Association of British Insurers

Five years on:
Future-proofing the freedoms

abi.org.uk

@BritishInsurers

@association-of-british-insurers

About the ABI

The Association of British Insurers is the voice of the UK's world-leading insurance and long-term savings industry. A productive, inclusive and thriving sector, our industry is helping Britain thrive with a balanced and innovative economy, employing over 300,000 individuals in high-skilled lifelong careers, two-thirds of which are outside of London.

The UK insurance industry manages investments of over £1.7 trillion, pays nearly £12bn in taxes to the Government and powers growth across the UK by enabling trade, risk-taking, investment and innovation. We are also a global success story, the largest in Europe and the fourth largest in the world.

Founded in 1985, the ABI represents over 200 member companies providing peace of mind to households and businesses across the UK, including most household names and specialist providers.

Contents

Executive summary

Chapter 1: Introduction

Chapter 2: Choice in retirement

Chapter 3: Customer financial behaviour

Chapter 4: Protecting consumers

Chapter 5: Making markets work for all

Chapter 6: Beyond the freedoms landscape

Chapter 7: More to learn

Conclusion: Future-proofing the freedoms

Overview

- Five years on from their introduction, the pension freedoms have revolutionised the retirement landscape. People now have far more choice in retirement, and over £30 billion has been flexibly withdrawn since 2015.
- However, people are navigating complex retirement decisions, often unsupported, and taking money out quickly.
- The most recent data shows that full withdrawals had increased to the highest level since the reforms, particularly among those age 55-64; and four in ten flexible income withdrawals were at an unsustainable annual rate of 8% and over.
- Current retirees are likely to rely on a mixture of Defined Benefit (DB) and Defined Contribution (DC) pensions. As a result, they may not face financial problems if they exhaust their DC pots. But in the future, more people will rely on DC pensions, often exclusively. This means there will be much more at stake when they make retirement decisions.
- More safeguards and support are needed to future proof the freedoms and to prevent risks to consumers now and in the future. This report proposes a package of reforms and actions:
    - Shift the boundary between advice and guidance.
    - Introduce a later-life review, a clear framework for the delivery of guidance and implement the lessons from trials of a nudge to guidance.
    - Make risk warnings mandatory if DB scheme members ask for a transfer, and strengthen the regulation of pension scams.
    - Explore ways to support customers to make sustainable withdrawals.
    - Improve provider communications to support those making decisions in retirement, as explored in a separate ABI report published alongside this one.
- The pension freedoms successfully made the market much more flexible. But it remains a young policy and it will be many years before we will be able to assess their true impact on people's retirement outcomes.
- Industry, government, regulators and stakeholders need to collaborate in the interest of present and future retirees to ensure the policy works for them in years to come.

Executive Summary

The introduction of the pension freedoms in 2014/15 revolutionised the retirement landscape. People now have far greater choice in how to shape their retirement finances, and the policy is working well for many. However, this greater flexibility entails more risks and means that people need more support and safeguards.

Five years on, it is important to take a step back and consider where the market is working well, and areas that could benefit from improvement. This is the first of two reports from the ABI in 2020 to mark these first five years. This report:

- **Looks back** at the impact of pension freedoms, the benefits to consumers, and the risks.
- **Assesses** how well those risks have been mitigated, and what problems are still present.
- **Presents** a package of reforms to address the risks to savers.
- **Looks forward** to problems that could emerge in the future and how to fill evidence gaps.

This includes an assessment of solutions put forward by stakeholders, and a set of actions that can be taken forward now by industry, regulators and the Government. Delivering these changes collaboratively will improve outcomes for present and future retirees.

In November, we will report back on our progress, update on new research and evidence, and consider further interventions that may be required as a result.

Supporting decision making

Providing clear and effective information, guidance and advice is key. People face behavioural biases, complex decisions and varying levels of financial capability when navigating the post-freedoms world.

There is more support available to customers now than in 2015. The establishment of the Money and Pensions Service (MaPS) is pivotal to helping decision-making and can build on the work of its predecessors. The Financial Conduct Authority's (FCA) changes to wake-up packs and risk warnings should help bring early engagement with simple messaging, and providers have invested heavily to improve communications with customers. Investment pathways will help people find the right investment strategies for their needs.

But take up of advice and guidance remains too low. More work is needed to help customers understand in-retirement decisions, especially how much to withdraw. Providers' communications would have more impact if the advice boundary was moved, allowing providers to say and do more to genuinely help their customers. This should be possible now that the UK has left the European Union and UK regulators are free to frame UK conduct regulation as they see fit.

We propose:

- Government and regulators shift the boundary between advice and guidance to achieve a step change in the support available to customers.
- MaPS sets a clear framework for the delivery of guidance, develops a later-life review, and works with DWP and FCA on the implementation of the lessons from the current trials of a "nudge to guidance".

Safeguarding consumers

Industry and regulators have already taken action to prevent customer harm when accessing the benefits of flexibility. Firms have a much stronger focus on vulnerable customers, partly prompted by the FCA's guidance. The FCA's new drawdown charge disclosure rules and a tool by MaPS to support shopping around on investment pathways also have widespread industry support. However further action is required to protect consumers.

Many people have transferred out of DB schemes to access the flexibility of DC, but it is important they can do so safely. Following well-publicised failures, the FCA should continue to strengthen the supervision of advice firms, but DB schemes should also have to communicate the risks more clearly themselves.

At the most extreme end of detriment, concerns about pension scams have heightened. Government has enacted a ban on pensions cold-calling and raised awareness alongside the regulators, but a clampdown on firms on the fringes of regulation is needed.

People are also facing unexpected tax charges, and the negative impact that the Money Purchase Annual Allowance (MPAA) is having on savers should be considered in greater detail.

We propose:

- DWP requires DB schemes to issue a letter at point of request for a DB to DC transfer with warnings of the risks.
- FCA bans unregulated investments in pensions to prevent pension scams.
- HM Treasury reviews the MPAA and its impact on consumers.

Consistency and certainty across pensions

Long-term savings policy is complex, and many wider policy areas impact retirement outcomes. Enhancing automatic enrolment could make pension freedoms more meaningful for more people. Savers also need certainty from the Government to help them plan, for example about future increases in Normal Minimum Pension Age (NMPA) and social care funding reform. A Retirement Commission could provide a holistic approach to tackling these issues.

More broadly, most people do not see the difference between trust-based and contract-based schemes; equivalent mechanisms are needed for occupational schemes to deliver the freedoms, including on wake-up packs, cost transparency, investment pathways and vulnerable customers.

We propose:

- HM Treasury legislates for its planned increase of the Normal Minimum Pensions Age to 57.
- Government establishes a Retirement Commission to advise on the policy changes needed for good consumer outcomes in later life.
- DWP and TPR introduce equivalents to FCA rules for occupational schemes.

The industry's commitments

This is a young policy and its impacts will not become fully clear for many years. The market is still developing, and macro factors will shape its future, including savings rates, interest rates, financial markets and the cost of a guarantee. Further research is needed in some areas: people's wider financial circumstances, the interaction of pension freedoms and the labour market, and approaches to sustainable withdrawals.

But many of the actions in this report can be taken now, and we would like to initiate discussion across the wider sector about how to future proof this policy.

We propose to:

- Explore how approaches to sustainable withdrawal rates could be delivered.
- Set out how providers can support those already in retirement through improved communications.
- Work with relevant organisations to fill evidence gaps.

Chapter 1
Introduction

The introduction of the pension freedoms in 2014/15 dramatically changed the pensions landscape. How people access their retirement income is now substantially different from previous generations. The policy has been popular, giving people more flexibility to shape their retirements.

The Government's announcement in March 2014 was unexpected, although it built on flexibilities introduced since 2010. At the time, there was disappointment about the lack of consultation with industry and other stakeholders in advance of such large and complex reforms, and the time required to implement them. Nevertheless, industry met the challenge, and began preparations for this seismic shift.

The full set of reforms came into force on 6 April 2015 following a transitional period in which industry and Government delivered the changes required. Whereas before, most people had little choice but to buy a guaranteed income for life[1], customers now had 6 options in line with the Government's policy aim to have greater choice in retirement[2].

The ABI's pension language guide[3] described these as follows:

- You can take your whole pension pot in one go
- You can keep your pension pot where it is
- You can take your pension pot as a number of lump sums
- You can get a flexible retirement income
- You can get a guaranteed income for life
- You can choose more than one option and you can mix them

Since this landmark change, much has been done to seek to ensure that the retirement market works well for consumers. This includes interventions from governments, regulators, industry and many others, and many of these are displayed in Figure 1.

Figure 1: Timeline of policy and regulatory developments from 2015-2020.

Date	Event
19 March 2014	Pension freedoms announced
27 March 2014 - 5 April 2015	Transition period
12 January 2015	Pension Wise unveiled
6 April 2015	Pension freedoms began
August 2015	Financial Advice Market Review launched
March 2016	Financial Advice Market Review final report published
July 2016	Retirement Outcomes Review Terms of Reference announced
April 2018	Work and Pensions Committee report on pension freedoms published
May 2018	Financial Guidance and Claims Act gained royal ascent
June 2018	Retirement Outcomes Review final report published
April 2019	Money and Pensions Service launched
May 2019	Review of Financial Advice Market Review and Retail Distribution Review announced

Though the introduction of this policy has led to more freedom and increased choice for consumers, there are also challenges across the retirement market. Many reports by parliamentarians, industry, think tanks and consumer bodies have pointed to actual and potential risks for consumers – especially that of running out of money in retirement.

Almost five years on from the introduction of pension freedoms, it is time to take a step back, review the current landscape and start discussing what more can be done to continue to deliver flexibility, value and protection for consumers, while securing the pension freedoms for the future.

