DC transfer index

Methodology

- People's Partnership looked at the volume of transfers out from People's Pension in the twelve months to 30 June 2025, the ages of the people transferring and the average size of the pension they transfer, to create a number of demographic scenarios.
- It then modelled scenarios where those people would contribute to a series of workplace pensions – matching the jobs they would have over the course of their career, based on their age – but always consolidating the savings they have built up into the same retail scheme once they move job.
- Based on the above, it then calculated the detriment that savers would face from transferring their pension from a low-charging workplace pension provider (charging 0.4%) to a retail option charging 0.8% (this charge is a blended rate calculated based on volumes of transfers going to various retail providers in the market and how much they charge). It validated the proportion of transfers going to retail providers against FCA data: Financial Lives 2022 survey: Pensions (accumulation and decumulation) selected findings (fca.org.uk).
- Given the assumptions around volumes that fed into the model were based on the People's Pension, which has a 25% market share, it then scaled up the calculations to produce a figure for the detriment of transferring to retail pensions options for the whole of the market.
- This shows that, based on transfers that happened in 2024, as much as £1.7bn of savings could be at risk from ill-informed transfers, over the course of peoples' pension savings journey to retirement at age 67.
- Other assumptions included in the model are investment returns of 6%, inflation at 2.5%, wage inflation at 3.5% and total contributions of 8%.

Market Loss

£1.71bn
2025

£1.23bn
2023

£1.10bn
2022

£849.47m
2021

£791.8m
2020

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