

#### Welcome

To the launch of The UK Pensions
Framework
2022 edition

in association with



Chris Curry,

<u>Director</u> <u>Pensions Policy Institute (PPI)</u>



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



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:

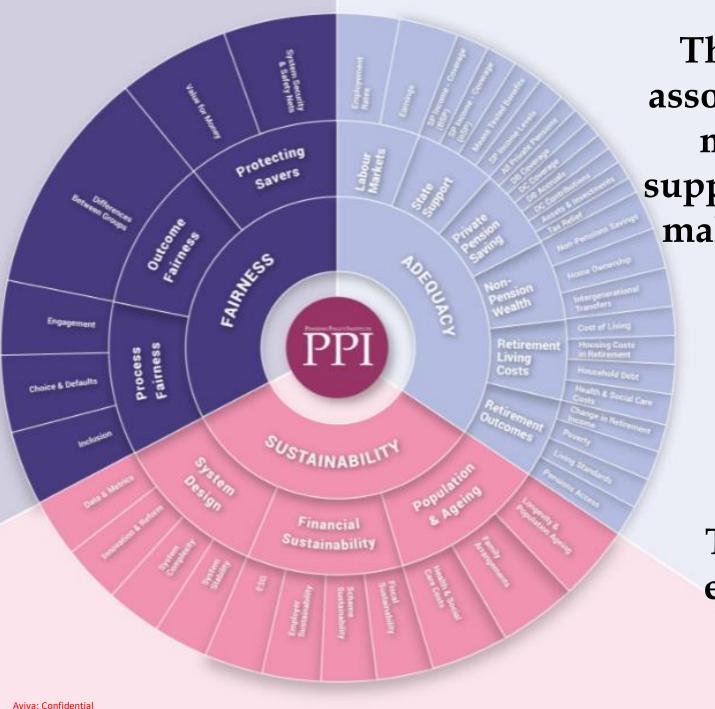
Over 145 research reports and 134 Briefing Notes to date...

#### 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.



The UK Pensions Framework, in association with Aviva is a strategic, multi-year project that aims to support and inform long-term policy making in the UK pension system.



Today's event launches the 2022 edition: Trends, Transitions and Trade-offs in the UK Pension System

## Key Findings

Pensions Policy Institute

Anna Brain,

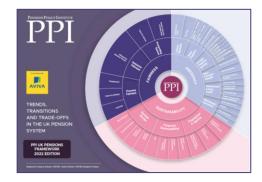
Research Associate Pensions Policy Institute (PPI)



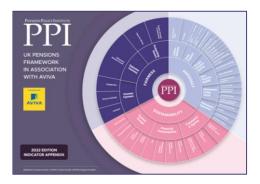
#### Aims



- 1. To present a holistic picture of how the UK pension system is working
- 2. To identify impact of changes in economic, policy and pensions landscape
- 3. Highlight policy relationships and trade-offs



Trends, Trade-offs and Transitions in the UK Pension System



**Indicator Appendix** 

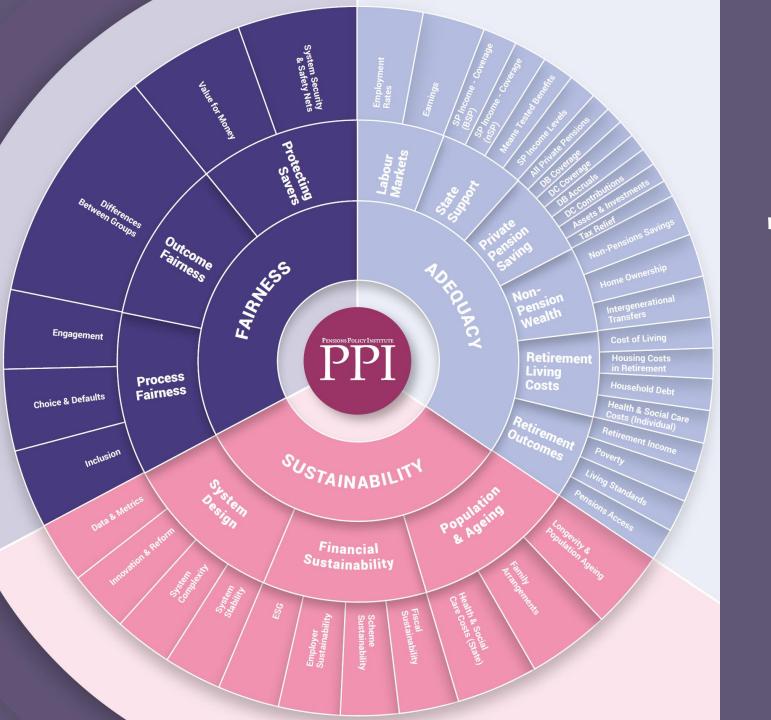
#### What is the UK Pensions Framework?