[1] FCA (2018a) [2] HM Treasury (2014b) [3] ABI (2016)

While the report considers these challenges and the solutions proposed by stakeholders, we are not questioning the introduction of the policy. We believe that pension freedoms are here to stay, and in many cases, they have worked well for consumers in the short time since they were introduced. We are, however, questioning whether the current safeguards in place are sufficient to prevent long-term customer detriment. It will be many years before we know the actual outcomes for customers and understand their satisfaction with their decisions.

This report marks the beginning of a discussion phase for the ABI, as we take the temperature of the policy, and consider what steps should be taken next. After a long patch of uncertainty, December's General Election result seems to indicate a period of political stability. This is therefore a good opportunity to set out a package of reforms for the retirement landscape for the new Government and regulators to consider.

The report is structured as follows:

- **Chapter 2** sets out the changes made in 2015, and the impact that this has had on people's lives.
- **Chapters 3, 4 and 5** review challenges presented by the freedoms, actions that have already been taken to tackle these, and what further safeguards and support are needed.
- **Chapter 6** takes a broader look at the pensions landscape and explores what else beyond the remit of the freedoms needs to improve, in order to deliver good retirement outcomes.
- **Chapter 7** identifies what evidence gaps still remain.
- **The conclusion** summarises the recommendations of this report.

Chapter 2
Choice in retirement

The pension freedoms give people far greater flexibility in how they can access their pensions, and there is now a general consensus across the industry and government that a policy of this kind was needed, in spite of widespread recognition of the risks.

It is clear that consumers value greater choice when approaching retirement. The FCA's Retirement Outcomes Review noted that "many consumers have welcomed the pension freedoms and the ability to access their savings in ways they previously couldn't"[4] . Moreover, while critical of challenges posed by the changes, the Work and Pensions Committee's report also acknowledged that the policy rightly gives individuals greater ownership of their own money[5].

Interviews conducted with figures in the pensions industry in studies by Age UK [6] and the Defined Contribution Investment Forum (DCIF)[7] also confirm overall support for the policy, with the latter noting unanimity in the opinion that the freedoms are overall good for consumers. On the other hand, the study also found that just under half of pension providers interviewed said that more controls and protections are needed in the system[8].

Despite a positive reception overall, and improved levels of consumer choice, it is not a surprise that such a landmark policy has presented challenges and been subject to high levels of scrutiny from politicians, the media and the industry. This is unlikely to stop, and may increase when bad outcomes present themselves[9]. In particular, there is a growing belief across industry that more needs to be done to help ensure the market works most effectively, safeguarding future savers and helping them to avoid negative outcomes.

This is not a new concern. The past five years have seen Governments, regulators, industry bodies, charities, think tanks and others proposing solutions to emerging challenges from the pension freedoms, and some of these have been (or will soon be) implemented. Nonetheless, there is more to be done, now and over the coming decades, to prevent consumer detriment.

The risks will also change over time. As well as housing tenure and working patterns changing, the Pensions Policy Institute (PPI) found in 2018 that already half (49%) of individuals with DC, between 50 and State Pension age, have no DB entitlement[10]. The way pensions are accessed will need to be kept under continuous review.

Use of the flexibilities

The flexibility that the reforms was intended to deliver materialised almost immediately. A flexible income is now much more widely available to customers through drawdown. Compared to before 2014/15, (where flexible income had mainly been available through financial advisers with minimum pot sizes often over £100,000) most providers made flexible income available without advice with much lower minima or none at all[11]. It was made more widely available via customers' existing pension plans, in many cases at lower cost. The new choices provide a number of benefits to consumers:

- Customers can maximise lifetime returns by remaining invested for longer while still withdrawing a lump sum and/or some income.
- It enables customers to start retirement with a flexible income before potentially securing a guaranteed income later in life when annuity rates could be higher.
- It provides more flexibility in death benefits so that money could be passed on to a beneficiary as a lump sum, or an income, or within a pension without an extra tax penalty.
- Some in specific circumstances could benefit from using the freedoms to access their DB pensions, such as those with limited life expectancy, or those without a spouse[12].
- Lifestyling strategies in workplace pensions can also be adapted so that they no longer de-risk early on the assumption that the saver will buy a guaranteed income[13].

The freedoms have also benefited individuals in specific circumstances, for example, by enabling access to savings for practical reasons. For example, flexibility has helped people who are not wholly reliant on their Defined Contribution (DC) pensions to use their funds in ways that suited them - home improvements, supporting children, maximising leisure in their healthy years of retirement, or having ready access to funds[14].

Furthermore, this flexibility has also enabled people to access their pensions in more efficient ways and in circumstances where access to their funds is very beneficial. For example:

- Paying off debt, which may otherwise be accruing interest at a high rate[15].
- Allowing access to funds when it is urgently needed due to life events such as bereavement, illness or divorce. Some of the most striking examples from our members about their work with vulnerable customers have been in circumstances such as these[16].

[4] FCA (2018d) [5] Work and Pensions Committee (2018b) [6] Age UK (2019) [7] Defined Contribution Investment Forum (2019) [8] Defined Contribution Investment Forum (2019)
[9] PPI (2019a) [10] PPI (2018) [11] ABI (2017b) [12] HM Treasury (2014c) [13] PPI (2019c) [14] Ignition House (2017) [15] ABI (2017b) [16] Age UK (2019)

- Claimants of means-tested state benefits are able to access their pension rights as capital, rather than as an income. While the rules are complex and prohibit deliberate deprivation, they can take money from their pension in a way that suits them and their benefits are not reduced to the same extent as if they took a regular income and may even increase[17].

It may well be preferable to use other sources of income or assets, or support from the state, for these purposes. However, in the absence of those other sources, pensions have proven useful to many.

Some of the concerns that were immediately raised about the impact of pension freedoms have not come to pass in the last five years, or only in a limited way. The so-called 'dash for cash' has been mostly limited to smaller pots and tax-free lump sums. Most pots remain untouched[18]. The propensity to take lump sums early is still a concern, as these are pensions that could otherwise have grown and provided an income.

Meanwhile, speculation about the 'death of the annuity' was proved wrong. The guaranteed income market has held its own and has growth prospects. While guaranteed income sales fell substantially in 2015, they are now steady with over £1 billion in each quarter since 2017[19]. The market is also working more effectively than when it was the only choice for many people. The average pot size used to buy a guaranteed income has risen from £36,800 in 2014 to £67,200 in H1 2019[20]; around 50% of guaranteed income products are now bought on the open market with the age profile shifting towards older customers[21].

The numbers also speak for themselves in terms of popularity, with HMRC data showing that over £30 billion has been flexibly withdrawn since the changes in 2015[22]. This figure will be higher once small pots and tax-free cash is considered. While this figure is striking, Office for National Statistics (ONS) data shows that total private pension wealth in Great Britain was £6.1 trillion between 2016 and 2018[23].

Notwithstanding the need for more safeguards to protect future savers, the positive impact on future retirees should not be overlooked. Research indicates that 38% of savers below the age of 55 see enhanced flexibility as a reason to consider saving more[24].

[17] Benefits in the future (2018) [18] ABI (2017b) [19] ABI Statistics (2019) [20] ABI Statistics (2020) (H1 is April-September 2019)
[21] ABI Statistics (2019) [22] HMRC (2020a) [23] Office for National Statistics (2019) [24] Aviva (2018)

Chapter 3

Customer financial behaviour

Improving understanding and financial capability

It is often said that there are contradictory approaches to two of the biggest pension policy changes of the last decade. While automatic enrolment relies on inertia, the pension freedoms require a level of understanding and active decisions from future retirees.

The shift from passive to active decisions means that not all consumers will be able to engage effectively. The FCA has found that many are following the 'path of least resistance' and that a lack of effective engagement could result in lost income in retirement[25]. This is part of a wider problem: in its 10-year strategy, the Money and Pensions Service (MaPS) warned that "poor financial wellbeing, affecting tens of millions of people, is holding the UK back"[26].

The decisions that need to be taken can also be very complex. A group of experts on behaviour and psychology of pensions have ranked decisions about accessing DC savings as "the most difficult of both working life and retirement financial decisions", above all because of the variables of investment risk, expenditure needs and longevity[27].

Difficult decisions pose a greater risk when coupled with lower levels of financial understanding. As the PPI points out: "many people struggle to understand financial fundamentals such as tax, probabilities and inflation risks or how investments and retirement income products work"[28]. Planning for an uncertain future is a key customer need, but some customers delay making decisions because they feel overwhelmed[29]. The PPI has found that over a third of those aged 55-64 with DC pots have no plans on how to turn their pots into income[30]. This will include those who have already accessed pots, particularly those who have taken a tax-free lump sum and no income[31].

Some groups are also more affected than others. In 2018, Zurich found that compared to men, women taking flexible income reported lower levels of investment experience, financial confidence, and engagement, as well as smaller pot sizes[32].

Pre-retirement communications and planning

Action taken: early engagement with customers

The industry has consistently promoted the need for early engagement with customers. To support this goal, the Retirement Outcomes Review led to the introduction of simpler "wake-up packs" from age 50. From November 2019, each pack had to include a "one-page headline document" and risk warnings in "clear and accessible language"[33]. An equivalent is yet to be introduced in the trust-based sector, and it is important that consistency is achieved as soon as possible in the best interest of consumers.

Call to action: Department for Work and Pensions (DWP) to mandate that trustees provide equivalent communications at age 50 to scheme members to ensure consistency across the industry.

Action taken: keep communications simple and relevant

Following an ABI initiative to make the language used by pension providers clearer, simpler and more consistent, thousands of written documents were changed to simplified ABI terminology[34]. This saw changes such as an 'annuity' now being referred to as a guaranteed income for life, while 'drawdown' is now known as taking flexible income.

