

Welcome

Pensions Policy Institute

PPI



The DC Future Book: in association with



Welcome from our sponsors



**Michaela Collet Jackson,
Head of Distribution, EMEA**



Welcome from the Chair

Jonathan Stapleton,
Editor-in-Chief

Professional Pensions & WSB

Twitter: #PPIlaunch

Pensions Policy Institute

PPI



@PPI_Research

We have been at the forefront of shaping evidence-based pensions policy for over 20 years.

Pensions Policy Institute

PPI

We are a not-for-profit educational research organisation devoted to improving retirement outcomes. We do this by being part of the policy debate – providing objective analysis, facts and modelling to directly influence decision making.

We have produced:

Over 146 research reports
and
132 Briefing Notes
to date...

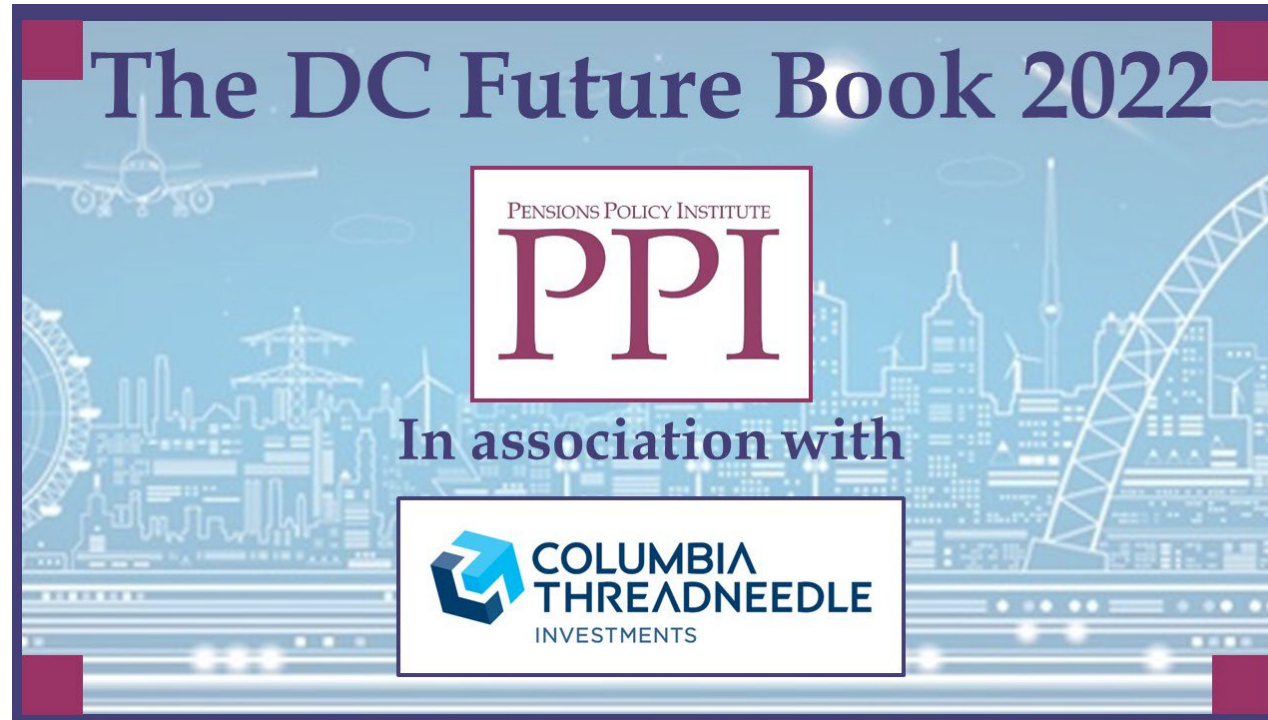
Our Independence sets us apart.

We do not lobby for any
particular cause or political party.
We just focus on the facts.

We produce credible and fact-based research.

Which helps shape future
policy by being part of the
debate.

Today's Event



Launched in 2015 The DC Future Book, now in its 8th year has become
an invaluable source of DC thought leadership

Key Findings

Pensions Policy Institute

PPI

Lauren Wilkinson,
Senior Policy Researcher

Pensions Policy Institute
(PPI)



Twitter: #PPIlaunch

@PPI_Research

The DC Future Book 2022



Current trends in the DC landscape:

- Accumulation
- Access to savings

The impact of high inflation on the DC landscape, with a particular focus on investment strategy

Current trends in the DC landscape – Accumulation

10.7 million
automatically
enrolled

974,000 automatically
re-enrolled

Average contribution
rates have stagnated

10.5 million found
ineligible

Workplace pension
participation rate:
79.4%

Average pot size
continues to grow
(£11,800)

But there are concerns about how the cost-of-living crisis could potentially disrupt positive saving trends.

