

Mindful of Investing in Retirement

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Freedom & choice report

- Member-led demand is currently low
 - immature schemes
 - hybrid schemes
- Employers want to retain their influence on benefit design
 - usually requires employer support under trust deed and rules
 - risk of employer disengagement
- Trustees & employers concerned about the risks to which they may be exposed
- A number of new models to facilitate flexibilities are starting to emerge
- Low levels of member engagement with pension saving
- Pace of legislative reform has outstripped the capability & capacity of some service providers

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Who's offering what – employer occupational DC schemes

- All 12 schemes offered small pot lump sum withdrawal and the option for an annuity purchase via 3rd party
- Most (9) offered tax free lump sum withdrawal, and 11 offered full uncrystallised funds pension lump sum (UFPLS)
- Partial UFPLS offered by 6 schemes
- Only 2 schemes offered drawdown (via 3rd party), although 7 more intend to in next year
- No schemes would accept transfers to access flexible benefits.

Source: TPR's engagement programme with senior representatives of occupational DC schemes, May – November 2015. 17 interviews across employer occupational schemes (12) and Mastertrusts (5), representing 68% of all occupational DC members.

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Who's offering what – Mastertrusts

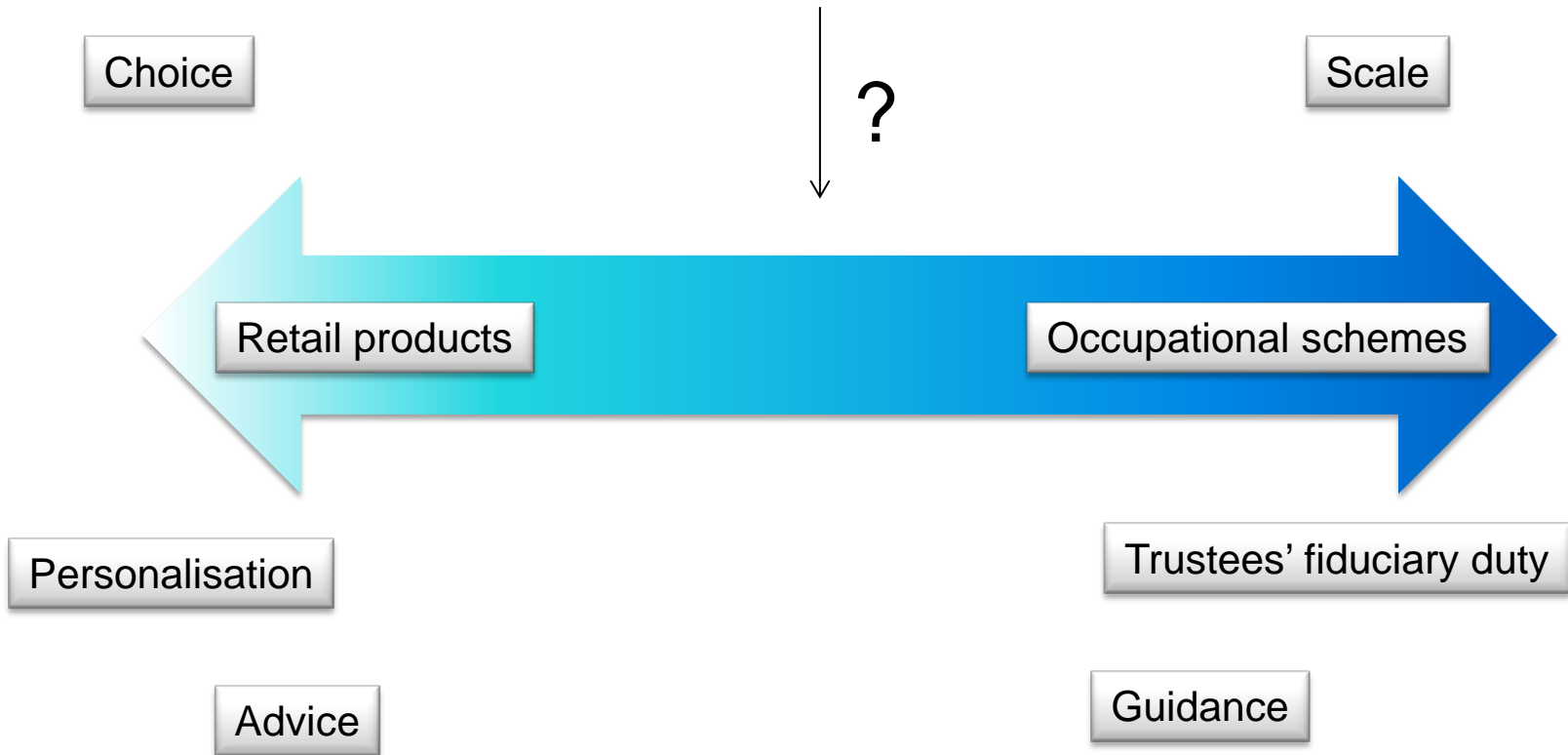
- All 5 master trusts offered:
 - small pot lump sum withdrawal
 - tax free lump sum
 - full UFPLS
 - annuity purchase via 3rd party
- 4 out of 5 offered partial UFPLS
- Full / partial drawdown offered by 3 out of 5
- No schemes planned changes to their offers in the next year
- A minority of master trusts indicated that they might or would accept transfers to access flexible benefits.

Source: TPR's engagement programme with senior representatives of occupational DC schemes, May – November 2015. 17 interviews across employer occupational schemes (12) and Mastertrusts (5), representing 68% of all occupational DC members.

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Personalisation versus Collectivisation

TPP/LV=



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Risk Warnings

- We have strongly recommended that trustees should give generic risk warnings to their members
- Members who seek help which is tailored to their personal circumstances should be referred to an FCA-regulated adviser and/or Pension Wise
- We have provided guidance to trustees on the legal requirements in the Disclosure Regulations, and have recommended that they also provide generic risk warnings about the full range of options
- Effective communications are now enshrined in the revised DC Code and what we expect of schemes
- TPP/LV= Warning
 - Generic guidance module
 - Specific advice module

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