Providers use many methods to help customers understand their options at retirement, including online tools, calculators, videos and information. Research reports have suggested a checklist of questions that people should ask themselves before accessing a pension[35], which could be "used by everyone in the industry, designed by an independent source"[36]. While the new wake-up packs may diminish the need for such an intervention, the industry could work with MaPS to explore this further if appetite remains.

There is also an increasing need to tailor communications to the needs of consumers throughout the life course and to avoid a one-size fits all approach. In 2019, the ABI worked with its members to produce a guide on tailoring communications, which sets out the benefit of linking communications to life events such as moments of transition and financial shocks[37]. We also produced example age-tailored risk warnings to support members' implementation of the simpler wake-up packs from November 2019[38].

One particularly important development to enable planning for retirement will be the introduction of pensions dashboards. The ability for individuals to see information about all the pensions they have accumulated in a lifetime in one place, including the value of pots, and predictions of future retirement income, could be transformational for future retirees. The ABI is pleased to be working with MaPS on such a vital project, following our delivery of the prototype with a cross-industry group of contributors on behalf of HM Treasury. It is important this service is delivered as soon as possible, with the appropriate data standards in place, to deliver an effective and safe service for consumers. To help with retirement decisions, in time the data should include pensions in payment.

[25] FCA (2018d) [26] Money and Pensions Service (2020) [27] PPI (2019b) [28] PPI (2019b) [29] The People's Pension and State Street Global Advisors (2016) [30] PPI (2019b) [31] Defined Contribution Investment Forum (2019) [32] Zurich (2018) [33] FCA (2018d) [34] ABI (2018d) [35] The People's Pension and State Street Global Advisors (2016) [36] Ignition House (2017) [37] ABI (2019a) [38] ABI (2019c)

In-retirement communications

While almost all of the focus to date has been on pre-retirement communications, there is a gap around in-retirement communications. Given that customers now face ongoing and complex decisions about investments and withdrawals in-retirement, there is arguably the same need for specific communications as at the retirement decision point.

Alongside this paper we are publishing a guide to in-retirement communications, setting out what providers can do in this space.

Call to action: Providers to reflect on how best to deliver in-retirement communications, drawing on the ABI's newly published guide.

Supporting customers with advice and guidance

Greater flexibility and more choice inevitably mean that customers have a greater need for advice and guidance to make informed decisions. This was acknowledged by the Government, which led to the introduction in 2015 of Pension Wise, a free and impartial guidance service for those aged 50 and over with DC pots. However, use of this service, and of regulated advice, remain at fairly low levels and many stakeholders have explored how to improve the take up of both advice and guidance.

There are direct and long-term impacts of taking (or not taking) advice or guidance. It can prevent an irreversible decision with unexpected consequences, like paying too much tax. For those that wanted to take a tax-free lump sum, it often takes a personal intervention such as advice or guidance to trigger an individual to question whether accessing the pension was necessary at all[39].

Advice

Our members are strong advocates for the value of advice and signpost customers to ways to find an adviser. However, data from the International Longevity Centre (ILC) in 2017 showed that only 19.3% of 55-64 year olds had received financial advice in the previous two years, and this declines to 15.4% for those aged 65+[40].

There are many reasons why individuals are not inclined to take advice: some are concerned about the cost (and only wish to take one free hour at the beginning), some feel they could do it better themselves and some are apprehensive due to lack of knowledge and "appearing stupid"[41]. Other studies have suggested that individuals do not appreciate the value of receiving advice, and that people do not want to plan ahead at the point of taking tax-free cash[42].

Much regulatory attention has been focused on the functioning of the advice market, and how it can be improved for consumers. While the Retail Distribution Review (RDR) increased professionalism and addressed bias in the market, it also led to a fall in adviser numbers and contributed to the advice gap. The recent Financial Advice Market Review (FAMR) failed to significantly increase access to advice. The review of both of these is currently underway by the FCA. We would like to see ambitious outputs from this review, and also an FCA Handbook Review which should reflect the post-Brexit regulatory landscape and the UK's ability to make rules for its own market. This should lead to a step-change in accessing expert help.

One area that is likely to grow in prominence in the future, and has the potential to narrow the advice gap, is the further development of automation in the advice process. Despite challenges, many groups across industry see such services as having significant potential[43]. As we said in response to the FAMR/RDR review, we encourage the FCA to consider how appropriate the current rules are for technology-driven services, which could help bring advice to the mass market, especially for those at the lower end of the wealth spectrum.

The growth in prominence of robo-advice will also need to be considered from a trust perspective, as FCA research into consumer attitudes suggests those who might benefit most from automated advice may be least likely to trust it[44].

Call to action: FCA to use FAMR/RDR Review to consider specifically how a new regulatory regime to support robo-advice could be introduced.

Guidance

Pension Wise had a customer satisfaction score of 97.9% in November 2018[45] and boasts many other impressive results in its 2018 service evaluation. Pension Wise users are significantly more confident and knowledgeable than people who do not use the service[46]. Pension providers signpost to the service and when Pension Wise users are asked how they heard about the service, pension providers were cited most often, accounting for 70% in the most recent data in December 2018[47]. This reflects pension providers' commitment to Pension Wise and to increasing take-up.

Take-up has increased to 167,000 appointments in 2018/19 compared to 87,000 in 2017/18[48], but it is clear that it does not reach everyone and the guidance does not reach far enough. Reasons for not using the service have included that: people knew the service could not provide personal advice, negative feedback present in the media about the Pension Wise advisers, they would not learn more than is on the website, or that they would prefer to access a one free hour session with a financial adviser[49].

[38] The People's Pension and State Street Global Advisors (2016) [40] International Longevity Centre-UK (2017) [41] The People's Pension and State Street Global Advisors (2016)
[42] Defined Contribution Investment Forum (2019) Age UK (2019) [43] Age UK (2019) [44] FCA (2019d) [45] Gov.uk, Pension Wise (2020) [46] DWP (2018) [47] Gov.uk (2020)
[48] Money Marketing (2020) [49] The People's Pension and State Street Global Advisors (2016)

Action taken: a new government body and a stronger nudge

The introduction of MaPS presents a welcome opportunity to help bridge the gap and increase the number of people that receive vital guidance. It is positive to see MaPS identify later life as one of five pillars of its national strategy[50]. Consistency for consumers in terms of branding will be important to ensure trust in the information. We encourage MaPS to retain the Pension Wise brand for its guidance on retirement options, to support its goal of five million more people understanding enough to plan for, and in, later life.

Call to action: MaPS to incorporate later life into its pensions workstreams and retain the Pension Wise brand.

In addition to the creation of MaPS, the Financial Guidance and Claims Act 2018 required the FCA to make rules requiring firms and schemes to ensure a customer has received appropriate impartial pensions guidance, or opted out of receiving it, before accessing a pension or making a transfer[51]. Trials of ways to deliver a stronger nudge to guidance are currently underway by MaPS. The insight generated from the trials should help develop an intervention to ensure receiving impartial guidance becomes a new social norm and supports decision making.

Call to action: FCA and DWP to implement the lessons from the trials, working with MaPS to deliver a consistent 'nudge to guidance'.

Guidance tailored by age

Action taken: Mid-life MOT

It is increasingly recognised that it is desirable to target guidance dependent on age. The Government recently launched a mid-life MOT website, and many employers are choosing to provide such a service for employees. This is positive and very impactful for those that receive it, as research shows that action is most likely to follow so-called 'teachable moments'[52]. However, as noted by the Work and Pensions Committee, the full potential of the MOT is uncertain[53].

Beyond the mid-life MOT around age 50, decisions and interventions also need to be taken later in life and the introduction of a later-life review could be beneficial in helping people prepare for and navigate through retirement. Like the mid-life version, this is age-relevant guidance and not a one-off event at a specific age, although State Pension age, leaving work and age 75 could all be used as hooks.

Also learning from the mid-life MOT, the review should be wider than pensions, and could cover health, legal and financial matters. In particular, areas which are not at the forefront of customers' minds such as planning for care costs, avoiding scams, powers of attorney, inheritance and funeral planning could also be covered. Given that it would complement their existing guidance, the review should be delivered by MaPS and be funded by a levy across the financial services industry.

While Pension Wise is aimed at customers from age 50, who are unlikely to have made any retirement decisions, it is vital that MaPS is able to provide guidance to all ages, and particularly those who are in retirement. It is not clear whether Pension Wise is able to support this group - situations where a customer could be turned away because they have already taken benefits should be avoided.

Call to action: MaPS to develop and offer a later-life review in collaboration with industry. ABI members are willing to support the funding of this through the MaPS levy alongside others including occupational schemes.

Role of providers

The pensions industry itself has an important role to play in helping customers make decisions. Providers, as well as employers and others, provide telephone and online guidance, as well as written communications before and during retirement.

Firms would, however, like to be able to do more to help customers, and to have the ability to offer greater assistance without giving advice. This could be achieved by a change in the boundary between advice and guidance, and clarification on where the boundary lies in some circumstances, because the current interpretation of a personal recommendation is very broad. A move to a more suitable regulatory framework would help facilitate better outcomes for consumers and would enable MaPS to go further in its guidance.

Action taken: regulatory guidance on advice and guidance

The FCA has produced Perimeter Guidance about the advice boundary, which has been helpful but has not gone far enough. ABI members believe there are many more positive interventions that could be enabled by a change in the boundary. For example, 'people like you' case studies, digital engagement with personalised guidance, forecasting a range of probable outcomes, and having a greater ability to convey to consumers that a decision may be detrimental to their desired outcomes.

