PRESS RELEASE

For Immediate Release

PENSIONS POLICY INSTITUTE
PPI

"This research identifies the current trends which could lead to higher DC pension pot sizes in the future" says Pensions Policy Institute

The Pensions Policy Institute (PPI) is today publishing the fifth edition of its annual Defined Contribution (DC) compendium, **The DC Future Book 2019 edition** in association with Columbia Threadneedle Investments. This report sets out available data on the DC landscape alongside commentary, analysis and projections of future trends. This year's chapter four explores how changes in governance and investment strategy could increase the size of member pots at retirement.

Daniela Silcock, Head of Policy Research at the PPI said "This report is being published during a period of great change as government and industry adapt to the increase in DC savers arising from auto enrolment, from 5.5 million DC members in 2012 to 13 million today, and the pension flexibilities, which have significantly altered the opportunities and risks faced by DC scheme members. In the background, economic changes and changes in investment trends are influencing the way scheme managers approach the investment of member contributions."

"It's important to recognise the good work that government and industry have already done to ensure that the DC pensions market meets the needs of those saving for retirement, over a relatively short period. We are still going through the process of adaptation and the Future Book 2019 identifies the way that policy and debate about governance and investment is currently evolving and estimates how improvements could affect individual DC pot sizes."

"Moves away from significant de-risking in the approach to retirement can increase pot sizes at State Pension age (SPa) by around 3% though significant de-risking will still be appropriate for savers who wish to purchase an annuity. The use of illiquid funds and investment in funds that take account of the financial implications of ESG also have the potential to boost pot sizes over the long-term by 2% to 3%, though can be more resource-heavy to manage. And a drop in charges, arising from scheme growth or consolidation could see individuals achieving pots between 6% and 8% higher in retirement. However increased contribution levels and/or longer working are still likely to have the most significant impact on member pension pot sizes, increasing pots at SPa by 13% and 5% respectively."

Date of Issue: Thursday 19th September 2019
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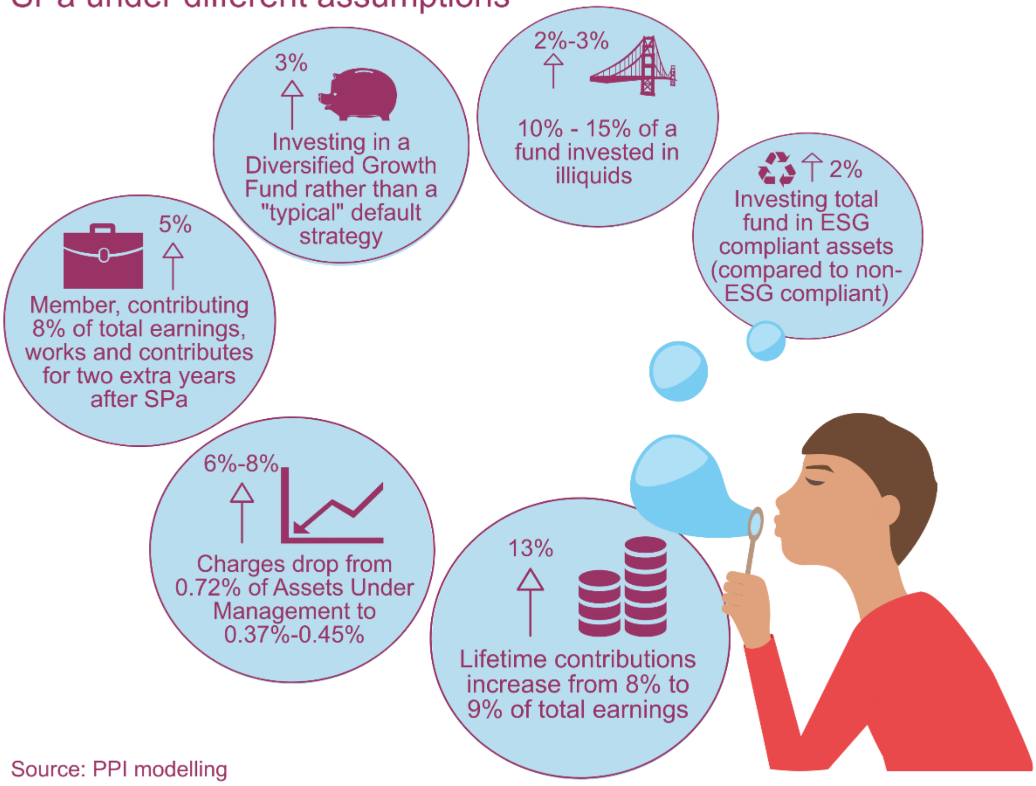
Potential increase in pension pot by State Pension age (SPa) for Sam, a median earner saving 8% of total earnings from age 22 to SPa under different assumptions



Source: PPI modelling

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Notes for editors

1. **We are an independent educational research charity: The Pensions Policy Institute (PPI)** does not lobby for any particular solution and we are not a think-tank taking politically-influenced views. The PPI is an educational research charity, which provides non-political, independent comment 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. Sponsorship has been given to help fund the research, and does not necessarily imply agreement with, or support for, the analysis or findings from the project.

A Pensions Policy Institute report

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COLUMBIA THREADNEEDLE INVESTMENTS

3. **Columbia Threadneedle Investments** is a leading global asset manager that provides a broad range of actively managed investment strategies and solutions for individual, institutional and corporate clients around the world. With more than 2000 people including over 450 investment professionals based in North America, Europe and Asia, we manage £368 billion[1] of assets across developed and emerging market equities, fixed income, asset allocation solutions and alternatives.

   Our priority is the investment success of our clients. We know investors want strong and repeatable risk-adjusted returns and we aim to deliver this through an active and consistent investment approach that is team-based, risk-aware and performance-driven. Our investment teams around the world work together to uncover investment insights. By sharing knowledge across asset classes and geographies we generate richer perspectives on global, regional and local investment landscapes. The ability to exchange and debate investment ideas in a collaborative environment enriches our teams' investment processes to ensure the best insights are applied to portfolios. More importantly it results in better informed decisions for our clients.

Columbia Threadneedle Investments is the global asset management group of Ameriprise Financial, Inc. (NYSE:AMP), a leading US-based financial services provider. As part of Ameriprise, we are supported by a large and well-capitalised diversified financial services firm.

Source: Columbia Threadneedle Investments as at 30 June 2019.
1 Ameriprise Financial, Inc. Q2 2019 earnings release.