

Underpensioned groups

1-in-3
01

Nearly 1 in 3 women aged 80–84 have no private pension, compared with1 in 6 men.

Single mothers and Divorced women
02

Single mothers and divorced women have incomes of between 59% and 62% of the population average – lower than women as a whole.

Low outcomes
03

Particularly low outcomes for Pakistani, Bangladeshi and Black African-Caribbean groups.

26% vs 16%
04

26% of older Black / African / Caribbean people live in poverty vs 16% of White people.

Higher Retirement costs
05

Retirement costs for people with disabilities are higher than Pensions UK assumptions. Disabled households require c£1,100 more per month.

20%
06

Over 20% of carers believe career breaks will not affect their pension.

Low participation
07

Only 18% of self-employed people contribute to a pension.

Differences across ages
08

Over half of self-employed people risk poverty with younger self-employed people faring the worst.

Why do these disparities exist?

01 Income inequality and low-paid work

02 Employment gaps, part-time work and fewer working years

03 Ineligibility for AE

04 Low minimum contribution levels under AE

05 Employer practices that favour higher earners

06 Lack of engagement, awareness and trust

07 Limited suitable pension options for some groups

08 Loss of pension value

Views of some other industry groups

01

Pension Policy Institute

- Strong evidence base on adequacy gaps and underpensioned groups
- Focused on analysis rather than policy prescription

02

DC providers / Mastertrusts

- Emphasis on engagement tools, defaults and decumulation pathways
- Less focus on contribution sufficiency or structural change

03

SPP

- Broad support for incremental reform to auto-enrolment
- Emphasis on delivery feasibility and employer impact

What can we learn from other countries?

- **Australia** — High mandatory contributions (12%)
- **Denmark** — High mandatory contributions, collective DC
- **Canada** — Strong state + earnings-linked pensions
- **Sweden** — Digital dashboard, defaults, high engagement
- **Iceland** — Near-universal mandatory occupational pensions (12-15%)

Initial ideas

Initial ideas for consideration

Auto-enrolment 01

Raising minimum contribution levels

Expansion of auto-enrolment

State related changes 02

Evolution or replacement of the triple lock

State pension means-testing

Stability in pensions tax policy

Online support and resources 03

Use of technology to personalise the savings journey

Dashboards and tools for holistic savings visibility

Alternative saving vehicles 04

Introduction of sidecar savings models

Support for CDC schemes

Carer’s pension top-up

Pensions sharing on divorce

NEXT STEPS

Next Steps

01 Reflect on feedback from today

02 Consider further analysis needed and other bodies / organisations we may want to partner with

03 Targeting end of March for full report

04 Ongoing work across the year as the debate evolves