[50] Money and Pensions Service (2020) [51] Financial Guidance and Claims Act (2018) [52] PPI (2017)
[53] Work and Pensions Committee (2018b)

This will be particularly important for those already in retirement. Our guide to in-retirement communications, published alongside this report, provides examples of how this could work in practice – including where it would be beneficial for consumers to be alerted by their provider if their actions are incompatible with their investment pathway objectives.

Such a shift of the boundary would need a clear framework setting out who such interventions are appropriate for and ongoing engagement with both the financial advice community and providers to ensure communications models can accommodate these changes. Similarly, the whole industry needs to provide clear examples about what changes would deliver the desired outcomes.

The Government also has a role to play in shifting the boundary, especially as a result of the UK's departure from the EU, which will offer a greater opportunity for change. The definition of a personal recommendation stems from the EU MiFID II Directive and guidance by European Securities and Market Authority. As noted above, we would like to see an independent review of the FCA Handbook, which should reflect how the UK could take advantage of our ability to shape UK conduct rules more specifically for the UK market.

It is also worth noting the demand from consumers for such an intervention. "When asked explicitly for their preference on what kind of support they would like their provider to have in place, the vast majority, 78%, wanted some sort of help from their provider to make their decisions; just 22% were confident to do it on their own (or with help of an IFA)"[54].

Call to action: FCA and HM Treasury to make the most of the FAMR/RDR Review, and:

- FCA to amend or update its Perimeter Guidance Manual to provide greater clarity on what constitutes a personal recommendation in specific circumstances, following examples provided by industry.
- HM Treasury to review current legislation on what constitutes a personal recommendation during 2020.

Unlike advice, guidance is not a regulated activity and is not legally defined. Providers already give guidance to their customers, and it would be beneficial for consumers and providers if MaPS were to set standards on what good financial guidance looks like. In particular, the establishment of a certification regime for approved guidance providers could be an important step. This would be a complement and not a replacement or equivalent to impartial guidance by MaPS. If MaPS were looking to develop an accreditation framework for third parties, it should explore whether there is scope for pension providers to specifically deliver guidance within an accredited framework.

Call to action: MaPS to explore using an accreditation framework for guidance by providers and others, especially during retirement.

Understanding investments

Being invested in retirement brings risk of losses, or missing out on growth if holding in cash. Either could have a substantial impact on future retirement income, and could be more severe for those in inappropriate investment strategies[55]. Given that a study has shown that 41% of people do not know where their pension is invested (and indeed some may not know it is invested at all), this presents a challenge[56].

The combined effect of investments and withdrawals can make this complex for customers. Many people are unlikely to be aware of sequencing risk, the ability to recover from early losses, the impact of withdrawals in a falling market and the need for investments to match the intended duration of withdrawals. Another concern is the trend of individuals withdrawing their pension in order to move their savings elsewhere[57], which could be driven by a lack of trust in pensions and behavioural biases to take money out. Separately, though possibly related, was the trend to be invested in cash in drawdown. According to Age UK "around 30,000 people using income drawdown [were] inappropriately invested in cash, when they could receive 37 per cent more income on average throughout their retirement by holding assets which could generate greater long-term investment returns"[58].

Unsurprisingly, those who are non-advised were more likely to be in this situation: "33% of non-advised drawdown customers [held] their whole pot in cash accounts or exclusively in 'cash-like' funds"[59].

Action taken: simpler, active investment decisions

In response to some of these concerns, the FCA has made rules so that any investment in cash must be an active decision; and introduced investment pathways, where firms will be required to ask individuals about their objectives when they take flexible income. These options will help ensure that customers are in investment strategies that are aligned to their objectives, based on their own active decision about what they want to do in the next five years. Investment pathways will redesign the retirement journey for many customers and it is a significant undertaking for contract-based pension providers to implement the change by August 2020. The DWP has not yet set out equivalent plans for those in occupational trust-based schemes. Our view is that the risks customers face are the same, and therefore the intervention should be similar.

[54] Defined Contribution Investment Forum (2019) [55] Age UK (2019) [56] Big Society Capital (2017) [57] FCA (2018d) [58] Age UK (2019) [59] PPI (2019b)

We also see investment pathways as an opportunity to address the underlying need to help customers understand investments, including their Environmental, Social and Governance preferences, given providers' new duties in this regard. We are also yet to see how customer behaviour might change in a major downturn and earlier engagement may help customers to prepare for that eventuality.

Call to action: DWP to introduce equivalent regulations for occupational schemes around investment pathways.

Making withdrawals

The issues set out so far, coupled with powerful behaviour biases[60], have led the FCA and others to explore how individuals are withdrawing from their pots and the potential negative effects of these decisions.

Full lump sum withdrawals

FCA and ABI data consistently shows that most pots that have been accessed were fully withdrawn[61]. It is, however, important to consider that around 90% of those had a value of less than £30,000. Furthermore, the vast majority of those who did make full withdrawals had other assets to draw upon in retirement (94%), such as DB pensions[62].

In H1 2019, full withdrawals had increased to the highest level since 2015, particularly among those age 55-64[63]. With DC participation set to increase and pot sizes set to grow, this trend of full withdrawals should be closely monitored.

Unsustainable withdrawals

There have been concerns about people exhausting pots prematurely since the introduction of the freedoms.

Despite stating in its Retirement Outcomes Review final report that it had not seen much evidence of such patterns[64], in 2018/19 the FCA found that withdrawal rates of 8% and over were the most common rate across all pot sizes except for the largest pots. 40% of withdrawals were at an annual rate of 8% and over, and this had increased compared to 2017/18[65].

These are not sustainable rates: according to the PPI, "a withdrawal rate of 3.5% ensures a 95% chance of not exhausting savings by time of death, while a withdrawal rate of 7% gives around a 50% chance of exhausting savings by average life expectancy"[66]. Although widely accepted as over-simplified and dependent on assumptions, 4% is frequently cited as a rule of thumb, while the Institute and Faculty of Actuaries (IFoA) have suggested 3.5% is a safe rate[67].

These unsustainable withdrawals will not be a problem for many of the current cohort of retirees, who have other sources of income. It is also true that some individuals would prefer to draw down at a higher rate earlier to make the most of the funds[68]. However, unsustainable withdrawal rates are likely to become a much larger issue in the future when more people rely on DC pots.

Insufficient withdrawals

Other markets, particularly Australia and the USA, have seen customers being excessively conservative in their withdrawals – either deliberately, to pass money on, or from fear of running out. In those countries, as in the UK before 2006, legislation is in place to ensure a minimum amount is withdrawn.

Helping customers to decide how much to withdraw is one of the key outstanding issues to address. Providers should be able to choose their own approach, which could, in theory, include the following:

- As now, rely on communications and guidance to help customers make decisions themselves, and encourage customers to take advice if they want a recommendation.
- Providing additional services, such as automated actions based on customers' individual preferences – for example, not increasing income with inflation in a year where markets fall.
- Introducing default withdrawal rates, making it clear that customers could opt out and vary these.
- Government or regulators could provide an official methodology for withdrawals – which arguably already exist in the form of GAD tables – for providers to adopt in their communications, if they choose.

Achieving sustainable withdrawals is difficult, and a dynamic approach would be needed in practice[69]. What is 'sustainable' differs depending on a range of factors, not just the starting rate. Sustainable withdrawals would change over time and react to events, as well as vary between individuals depending on their circumstances and preferences – especially their health, and whether they are providing for a dependant. How much to withdraw is ultimately a customer's decision, but it is clear that customers need support and we are keen to explore this further, including making changes to the advice boundary.

Call to action: ABI to explore how approaches to sustainable withdrawal rates could be delivered.

[60] Ideas42 (2015) [61] FCA (2018d) [62] FCA (2018d) [63] ABI Statistics (2020) (H1 is April-September 2019) [64] FCA (2018d) [65] FCA (2019c) [66] PPI (2019b) [67] IFoA (2018) [68] Defined Contribution Investment Forum (2019) [69] Abraham Okusanya (2018)

Normal Minimum Pension Age

Sustainable withdrawals are challenging because individuals do not know how long the funds will need to last, and research shows that many people underestimate their longevity. A study from the Institute for Fiscal Studies found significant patterns of "survival pessimism" when individuals are asked to consider how long they will live for, and the study highlights this pessimism could be cause for concern "if it leads individuals to be insufficiently prepared for retirement"[70]. Being unaware of one's own life expectancy could mean people start withdrawing earlier and risk running out sooner.

The earlier that someone can access their pension, the greater the risk of exhausting their pot(s), especially now that State Pension age (SPA) is increasing. Currently, the Normal Minimum Pension Age (NMPA), is set at 55. When the pension freedoms were introduced, the Government consulted on and committed to raising the NMPA to 57 in 2028[71], in line with rises in the SPA. Five years on from this consultation, this change remains to be legislated for. It is important that the Government legislates in order to give individuals certainty in planning for their retirement, as well as providers, who will need reasonable time to adjust in order to facilitate it.

Our initial view is that the increase should take place in one go, rather than being phased in, and suitable steps should be taken to prevent otherwise unexpected consumer behaviour. The change from 50 to 55 had a temporary impact on guaranteed income for life sales but no major disruption. Beyond the Government's commitment, further research would be needed to see whether the NMPA should be pegged to the SPA in the future, where it should ideally sit, and how consumers would react to further increases including interaction with the labour market.

Call to action: The Government to legislate for its planned increase of the NMPA to 57 in 2028 in line with the State Pension Age.

Reintroducing restrictions

Other options which we are not advocating would restrict access to the pension freedoms. For example, a minimum income requirement and/or capping drawdown withdrawals could be reintroduced, at the levels of the 2014/15 transitional year. At that time, consumers in flexible drawdown needed £12,000 per year of guaranteed retirement income (including State Pension) before they could have full freedom to take retirement savings. Capped drawdown meant that consumers could only take 150% of the 'equivalent annuity' per year.