Study of adequacy, sustainability and fairness in the UK state and private pension system

Creates a single picture of strengths and weaknesses in the UK pension system

Track and simulate the impact of system change and interactions over time



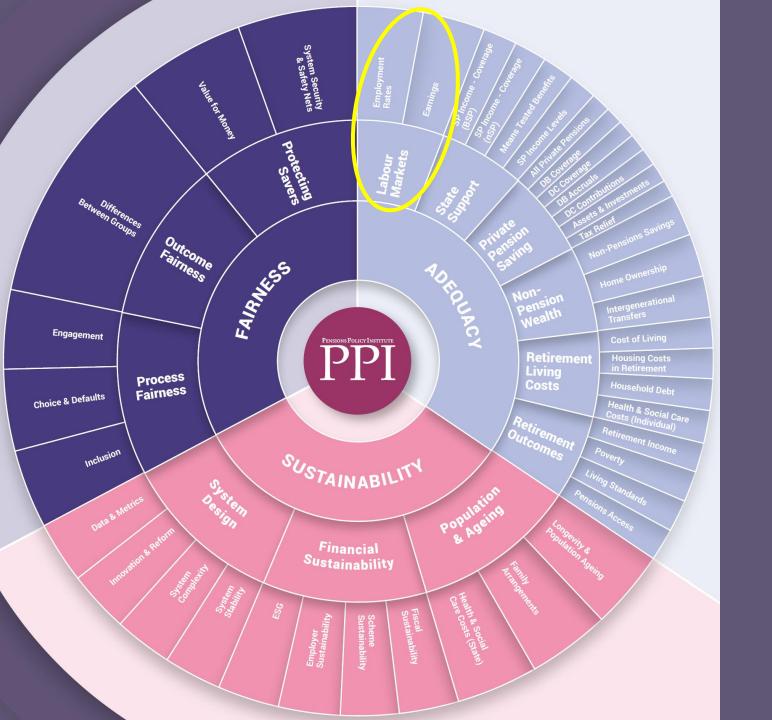
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#### The Pensions Policy Wheel

Adequacy

Sustainability

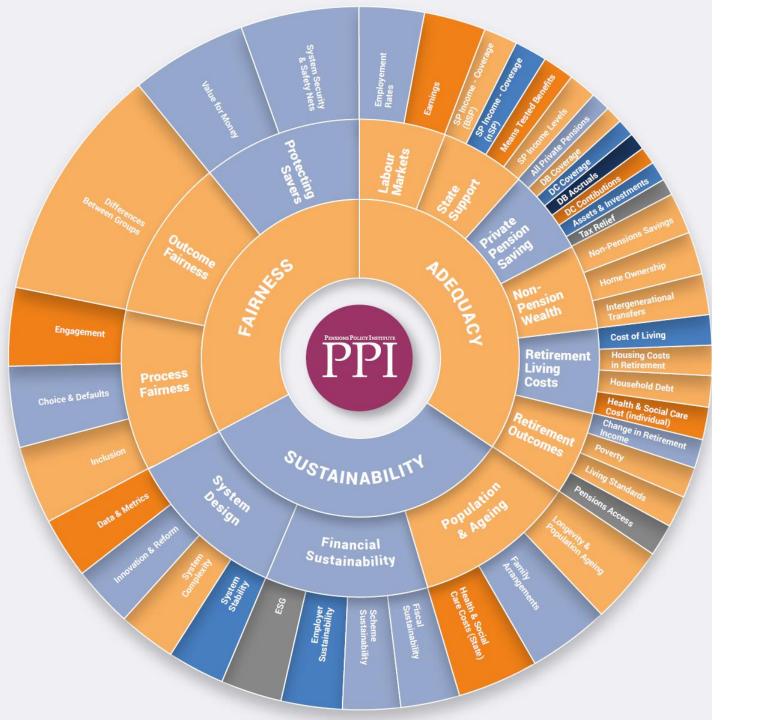
**Fairness** 



# Pensions Policy Institute

#### The Pensions Policy Wheel

Adequacy
Sustainability
Fairness





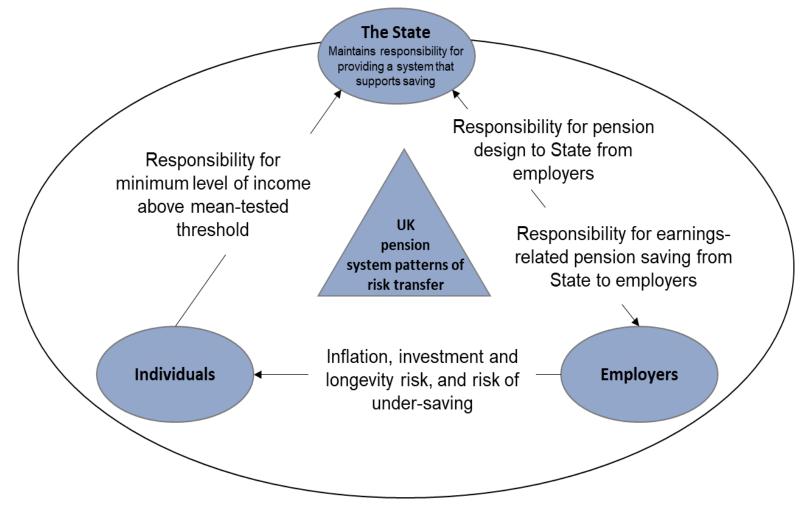
# Improving financial sustainability may be compromising living standards in retirement