Current trends in the DC landscape - Access to savings

Annuity sales up 10% compared to 2020, but still well below pre-pandemic levels

Drawdown sales remain relatively stable compared to 2020 levels

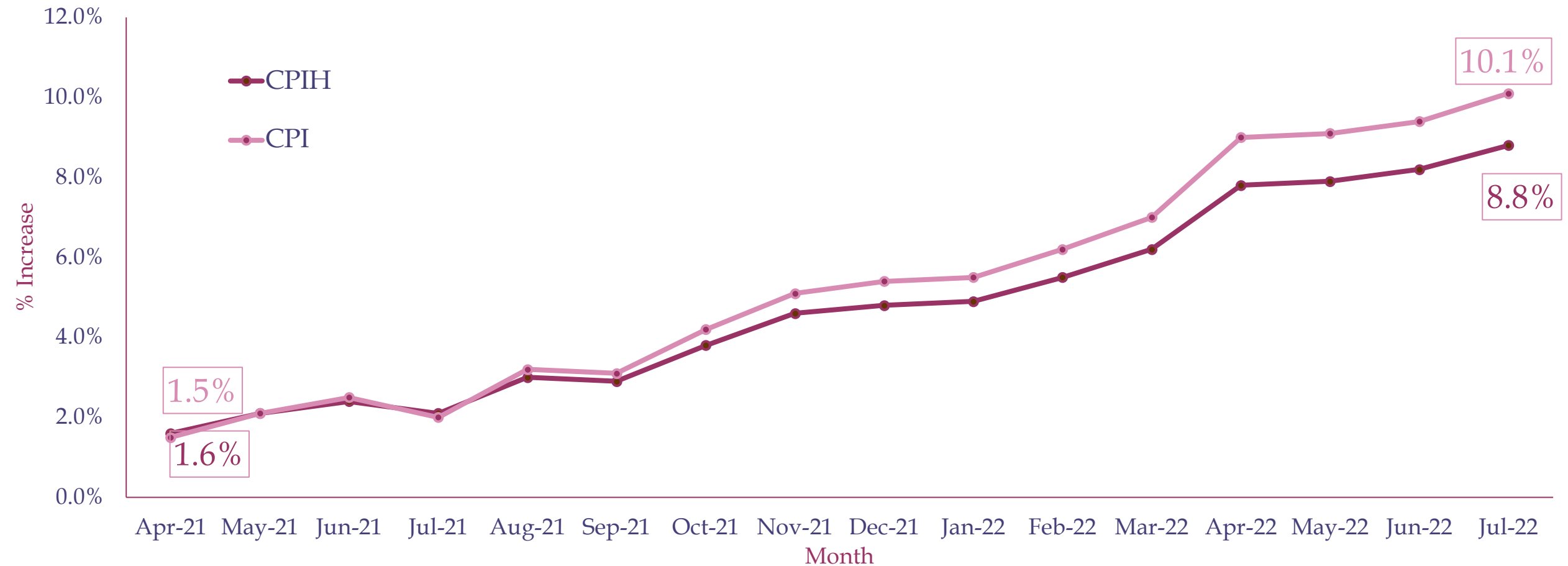
Full withdrawals increased above pre-pandemic levels; partial withdrawals also increased substantially

An emerging trend towards lower use of advice?

- 40% drawdown contracts purchased without advice
 - 84% annuities purchased without advice

2022 has seen inflation reach its highest level in 40 years

CPI & CPIH 12-month rate April 2021 – July 2022



The impact of high inflation on DC investment strategies

Current high inflation environment could be a catalyst for more effective DC investment strategies

Not all high inflation environments are the same

Pension goals are long-term so any changes must be made pragmatically

Sustained high inflation likely to require a more nuanced approach

Conclusions



Positive trends in participation and pot sizes, but not a time for complacency.



Trends in access to savings less clear, especially after disruption of the pandemic.



Some negative trends emerging – lower use of advice.



DC schemes need to be resilient to respond to unexpected disruption to trends.