These measures could help ensure pots last for a lifetime, assist with sustainable retirement planning and prevent pensioner poverty.

There are, however, significant issues with such proposals. They would likely take away choice from those in less-advantaged situations, and could have an unfair impact on those in poor health, and groups with lower incomes and pot sizes, who are disproportionately women. On the other hand, if the ability to cash in small pots of up to £10,000 remains, the measure could be undermined.

Reintroducing restrictions would also contradict messages about a pension being your own money and they could be detrimental for people who may need to access their pension in case of an emergency. Such an intervention would also likely contribute to mistrust in pensions[72].

Conversely, it is also worth noting that a small number of providers have a minimum lump sum withdrawal limit, to prevent pensions being treated like a bank account[73].

Overall, both interventions would require substantial further analysis and any decision should not be taken lightly.

Decision making in later life

Before the pension freedoms, the vast majority of people secured a guaranteed income for life and had little or no further decisions to make after this point. This is no longer the case, and both now and increasingly in the future we will see people having to make decisions about investments and how much to withdraw at older ages[74]. This is particularly important, given that as cognitive decline increases, complex decisions become even more challenging.

This increases the need for holistic retirement planning when individuals are still in what the PPI describes as the independent phase[75], not least about whether and, if so, when they intend to secure a guaranteed income, and potentially meet care needs. Ongoing guidance and advice will be critical to help individuals continue to manage their money to deliver the most effective outcomes.

However, many individuals will not be able to continue to manage their money independently and may need help from third parties. The means that safeguards such as third party access schemes, such as Powers of Attorney (POA) become increasingly important. According to the PPI, 57% of individuals have not taken action to put a POA in place[76]. Many ABI members have third-party access procedures in place to help support customers. However, key decisions about investments or withdrawals are difficult to make without a POA in place. With Lasting Powers of Attorney (LPA) now available to set up online in England and Wales, it is vital that the

[70] Institute for Fiscal Studies (2018) [71] HM Treasury (2014c) [72] Defined Contribution Investment Forum (2019) [73] Defined Contribution Investment Forum 2019
[74,75,76] PPI (2019b)

Government, industry, regulators and organisations such as MaPS work together to increase numbers of people setting these up and to improve the process of dealing with POAs once they are in place.

Call to action: MaPS, providers and Government to highlight the benefits of setting up powers of attorney in their communications with customers.

Call to action: Financial services industry to continue to work with the Office of the Public Guardian on common issues faced by providers when processing POA documents.

Chapter 4
Protecting consumers

Valuing guarantees

Since the introduction of the freedoms, there have been many concerns about those who “give up valuable guarantees”[77] and most notably those who have opted to transfer their DB pension into DC pots.

Transferring to access the increased flexibility of DC is right for some people, but as the FCA has stated[78], keeping a DB pension will be in the best interests of most consumers. The Government recognised in 2014/15 that pension freedoms would prove attractive to DB scheme members[79], despite the risk of losing out on guaranteed, inflation-adjusted income. This led to a ban on transfers from unfunded schemes to DC schemes, and the introduction of a requirement to take advice on transfer of ‘safeguarded benefits’ valued above £30,000, which the ABI called for.

At the time, Government estimated an increase of 9,000, or 7.6% of retiring DB scheme members, transferring to a DC scheme, with stakeholder estimates ranging up to 20%[80]. The actual figure is difficult to determine, but The Pensions Regulator (TPR) estimate that 100,000 DB scheme members transferred out in 2017/18[81] alone. The overall amount is high, with an average transfer value of around £300,000 of transfers received by ABI members [82].

The Government also implemented and refined rules to prevent individuals in DC schemes giving up safeguarded benefits, and the ABI and our members worked with DWP to ensure these rules worked effectively. As well as the advice requirement, since April 2018, the FCA has required providers to present individuals with warnings where they have a DC pension with a guarantee.

Despite these safeguards, cases of poor advice on DB-to-DC transfers have become prominent, with concerns expressed by the FCA and others about the role of introducers and advisers and the conflicts and incentives that could be present, particularly contingent charging[83].

The British Steel Pension Scheme (BSPS) brought this issue to the fore, where the Work and Pensions Committee found that “dubious advisers exploited BSPS members for personal gain”[84].

The FCA reviewed a sample of cases and found that less than 50% of advice on DB transfers was suitable and a further 22% were unclear[85]. This has led to the failure of some advice firms and wealth managers, with impacts on consumers, other advisers and providers.

An FCA policy statement is expected in the near future with further action including a proposed ban on contingent charging, and the ABI is supportive of measures to strengthen the regulation of advice firms. It will be important for exceptions to a ban to be clearly set out, and for the regulator to continually monitor any wider impacts that this decision could have.

There is merit in considering what more DB schemes themselves can do to communicate the risks. In January 2019, the FCA, TPR and The Pensions Advisory Service’s (TPAS) joint protocol recommended that schemes send a letter with important information for scheme members to consider when they request a Cash Equivalent Transfer Value (CETV)[86]. This followed high profile scheme-specific cases, but the risks are the same whenever a scheme member requests a transfer value, or when the scheme sends it proactively. This should always include a risk warning and be clear that a transfer is unsuitable for most people. Therefore, as an additional safeguard, the ABI believes it should be compulsory for schemes to distribute this letter. Schemes could tailor the letter dependent on circumstances, and signpost to resources, as part of a wider triage service of information and warnings that help scheme members to decide whether to proceed to advice.

Call to action: DWP and TPR to mandate that employers and schemes issue a warning letter to individuals about their DB pension scheme before someone is able to transfer out. This mandatory letter should form part of a wider triage process and consumers should have information presented to them earlier than when a CETV is requested to allow time for consideration.

Preventing pension scams

With greater flexibility in accessing savings comes greater risk for those savings to fall into the wrong hands, particularly given the large sums involved. For people who have been victim to a pension scam, Action Fraud has found that the average loss was £82,000, across 180 notifications they received[87]. While the number of notifications may seem low, the nature of scams means that people may be either unaware that they have been subject to a scam, or decided not to report them. While the detriment to individuals is acute, the scale is unclear. Pension freedoms mean that scammers can more easily target people with liquid assets rather than having to persuade the victim to transfer the pension. This is harder for providers to identify.

Action taken: increased awareness and cold-calling ban

2018 saw the launch of the joint ScamSmart campaign by TPR and FCA, with an engaging public awareness campaign to warn future retirees of the risk of pension scams. Despite this, recent research by the regulators showed that “42% of pension savers…could be at risk of falling for at least one of six common tactics used by pension scammers”. Worryingly, the research also found that “those who consider themselves financially savvy are just as likely” to fall for a scam[88].

[77] Age UK (2019) [78] FCA (2017) [79] House of Commons Library (2019) [80] HM Treasury (2014a) [81] The Pensions Regulator (2018) [82] ABI Statistics (2020) [83] FCA (2019b) [84] Work and Pensions Committee (2018c) [85] FCA (2018c) [86] FCA, TPR, TPAS (2019) [87,88] FCA (2019a)

It is however important that the risk of pension scams is not considered in isolation, but together with investment fraud and the FCA's regulatory perimeter. The latest FCA data showed £339 million worth of losses through investment scams in 2019, and 6,427 reports to Action Fraud[89].

The introduction of the pensions cold calling ban in early 2019 was undoubtedly a positive step in the battle against scammers, and the inclusion of a clause to limit the statutory right to transfer in the Pension Schemes Bill is another welcome step to prevent savings falling into the wrong hands. However, there are concerns that this does not go far enough, particular as risky investments can still take place in a regulated wrapper. Effective due diligence is still required by firms to check for dubious schemes. Firms go to great lengths to do this, with the support of the Pension Scams Industry Group's code of good practice[90].

But further interventions from the regulator are needed to prevent further detriment. Scammers should not be able to work around the edges of regulation, and unregulated investments should be banned.

A clearer picture of the scale of pension scams and the main concerns of providers and schemes could provide greater insight into the issue. At the time of writing the ABI is supporting the Pension Scams Industry Group and the Police Foundation in undertaking a survey on these questions.

Call to action: FCA to take stronger action against scams, including stopping scammers working around the edges of regulation, and banning unregulated investments.

Preventing unexpected tax charges

Since the freedoms were introduced, consumers have paid £2 billion more in tax than the Government anticipated[91]. Many individuals will have paid more than they expected, temporarily or permanently.

Given that most pots accessed are withdrawn as a lump sum, many individuals will be pushed into a higher tax bracket. This means they could pay more in tax overall, rather than just paying it sooner. Potentially resulting in people having less lifetime income.

The way tax on payments is deducted means that some customers pay more tax upfront. Pay As You Earn (PAYE) is designed to tax regular employment income and is applied to withhold tax on pension payments. Many initial or one-off flexible income payments suffer PAYE withholding at an 'emergency' tax rate. This often results in much more tax being withheld than the actual tax that will ultimately be due.

Since the introduction of pension reforms, over £567 million of overpaid tax has been repaid by HMRC[92], with a record quarterly amount of £54 million in Q3 2019[93]. This is disproportionate and inefficient, and has resulted in confusion and negative press coverage about pension freedoms. Alternative methods of calculating PAYE withholding to flexible income payments could alleviate this issue.

The MPAA, which effectively limits the amount of tax relief that can be received on contributions once the pot has been accessed, has also been a cause for concern. Its reduction to £4,000 means it affects individuals who continue to work but have accessed their pension, particularly as retirement is no longer a cliff edge. The MPAA disincentivises future saving permanently as the impact of a previous withdrawal cannot be reversed.

