Reinvigorating workplace pensions: the broad picture

Department for Work and Pensions

Objectives

Foundational level of income from the state	→	Single-tier
Increasing numbers saving privately	→	Automatic Enrolment
Saving into high quality schemes	→	Reinvigoration

- Increase the amount people save in pensions;
- Increase the amount people receive for their savings.
- Enable industry innovation and development of new products including those that will give people more certainty about their pensions and encourage more risk-sharing.
- Increase transparency and build trust, confidence and engagement in pension saving as the norm.
- Ensure the sustainability and stability of the UK pension system.

Good DC – key factors and enablers

Key factors

- Contributions – going beyond 8%.
- Charges – monitoring and encouraging self-regulation.
- Investment strategies – suitable default funds.
- Decumulation – supporting decisions and increasing flexibility.

Key enablers

- Governance.
- Communications.
- Scale?

Where does Defined Ambition fit in?

- Consumers value certainty – pure DC does not provide the same level that DB did.
- Some risk-sharing already exists – can we encourage more?
- Working collaboratively with partners to explore options.
- Need to consider the incentives, particularly for employers.
- Fundamentally it's all about good quality schemes.

Engagement and information

- Small pots.
- Clearer, more transparent information.
- Support people to make decisions where we require them to.
- Looking to increase engagement – e.g. rules of thumb.
- Rating/assessment system for comparison between schemes.
- Good schemes and good savers.