

PPI Response “Inquiry into pension freedoms”

11 October 2017

About the PPI

1. The Pensions Policy Institute (PPI) is an educational research charity, which provides non-political, independent commentary and analysis on policy on pensions and retirement income provision in the UK. Its aim is to improve the information and understanding about pensions policy and retirement income provision through research and analysis, discussion and publication. Further information on the PPI is available on our website www.pensionspolicyinstitute.org.uk.
2. This response consists of a write-up from a roundtable that the PPI held in conjunction with JUST exploring current evidence on DC pension savers’ use of pension guidance and its impact so far, the role of pensions guidance and options for improving the current low take-up by DC pension customers.
3. The key discussion points are summarised below:
 - The main aim of pension guidance raised by the roundtable attendees is to improve people’s understanding of their options and provide information to explain the risks and benefits of the options. Making guidance the starting point could deliver a useful norm of engaged, informed planning at a key point, with reliance on DC pension benefits growing for those now approaching retirement.
 - Ideally, all customers would have the opportunity to receive tailored financial advice, but the cost would be potentially too high.
 - Default guidance is a good starting point, and may motivate some people to take advice should they want to go on to receive specific recommendations.
 - Mandatory guidance is unlikely to be feasible due to a potential lack of political support and concerns that it may have a negative impact on engagement.
 - Participants broadly felt that promoting and providing access to guidance from the age of 50 would help people with pension planning and prepare them for accessing their pension benefits on an informed basis at a later time of their choosing.
4. The roundtable write-up is attached to this letter. Please do let us know if we can help in any other way.