The Office of Tax Simplification identified this issue in its report on the Taxation of Life Events and said that the effect of the rules goes beyond the policy objective of preventing recycling[94]. The impact of the MPAA should be reviewed and alternative mechanisms considered, based on enhanced anti-avoidance legislation to remove the risk of deliberate recycling.

Call to action: MPAA and the negative impacts it has on savers to be considered by HM Treasury in greater detail.

Supporting vulnerable customers

Getting older increases the likelihood that someone is, or could be, vulnerable, and this could lead to individuals being more likely to be affected by some of the challenges outlined in this report. Issues such as digital exclusion, cognitive decline, bereavement and hearing loss may be particularly relevant for those in later life.

The ABI has produced guides to support firms to work with vulnerable customers[95]. Many ABI members partner with charities on an ongoing basis to improve their customers' experiences, or have support networks established across their firms such as the introduction of vulnerable customer champions[96], and initiatives such as Dementia Friends.

It is right that the FCA is supporting firms to deliver good outcomes for vulnerable customers, and we encourage TPR to consider what equivalent work it can do to ensure there is a consistent approach across the pensions industry.

Call to action: TPR to ensure vulnerable customers in occupational schemes are supported.

[89] FT Adviser (2020) [90] Pension Scams Industry Group (2019) [91] Age UK (2019) [92] Royal London (2019) and HMRC (2020b) [93] HMRC (2019) [94] Office of Tax Simplification (2019) [95] ABI (2017a) [96] Just Group (2019)

Chapter 5
Making markets work for all

Product innovation

From the outset, there has been a broad expectation that pension freedoms will "stimulate innovation and competition in the market"[97]. The FCA recognises that innovation may increase in the future when DC pots grow, and that firms are still adjusting to the freedoms[98].

Combining flexibility and guarantees

Much of the discussion on innovation has been about ways to combine flexibility with guarantees. NEST's Retirement Blueprint proposed a product which would "cover three phases of later life"[99], while others have set out their ambitions for a '4 pots' approach with variations depending on customer preferences[100]. The Australian Government has for some time discussed a comprehensive income product for retirement, or retirement covenant, which follows a similar pattern.

In the UK, there has been product innovation both before and since 2015, and there is a wide range of retirement products on the market[101], some of which combine flexible and guaranteed income[102].

Innovation is also evident in the many changes to the market when freedoms were introduced, such as an increase in the number of providers offering flexible income for the first time in 2015, and enabling access to lump sums[103].

However, multiple providers have withdrawn innovative products from the market owing to a lack of demand and/or the high cost of delivering them. In particular, guarantees are expensive to deliver[104] given prudential rules, low interest rates and the impact of quantitative easing.

In many cases a combination of flexibility and guarantee reflects what a financial adviser would recommend. This would match research which showed that while taking a flexible income may be best for those in the so-called 'independent phase', a guaranteed income could suit those in the 'decline' and 'dependent' phases[105]. Ways to enable customers to pursue this pattern are worth exploring.

Some stakeholders have proposed legislating for particular products, or for auto-annuitisation at age 80[106]. While safeguards are needed in many areas, at an early stage in the post-freedoms landscape, neither of these interventions seem viable or necessary. The building blocks are already in place for customers to achieve this combination with the help of their provider, adviser or guidance. When interviewed, providers also noted the benefits of improving current offerings instead of creating new products[107].

Reforms to Solvency II, specifically reductions to the Risk Margin and refinements to the Matching Adjustment will help the market innovate in long-term savings, as providers will not be over-capitalised, nor overly restricted in the long-term assets in which they can invest in order to match their liabilities.

In addition to products, innovation from providers can most visibly be seen in the consumer engagement space, with many providers developing online tools to help individuals plan their retirement. This has ushered in greater use of calculators, video, animation, and online consumer journeys than before 2015[108]. Others have also considered services such as the introduction of Pension Wise to be an example of innovation[109] and the development of pensions dashboards will contribute too.

Meeting customer needs

The innovation debate can often focus on those with small pots and some, most prominently the Work and Pensions Committee in 2018, have advocated for NEST to enter into the decumulation market. They believed this would provide a low-cost product for those with smaller pots[110].

In 2016 the Government decided that NEST should not offer drawdown at that time[111]. This was broadly in line with our submission to its Call for Evidence, which stated that there was not a market failure which would necessitate NEST entering the market. This is a nascent market which needs the opportunity to grow and evolve, and as investment pathways are rolled out and the market develops further, we are committed to open dialogue with NEST, the Government and the wider sector.

Collective Defined Contribution (CDC) Schemes

Legislation is currently passing through Parliament to allow for the establishment of new collective money purchase schemes – still usually known as CDC. These schemes will enable risk-sharing between scheme members and aim to reduce income volatility in retirement. The rationale for such a scheme is similar to one of the benefits of pension freedoms – to remain invested for longer because of the cost of a guarantee. Unlike pension freedoms, CDC schemes are based on targets with no guarantees and scheme members will have to understand the difference; if this is not clearly conveyed, there could be a negative impact on trust in the system. CDC is compatible with pension freedoms, but it is not a neat fit.

While this new framework may suit the very largest employers, such as Royal Mail, it is vital that there is a suitable regulatory regime, and questions about transfers out, employer failures and intergenerational transfers are addressed.

[97] HM Treasury (2014b) [98] FCA (2018d) [99] NEST (2015) [100] Legal & General Investment Management (2018) [101] ABI (2017b) [102] ABI (2018b) [103] ABI (2017b) [104] Age UK (2019) [105] PPI (2019b) [106] Centre for Policy Studies (2017) [107] Age UK (2019) [108] ABI (2018b) [109] Age UK (2019) [110] Work and Pensions Committee (2018b) [1111] DWP (2017b)

Getting the best deal

Initiatives and interventions to help customers get the best deal can be categorised as follows: increasing costs and charges transparency, improving shopping around, and delivering value for money.

Increasing costs and charges transparency

Action taken: cost and charge disclosure

The industry supports the need to disclose costs and charges, as long as it is meaningful for consumers, the purpose is clear, and regulators are realistic about the impact it will have. New FCA rules will require costs and charges on pension products in decumulation to be declared in pounds and pence at point of sale from April and annually from August 2020. This will be a positive step to improving transparency, but as with the other remedies from the Retirement Outcomes Review, it does not yet apply to occupational schemes.

Improving shopping around

Choosing a provider is a key choice that customers make in the retirement journey. The Retirement Outcomes Review found that switching to a provider with lower costs could increase an individual's annual income by 13%[112]. Far fewer people switch provider at the point of accessing a flexible income than at the point of accessing a guaranteed income. However, shopping around in the retirement market is not a one-off event. Customers can transfer before or after taking a tax-free lump sum, or when they secure a guaranteed income. To illustrate this, each year since 2017 over 200,000 customers aged 55 or over have transferred to another provider[113] – more than have entered a flexible income product.

Nonetheless, it can be difficult to compare flexible income products because of the variety of charging structures and products available. Improving shopping around for these products could have a real impact on maximising retirement income and competition in the market. The FCA acknowledged this in its Retirement Outcomes Review and noted its work with the ABI and the Money Advice Service on a drawdown comparison tool. It is vital that MaPS continues to help consumers to understand drawdown products and the introduction of investment pathways will make comparison more straightforward. From experience in the guaranteed income market, measures to encourage shopping around take time but do have a gradual impact.

Call to action: MaPS to help consumers understand drawdown products, and to develop a tool to assist with the comparison of investment pathway products.

Delivering value for money

The low levels of awareness and engagement by customers with their savings means that ensuring value for money (VfM) and providing governance is critical in ensuring good consumer outcomes. Firms already have a range of governance structures in place, through regulatory requirements and their own corporate policies, in order to provide VfM. The FCA and TPR have agreed to jointly explore how pensions deliver VfM. This is welcome, and we agree that this is a complex area to assess, and is about quality as well as price[114]. We therefore recommend that the discussion is not focused on costs and charges alone – providers in the retirement market compete on functionality, customer service, fund choice, performance, accessibility and brand as well as cost. We would like to work with the FCA, TPR and the DWP to ensure VfM, and costs and charges disclosure, is developed in a meaningful way which benefits consumers, recognising the low levels of awareness in the market.

A further, more drastic step to tackle these issues would be to introduce a charge cap on flexible income products, which some have called for. The FCA has explored the need for such an intervention and intends to review charges in drawdown one year after the implementation of investment pathways[115]. There is already a cap on exit fees for customers accessing pension freedoms, and some providers have removed them altogether.

It is the view of the ABI that charge caps should only ever be considered as a last resort, given that they are a major market intervention. A charge cap would put the reforms at risk, as it could stifle further innovation and could limit the investments available to providers, including illiquid assets and funds designed to mitigate the effects of market shocks. In addition, taking a flexible income is fundamentally different to automatic enrolment where there is a charge cap, with many more consumer touchpoints and a higher level of administration and support required.

Call to action: FCA, TPR and DWP to work with industry to ensure value for money work does take account of factors beyond cost.

[112] FCA (2018d) [113] ABI Statistics (2019) [114] FCA, TPR (2018) [115] FCA (2018d)

Chapter 6
Beyond the freedoms landscape

This report considers how the pension freedoms can deliver positive outcomes for consumers and what further safeguards are needed to ensure the policy still works decades down the line.

Nonetheless, analysing just one policy change five years ago and its outcomes will not paint a full picture of the retirement landscape. It is vital that other areas in the wider policy ecosystem are considered. This chapter considers four areas:

1. The purpose of a pension.
2. The impact of mistrust in pensions, how it can shape decision making, and the importance of harnessing greater levels of trust.
3. Other areas of pensions policy that impact later-life outcomes, which do not fall directly within the ambit of pension freedoms.
4. Wider economic and societal policy challenges that pensions policy and regulation cannot solve, yet have an impact on later-life outcomes.