Response from our sponsors



**Chris Wagstaff,
Head of Pensions & Investment
Education**



Keynote presentation

Pensions Policy Institute

PPI

Paul Johnson CBE,

Director, Institute for Fiscal
Studies & PPI Governor



Twitter: #PPIlaunch

@PPI_Research



22 September 2022

@PJTheEconomist

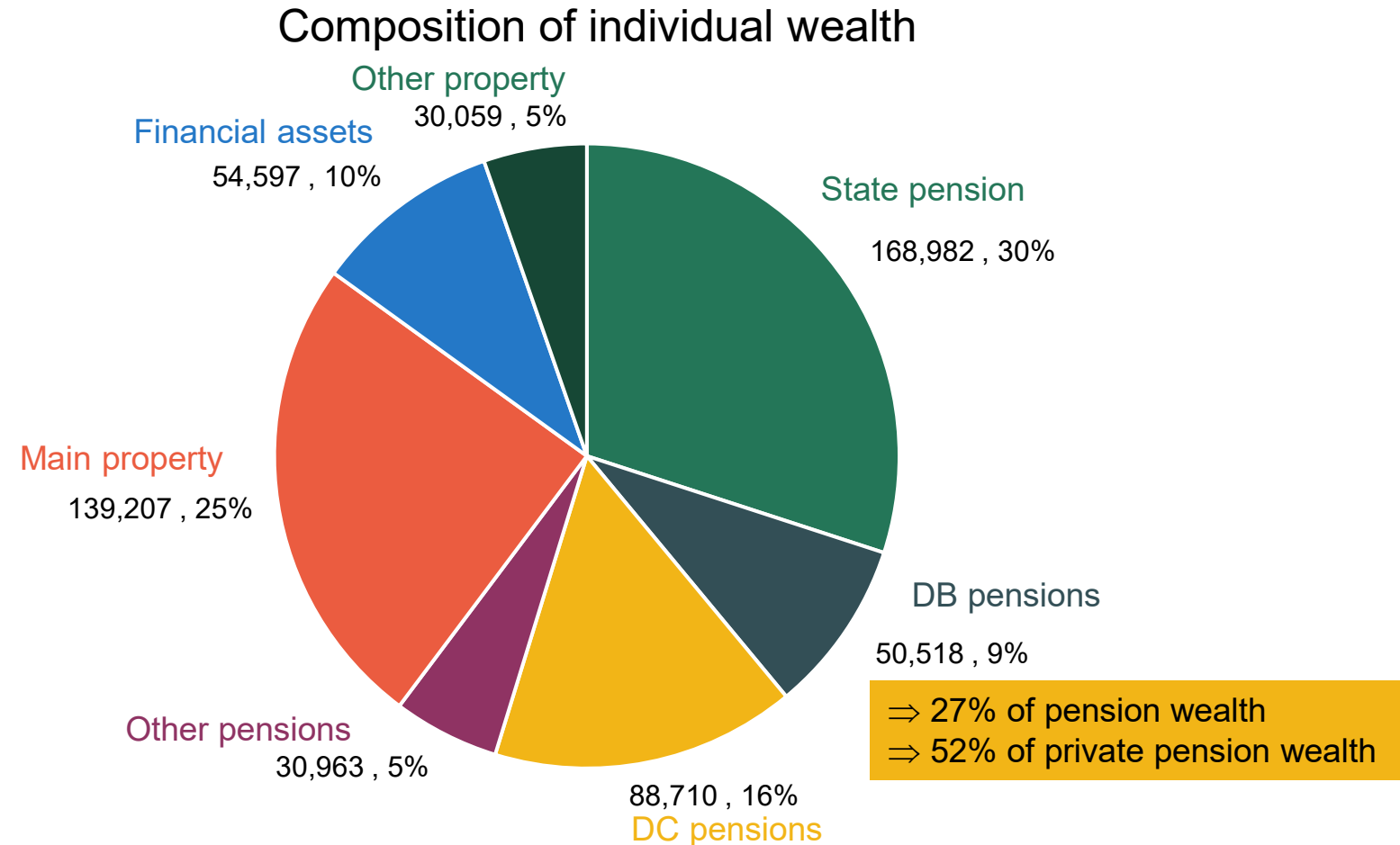
@TheIFS

DC: the future of pensions



Economic
and Social
Research Council

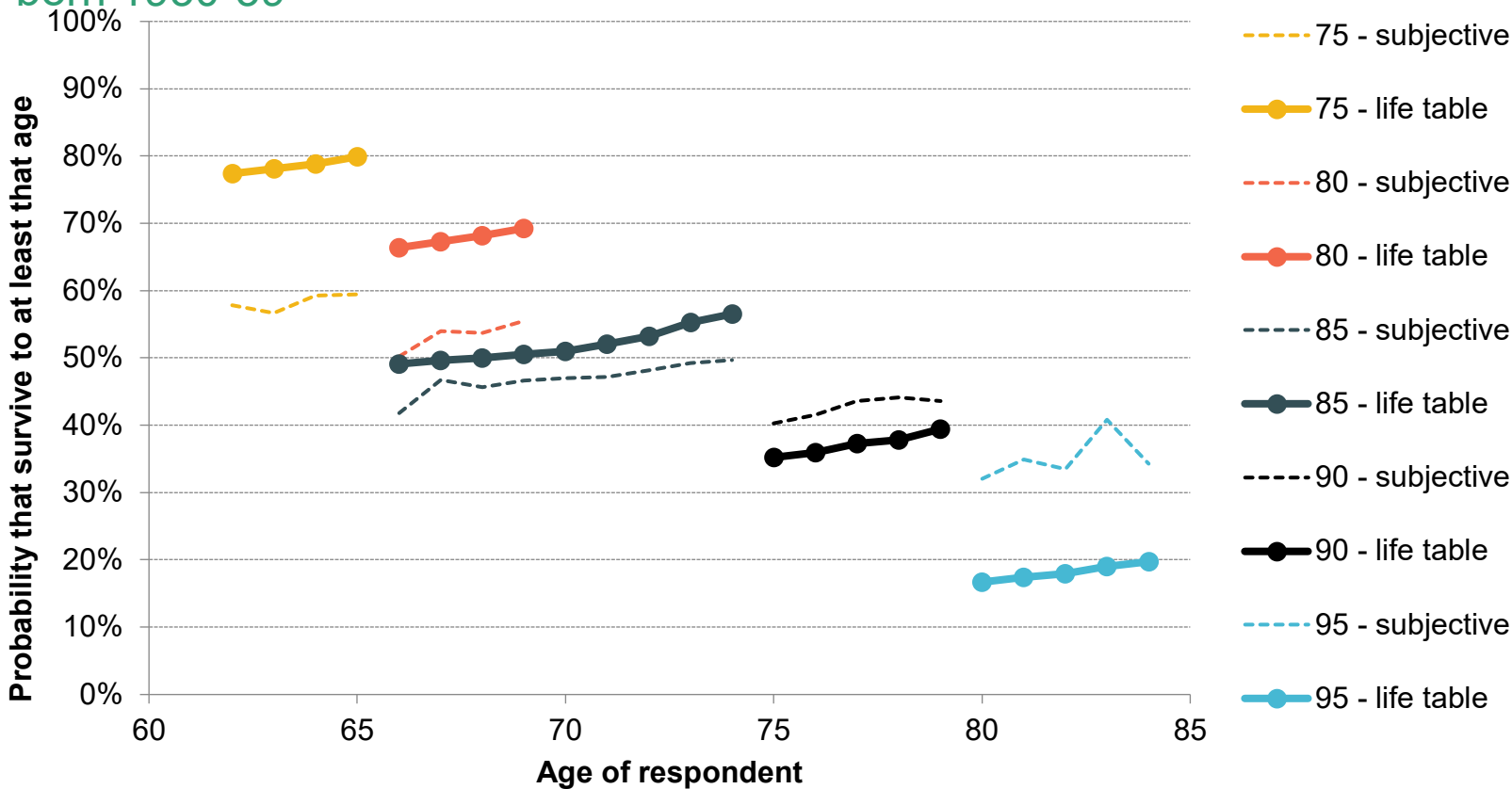
DC pots in retirement wealth portfolios



Note: Individuals aged 50-59 with some DC wealth. WAS Round 7.