L6	Strong support for system objective				
L5	Good support for system objective				
L4	Some support for system objective				
L3	Somewhat fails to support system objective				
L2	Poor support for system objective				
ш	Fails to support system objective				
	Unrated in 2022 Edition due to quality of data				

Source data relates to financial year 2020-21 or most recently available data

## PENSIONS POLICY INSTITUTE

## Responsibility for retirement risks, provision and system design is changing



## What are the impacts of transitions on the pension system and retirement outcomes?



- Under-saving, low engagement
- Persistent income inequality
- High levels of dependency on State Pension and benefits
- Risks facing people who leave work before reaching SPa

- Financial Sustainability
- Workplace Pension Coverage
- Employment at older ages
- New State Pension
- Lower dependency on meanstested benefits

Fails to support pension system objective

Strong support for pension system objective

## Many outcomes are driven by trade-offs and synergies between system components



	State Pension Coverage (BSP)			
	State Pension Income Level	Total Retirement Income		
	Poverty	Private Pension Coverage		
	Retirement Living Standards	Employment Rates		
	Differences Between Groups	Fiscal Sustainability		
	Inclusion	Scheme Sustainability		
DC Contribution Rates	DB Coverage	Home Ownership		
Means-tested Benefits	Non-Pension Savings	System Security & Safety Nets		
Earnings	Household Debt	Assets & Investments	State Pension Coverage (nSP)	
Engagement	Housing Costs in Retirement	Value for Money	Cost of Living	
Health & Social Care (individual costs)	Intergenerational Transfers	Choice & Defaults	DC Coverage	
Health & Social Care (public spending)	Longevity & Population Ageing	Family Arrangements	Employer Sustainability	
Data & Metrics	System Complexity	Innovation & Reform	System Stability	DB Accruals

Fails to support pension system objective

Strong support for pension system objective

#### Key Policy Findings



- Managing trade-offs is key to improving outcomes
- A more complex private pension system
- Pension adequacy v. pension coverage
- Increasingly important role of system design
- Variation in flexibility and security of pension provision
- Low awareness that savings may not meet retirement needs
- Interaction between pensions and other policy systems
- Variation in characteristics and inequalities among older people

## Sponsor's Response



Michele Golunska,

Managing Director, Wealth and Advice



### Panel Discussion



Prof. Nicholas Barr FRSA

LSE & PPI Governor



Anna Brain
PPI



Baroness Jeannie Drake CBE Labour Peer & PPI Governor



Emma Douglas

Aviva & PPI Governor



Sir Steve Webb LCP & PPI Governor

#### The Chatham House Rule

## Pensions Pol

#### 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

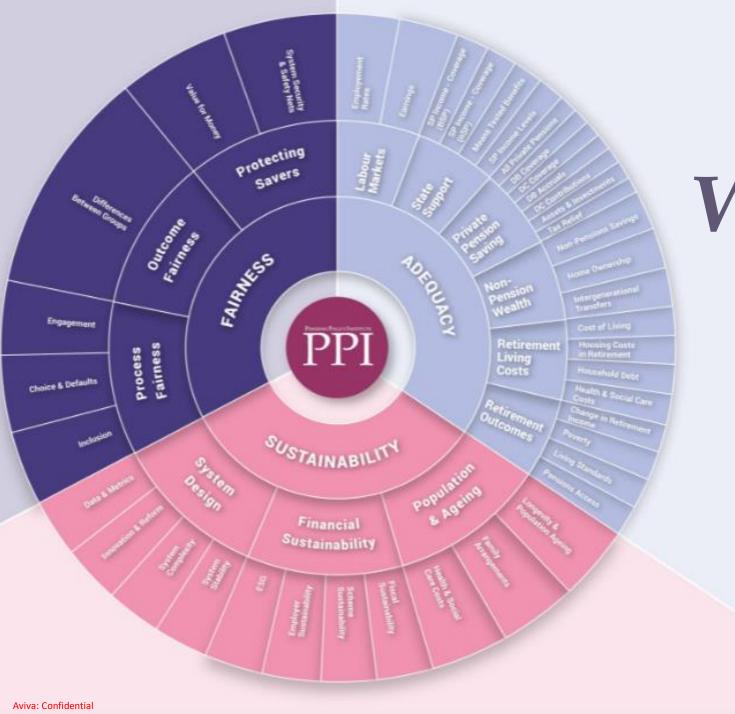
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Please observe the Chatham House Rule



# What's next for the UK Pensions Framework

## Final Comments and Closing Remarks





Please observe the Chatham House Rule