The purpose of a pension

In 2018, the Government set out the long-term objectives of the pension freedoms[116]. These are:

1. Giving people more choice to provide them with greater flexibility in later life;
2. Supporting consumers to make informed decisions about their retirement; and
3. Enabling a more competitive and innovative retirement market.

In addition to this definition, it would be beneficial for the Government to set out its views on the purpose of a pension. In 2010, the Government set principles for a new tax framework for retirement, including that the purpose of tax-relieved pension saving is to provide an income in retirement[117]. The introduction of the freedoms, however, could signal a shift in this view, along with changes in the labour market, and longevity.

While recent research suggests that some individuals do view their pension as money to use for the rest of their lives, it also found that the “the link between ‘retirement’ and the decision to access pension money is broken”[118], with factors such as when to leave work playing a role.

Our view is that the primary purpose of a pension is to fund retirement. To allow for pensions policy to continue working on this assumption, clarity from the Government and greater knowledge of consumers’ perception is needed.

Call to action: the Government to set out its views on a) what the purpose of a pension is and, b) how this impacts future policy making.

A new pensions commission?

The ABI has long advocated setting up a new independent pensions commission[119], which could consider these issues. We think there is most merit in such a commission having a retirement and later-life focus. A full retirement picture cannot be painted without considering areas such as automatic enrolment and pensions tax relief, but the focus should be on longer-term issues that require a policy consensus.

While pensions policy primarily sits with the DWP, all relevant governmental departments will need to play an active role in the Commission, given that decision making impacting retirement outcomes sits across Government. Additionally, regulators, a range of industry stakeholders and third-sector representatives will need to be involved and it should be independently chaired, with the ability to advise and make recommendations. It would not and should not mean that policy decisions are outsourced, nor that politics are taken out of pensions. But it would mean there is an independent, consensus-driven, long-term and holistic strategy for future governments to consider, and either implement or justify why not.

Call to action: A new Retirement Commission to be introduced to advise on policy changes to deliver good consumer outcomes, with a joined-up approach from Government departments and regulators.

Trust in pensions

Another overarching issue is the frequently reported mistrust in pensions. An accompanying study to the FCA’s Retirement Outcomes Review found “a strong undercurrent of mistrust in pensions” in consumers, much of which comes from bad news stories, rather than specific bad experiences[120].

Research has indicated that one of the drivers of retirement decision making is down to a lack of trust in the sector [121] and it is imperative for this to improve in order for it not to influence decision making.

Research has also shown a lack of trust in pensions policy more widely, with concerns such as the Government changing the rules or reducing the levels of tax-free cash[122], which demonstrates the need for long-term, stable policy.

It is vital that successive governments develop long-term, sustainable pensions policy that can stand the test of time and establish greater trust in pensions.

Call to action: Establishing trust in pensions to be a key principle for any government policy.

[116] Work and Pensions Committee (2018a) [117] HM Treasury (2010) [118] Defined Contribution Investment Forum (2019)
[119] ABI (2015) [120] Ignition House (2017) [121] Ignition House (2017), Defined Contribution Investment Forum (2019), Age UK (2019)
[122] Defined Contribution Investment Forum (2019)

Holistic pensions policy

Pensions policy is wide-ranging, and there are other policy areas that need attention to improve later-life outcomes, yet do not fall directly within the ambit of pension freedoms. These are briefly considered below, as are our asks for the new Government.

Increasing savings for retirement

Despite more than 10 million workers now being enrolled into a workplace pension[123], without a higher level of savings, pension freedoms will not provide meaningful flexibility to a large number of savers. The Pensions Lifetime Savings Association estimates a moderate retirement income to be £20,200 a year[124] and Which? found that a couple may need between £215,000 - £298,000 for a comfortable retirement with few luxuries[125]. But research has estimated the average pension pot of a man aged 25-34 would be worth £142,836 upon retirement, and £126,784 for a woman[126].

To increase savings, we believe the Government should implement the recommendations of the 2017 automatic enrolment review[127]: reduce the Lower Earnings Limit to zero and lower the age threshold to 18. Following those reforms, the ABI would like to see contributions rise to 12% by 2030 and a simpler, fairer pensions tax relief system. These changes will help to address the gender pensions gap, although more substantial improvements to close the gap will require changes beyond pensions policy.

Call to action: Government to implement the 2017 automatic enrolment review, and work collaboratively with industry to increase private pension savings.

Reforming social care

The social care system is in need of urgent reform, with recent ABI polling finding that 89% of people have no plans to meet care costs[128]. In order for people to plan holistically for their retirement, people need clarity from the Government on how much the state will offer towards their care costs, and the extent to which they are required to self-fund. The insurance and long-term savings industry has an important role to play in helping people fund their care alongside a clear state offer, and we are committed to working together to find a solution.

Call to action: Government to urgently set out its plans for the future of social care funding in England.

Reconnecting gone-away customers

Research commissioned by the ABI in 2018 found that the number of 'lost' DC pensions across the UK could be worth £20 billion[129]. More people remaining invested into retirement could mean that this number increases further. Much work takes place to reconnect people with their pensions; in 2018, the ABI published a Gone-away customers reconnection management framework[130], and later this year we will publish a risk mitigation tool kit promoting good practice, including behavioural science 'nudges' that could improve (re)engagement with customers.

Going forward, Government datasets are one of the key data sources that could increase the reconnection rate. The ABI has been engaging with the Government about an address verification system that crosschecks the Government and industry's records.

Call to action: Government to consider use of its data to assist gone-away customers reconnection.

Beyond pensions

It is also important for policymakers to recognise wider economic and societal policy challenges that pensions policy and regulation cannot solve, yet nonetheless could have an impact on retirement outcomes. This might include:

- **Eligibility for, and levels of, means-tested benefits.** The interaction of benefits and savings is highly complex and difficult for customers, advisers or providers to calculate and administer. Taking an income can have a direct, penny for penny, impact on the level of benefits received by a claimant and their partner; giving no real increase in income. Benefit levels can also be affected if providers do not revalue the amount of the pension that remains invested[131].
- **Housing costs and supply.** In future there will be more people renting in retirement; high rents will mean savers need to save more. In addition, some will claim housing benefit and it is important that they look back feeling saving was worthwhile.
- **Level, uprating and sustainability of State Pension**. Expected retirement incomes are highly dependent on the State Pension, and savers will make retirement decisions on the basis of how they expect the State Pension to change in future.
- **Financial resilience from Normal Minimum Pension Age to State Pension age.** Although pensions are a useful source of income for those who leave the labour market in their 50s and 60s, this cohort will need greater support and other options beyond pensions as different patterns of employment, caring and leisure emerge.

[123] DWP (2019) [124] PLSA (2019) [125] Which? (2019) [126] Fidelity International (2018) [127] DWP (2017a) [128] ABI (2019b) [129, 130] ABI (2018e) [131] Benefits in the future (2019)

Chapter 7
More to learn

While there is no shortage of facts and opinions on the impacts of pension freedoms, several factors remain unknown. Moreover, many will remain unknown for years to come, and it will be difficult to determine the full impact of the policy change on consumer outcomes.

Our 2017 report called for a longitudinal study to demonstrate how customer behaviour was affected by their wider financial circumstances[132]. There have been some moves in this direction:

- The FCA's Financial Lives survey found that not all consumers making withdrawals have DB pensions to fall back on[133]; further waves of the survey should provide more insights, including about the advice market.
- The latest wave of the Wealth and Assets Survey is now public; upcoming analysis of it by the IFS will tell us more about consumer expectations and confidence in relation to pensions decisions.
- NatCen Social Research, with the PPI and the Institute for Employment Studies, produced a feasibility study for DWP about research options to understand the attitudes and behaviours that people have as they plan and prepare for later life[134].

The key data gap that remains is about the specifics of consumers' wider financial circumstances, such as:

- What proportion of the people using pension freedoms have other sources of income?
- How does this differ between individuals and households, including dependants?
- How do outcomes differ between homeowners and renters?
- How does access before State Pension age interact with life events and the labour market?
- How are decisions made within couples and families?

Call to action: Government, industry and the wider sector to identify how data on wider financial circumstances can be sourced, and undertake new research to fill the data gaps.

Following such a landmark change, it is important that the effectiveness of policy interventions is reviewed, making use of publicly held data that should be accessible in time, if not now:

- How many occupational schemes offer pension freedoms, with what restrictions, and what proportion of scheme members take which options?
- Across the market, which investment pathways are chosen, does this correspond to any customer or provider characteristics, and how often is customer behaviour incompatible with the pathway objective they have chosen?
- Using data from HMRC's Real Time Information reports, what is the impact of the MPAA and how do contributions vary from NMPA to SPA? How does HMRC's flexible payments data break down by type of product or payment, at different tax rates, and how do individuals' payments change over time?

Call to action: Government Departments and regulators to make data available on the implementation of pension freedoms by occupational schemes, implementation of investment pathways, the impact of the MPAA, and how individuals withdraw flexible payments and pay tax on them.

[132] ABI (2017b) [133] FCA (2018b) [134] NatCen Social Research (2019)

Conclusion
Future-proofing the freedoms

The pension freedoms have revolutionised the retirement landscape: they are working well for many people so far and give greater flexibility in retirement.

Five years on from the freedoms, it important to enter the 2020s with a clear view of what should be done next to ensure the policy is still successful decades down the line.

More safeguards and support are needed to future proof the freedoms, to prevent risks to consumers now and in the future. There are some clear areas where action can be taken now to the benefit of current and future generations, including actions for Government, regulators and industry to take on board.