Comparing subjective reports and life tables

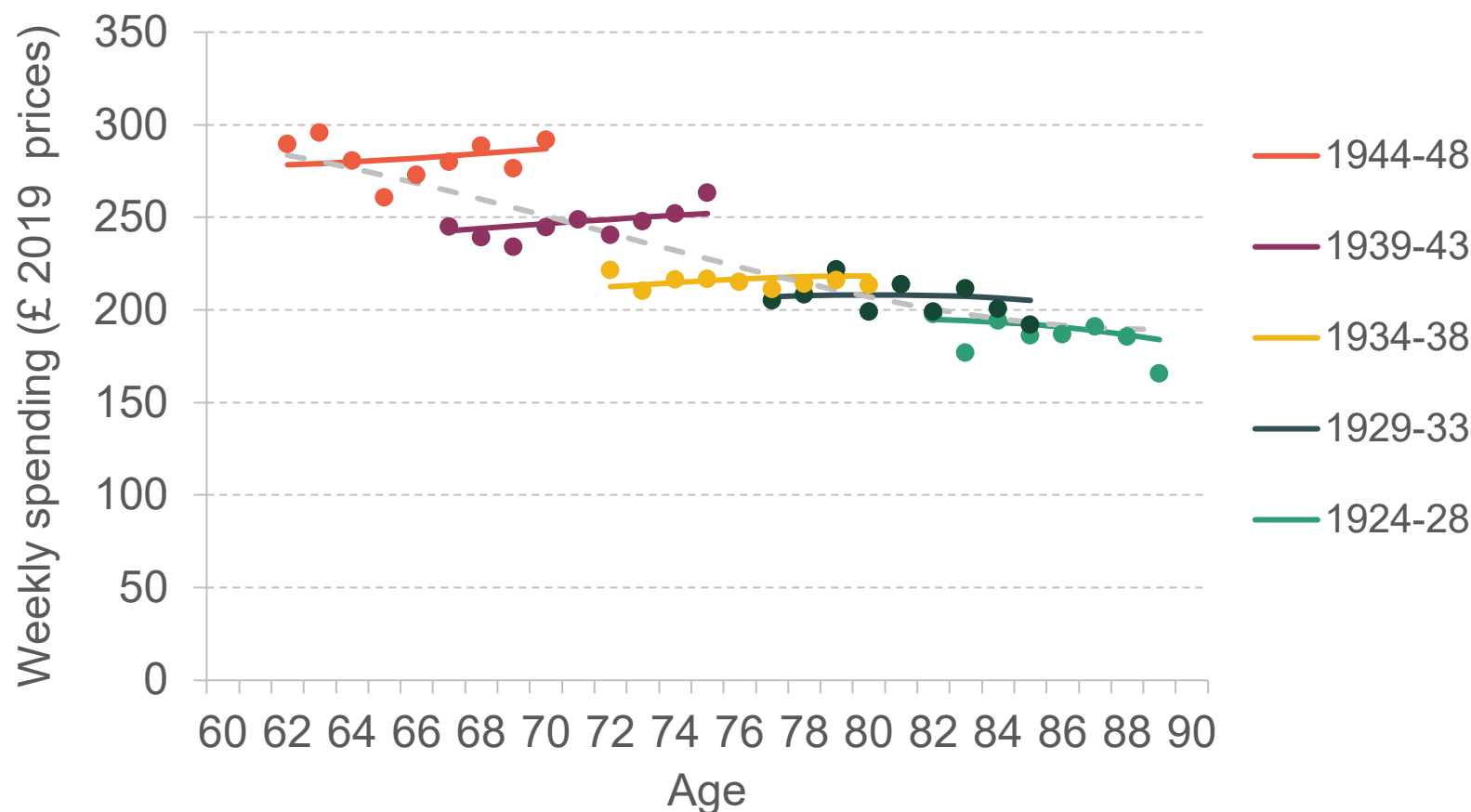
Average subjective survival rates compared to life table survival rates, for men born 1930-39



Source: ELSA waves 1 to 7 and ONS 2014-based cohort life tables for England and Wales

Real spending if anything rises through retirement

Average weekly household spending per person, by birth cohort



Notes: Living Costs and Food Survey 2006-2018. Figure 3.2 in Crawford et al. (2022).

Panel Discussion



Andrew Brown
Columbia Threadneedle Investments



Paul Johnson CBE
IFS & PPI Governor



Lauren Wilkinson
Pensions Policy Institute (PPI)



Stephen McDonald
Which?

The Chatham House Rule



**The remainder of the event is held under
The Chatham House Rule**

When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

Q&A Session

Pensions Policy Institute

PPI



Please observe the Chatham House Rule

Final Comments and Closing Remarks



Please observe the Chatham House Rule

Chair's Summary

Pensions Policy Institute

PPI



The report can be found online at
www.pensionspolicyinstitute.org.uk



Please share the link to the report on Twitter & LinkedIn
HELP US SPREAD THE WORD!

Thank you!

Pensions Policy Institute

PPI

To our report sponsors & event host



**COLUMBIA
THREADNEEDLE**
INVESTMENTS

Thank you!

Event Chair
Jonathan Stapleton

Steering Group
Members

Today's Panel
Members

The PPI Report
Authors

The Event
Organisers

All of our
attendees

Please stay and join us for the drinks reception!

The DC Future Book 2022



In association with