Summary of recommendations

Consumer financial behaviour

- DWP to mandate that trustees provide equivalent communications at age 50 to scheme members to ensure consistency across the industry.
- Providers to reflect on how best to deliver in-retirement communications, drawing on the ABI's newly published guide.
- FCA to use FAMR/RDR Review to consider specifically how a new regulatory regime to support robo-advice could be introduced.
- MaPS to incorporate later life into its pensions workstreams and retain the Pension Wise brand.
- FCA and DWP to implement the lessons from the trials, working with MaPS to deliver a consistent 'nudge to guidance'.
- MaPS to develop and offer a later-life review in collaboration with industry. ABI members are willing to support the funding of this through the MaPS levy alongside others including occupational schemes.
- FCA and HM Treasury to make the most of the FAMR/RDR Review, and:
  - FCA to amend or update its Perimeter Guidance Manual to provide greater clarity on what constitutes a personal recommendation in specific circumstances, following examples provided by industry.
  - HM Treasury to review current legislation on what constitutes a personal recommendation during 2020.
- MaPS to explore using an accreditation framework for guidance by providers and others, especially during retirement.
- DWP to introduce equivalent regulations for occupational schemes around investment pathways.
- ABI to explore how approaches to sustainable withdrawal rates could be delivered.
- The Government to legislate for its planned increase of the NMPA to 57 in 2028 in line with the State Pension Age.
- MaPS, providers and Government to highlight the benefits of setting up powers of attorney in their communications with customers.
- Financial services industry to continue to work with the Office of the Public Guardian on common issues faced by providers when processing POA documents.

Protecting Consumers

- DWP and TPR to mandate that employers and schemes issue a warning letter to individuals about their DB pension scheme before someone is able to transfer out. This mandatory letter should form part of a wider triage process and consumers should have information presented to them earlier than when a CETV is requested to allow time for consideration.
- FCA to take stronger action against scams, including stopping scammers working around the edges of regulation, and banning unregulated investments.
- MPAA and the negative impacts it has on savers to be considered in greater detail.
- TPR to ensure vulnerable customers in occupational schemes are supported.

Making markets work for all

- MaPS to help consumers understand drawdown products, and to develop a tool to assist with the comparison of investment pathway products.
- FCA, TPR and DWP to work with industry to ensure value for money work does take account of factors beyond cost.

Beyond the freedoms landscape

- The Government to set out its views on a) what the purpose of a pension is and, b) how this impacts future policy making.
- A new Retirement Commission to be introduced to advise on policy changes to deliver good consumer outcomes, with a joined-up approach from Government departments and regulators.
- Establishing trust in pensions to be a key principle for any government policy.
- Government to implement the 2017 automatic enrolment review, and work collaboratively with industry to increase private pension savings.
- Government to urgently set out its plans for the future of social care funding in England.
- Government to consider use of its data to assist gone-away customers reconnection.

More to learn

- Government, industry and the wider sector to identify how data on wider financial circumstances can be sourced, and undertake new research to fill the data gaps.
- Government Departments and regulators to make data available on the implementation of pension freedoms by occupational schemes, implementation of investment pathways, the impact of the MPAA, and how individuals withdraw flexible payments and pay tax on them.

There are also areas where we need to know more, before policy decisions should be taken. Likewise, there are some facts we will not know for many years. This report will mark the beginning of a period of collaboration and research to better understand key questions.

There are also areas that need further discussion and debate, given the potential impact of some decisions. We see this as the beginning of a wider discussion, and would like to initiate a collaborative period, where industry, consumers and Government come together to future proof this important policy.

Later in the year, we will launch a second paper, reporting back on progress, updates on research undertaken, and consider further interventions that Government, regulators and industry should take as a result to protect future savers.

References

References

ABI (2015) *Retirement 2050: Identifying the challenges of a changing world*

ABI (2016) *Making Retirement Choices Clear: A guide to simplifying language on retirement options*

ABI (2017a) *Addressing Customer Vulnerability: A guide to identifying and supporting vulnerable customers in the long term savings market*

ABI (2017b) *The New Retirement Market: Challenges and Opportunities*

ABI (2018a) *ABI Framework for the Management of 'Gone-Away' Customers in the Life and Pensions Market*

ABI (2018b) *Innovation in the Retirement Market*

ABI (2018c) *Interventions in the Retirement Market: a five point plan to engage customers with their pensions*

ABI (2018d) *Pensions industry makes thousands of language changes to simplify retirement choices*

ABI (2018e) *The UK's lost pension mountain could be worth £20 billion – at least six times higher than previously estimated*

ABI (2019a) *Communications through the life course*

ABI (2019b) *Nine out of ten over-65s have no plan to pay for social care, new research reveals*

ABI (2019c) *Principles for tailoring retirement risk warnings*

ABI (2019) *Industry Statistics*

ABI (2020) *Industry Statistics*

Abraham Okusanya (2018) *Beyond The 4% Rule: The Science of Retirement Portfolios that Last a Lifetime*

Age UK (2019) *Fixing the freedoms: helping smaller savers get the most out of the pension reforms*

Aviva research (2018) *Background: Representative sample of 2,000 UK adults age 18+, November 2018*

Benefits in the future (2018) *Income certainty and low pension savings*

Benefits in the future (2019) *Notional income from pensions- too notional for some advisers?*

Big Society Capital (2017) *Pensions with purpose*

Centre for Policy Studies (2017) *Auto-protection*

Defined Contribution Investment Forum (2019) *Five years of freedoms: evolution, not revolution*

DWP (2017a) *Automatic Enrolment Review 2017: Maintaining the momentum*

DWP (2017b) *NEST: Evolving for the future. Government response.*

DWP (2018) *Pension Wise service evaluation 2017/2018*

DWP (2019) *Workplace Pension Participation and Savings Trends of Eligible Employees Official Statistics: 2008 to 2018*

FCA (2017) *Advising on pension transfers*

FCA (2018a) *Data Bulletin, Issue 14*

FCA (2018b) *Financial Lives survey*

FCA (2018c) *Key findings on our recent work on pension transfer advice*

FCA (2018d) *Retirement Outcomes Review: Final Report MS16/1.3*

FCA (2019a) *5 Million pension savers could put their retirement savings at risk to scammers*

FCA (2019b) *Pension transfer advice: contingent charging and other proposed changes*

FCA (2019c) *Retirement income market data 2018/2019*

FCA (2019d) *Robo advice- will consumers get with the programme?*

FCA, TPR (2018) *Regulating the pensions and retirement income sector: our joint regulatory strategy*

FCA, TPR, TPAS (2019) *FCA-TPR-TPAS joint protocol*

Fidelity International (2018) *The financial power of women*

Financial Guidance and Claims Act (2018)

FT Adviser (2020) *Victims lost £339m to investment fraud last year*

Gov.UK, Pension Wise (2020) *Pension Wise*

HM Treasury (2010) *Removing the requirement to annuitise by age 75*

HM Treasury (2014a) *Amendments to Pension Schemes Bill (private sector defined benefit transfers) IA No: RPC14-HMT-2212*

HM Treasury (2014b) *Freedom and Choice in pensions*

HM Treasury (2014c) *Freedom and Choice in pensions: government response to the consultation*

HMRC (2019) *Pension schemes newsletter 114- October 2019*

HMRC (2020a) *Flexible payments from pensions: January 2020 official statistics*

HMRC (2020b) *Pension schemes newsletter 116- January 2020*

House of Commons Library (2019) *Pension freedoms and safeguarded benefits*

Ideas42 (2015) *Freedom and choice in pensions: a behavioural perspective*

Ignition House (2017) *Qualitative consumer research for assessing the non-advised journey*

International Longevity Centre-UK (2017) *The value of financial advice*

Institute and Faculty of Actuaries (2018) *Can we help consumers avoid running out of money in retirement?*

Institute for Fiscal Studies (2018) *Subjective expectations of survival and economic behaviour*

Just Group (2019) *Dealing with vulnerable customers: the industry response*

Legal & General Investment Management (2018) *Four pots for your retirement: creating personalised solutions*

Money and Pensions Service (2020) *The UK Strategy for Financial Wellbeing 2020-2030*

Money Marketing (2020) *Pension Wise appointments increase 49%*

NatCen Social Research (2019) *Planning and preparing for later life: a social survey feasibility study*

NEST (2015) *The future of retirement: a retirement income blueprint for NEST's members*

Office for National Statistics (2019) *Pension wealth in Great Britain: April 2016 to March 2018*

Office of Tax Simplification (2019) *Taxation and life events: simplifying tax for individuals*

Pension Scams Industry Group (2019) *Combating pension scams: a code of good practice*

PLSA (2019) *PLSA launches retirement living standards*

PPI (2017) *Consumer engagement: the role of policy through the lifecourse*

PPI (2018) *The evolving retirement landscape*

PPI (2019a) *PPI "Question Time" Election Special event December 2019. Briefing note number 116*

PPI (2019b*) Supporting later life*

PPI (2019c) *The DC Future Book*

Royal London (2019) *HMRC 'breaks its own record' for overtaxing people on their pensions*

The Pensions Regulator (2018) *Number of transfers out of DB schemes in 2017/18*

The People's Pension and State Street Global Advisors (2016) *New Choices, Big Decisions: Exploring Consumer Decision Making and Behaviours under Pension Freedom and Choice*

Which? (2019) *How much will you need to retire?*

Work and Pensions Committee (2018a) *Government response to Committee's Ninth Report*

Work and Pensions Committee (2018b) *Pension Freedoms*

Work and Pensions Committee (2018c) *British Steel Pension Scheme*

Zurich (2018) *Drawdown: is it working for consumers?*

Association of British Insurers
One America Square, 17 Crosswall,
London EC3N 2LB
T: 020 7600 3333 | **abi.org.uk**

February 2020