Pensions 2022 – A vision of the future
Foreword

The current pace of change in the UK pensions industry is unprecedented and in the midst of all this reform, envisaging what the pensions landscape will look like next year, let alone in eight years from now, is a challenge.

But, as auto enrolment gradually becomes part of the fabric of UK society, we spoke to a wide range of industry experts and commentators for their views on what they hope the world of pensions will look like in 2022 – ten years on from the introduction of auto enrolment - and what they think needs to happen to make their vision a reality.

What is striking about this report is the overriding sense of positivity towards auto enrolment – it’s the right policy, and is so far proving effective in getting more people to save.

But, while the impact of the Budget reforms won’t be known for some time, one thing is certain – the nature of pension saving is fundamentally changing.

With the government introducing greater flexibility in how savers use their pension pots at retirement, in 10 years’ time, NOW: Pensions’ hope is that greater flexibility will also be afforded in the accumulation phase.

In New Zealand, the government’s KiwiSaver workplace pension saving programme, allows savers to make withdrawals to help fund a deposit for their first home or if they are seriously ill or suffering significant financial hardship.

In Cyprus, savers in the country’s Provident Funds can, in certain circumstances, apply for loans from their pension fund.

With many young people being deterred from pension saving as they struggle to get a foot on the property ladder, giving greater consideration to initiatives such as these would be well worthwhile.

In relation to auto enrolment specifically, if the goal 10 years from now is for a greater proportion of the population to be saving enough for an adequate retirement, there is general consensus amongst those interviewed that minimum contributions need to be increased.

At NOW: Pensions we certainly share this view but believe it’s unlikely that the government will address this issue until post 2017 and any increases are likely be phased in.

In the interim, we would like to see band earnings scrapped so that workers are automatically enrolled as soon as they start paying National Insurance, currently £5,772. At the moment, they are only eligible for auto enrolment when they begin paying income tax – currently £10,000.

This was, in fact, the original plan. But, in 2012, the government decided only those earning enough to have to pay income tax should be included.

At the time, the income tax threshold stood at £7,454, meaning a relatively small number of people were excluded from auto enrolment by the change in policy. But since then the income tax threshold has shot up to £10,000. As a consequence, the number of low earners cut out of auto enrolment has soared.

But, band earnings, set by the DWP between £5,772 and £41,865, doesn’t only disadvantage low earners, it disadvantages all workers. As Nigel Stanley from the TUC rightly points out, as a result of the band earning approach, no savers actually get an 8% contribution - the most anyone gets is 6.9% if they are exactly at the top of the earnings band, with somebody earning £15,000 only receiving a total contribution of 4.9% which is woefully inadequate.

Removing band earnings and basing contributions on all salary would help boost savings for all and would remove a great deal of the administrative complexity for employers.

We’d like to extend our thanks to all of our contributors for their insights and we hope that by the time we reach 2022 a greater proportion of the country are contributing to pensions and better understand the benefits of doing so.

NIGEL WATERSON – Chairman
LORD JOHN MONKS – Trustee Director
MORTEN NILSSON – Chief Executive
As auto enrolment gradually becomes part of the fabric of UK society, we spoke to a wide range of industry experts and commentators for their views on what they think the world of pensions will look like in the year:
The visionaries

Martin Bamford, managing director, Informed Choice
Dr David Blake, professor of pension economics at Cass Business School, City University London and director of the Pensions Institute
Michelle Cracknell, chief executive, The Pension Advisory Service
Baroness Greengross, chief executive, International Longevity Centre
Mick McAteer, founder, The Financial Inclusion Centre
Katie Morley, senior personal finance reporter, The Daily Telegraph
Joanne Segars, chief executive, The National Association of Pension Funds
Malcolm Small, senior adviser on financial services policy, the Institute of Directors
Jackie Spencer, pensions and retirement strategy manager, Money Advice Service
Nigel Stanley, head of campaigns and communications, Trades Union Congress
Steve Webb MP, minister of state for pensions
We come across auto enrolment regularly when speaking to clients who are business owners or employees but we made a conscious decision not to advise on the auto enrolment market as a firm, instead referring clients to another specialist firm.

However, these two years have flown by and the position for many smaller sized employers now approaching their staging date is rather worrying. Auto enrolment for them is an under-served market, leaving many employers who really need advice with nowhere to get it from, because there are very few key firms that get involved in that market.

After the service issue, there is a major problem with awareness. I was only speaking to a couple recently, one of whose employer was to start going through the auto enrolment process when they reached their staging date in September.

This was an intelligent woman, who is engaged with her finances and knew about pensions, but didn’t really have a clue what’s happening with auto enrolment with only a month to go.

That’s been our experience of lots of people who are on the receiving end of auto enrolment – they don’t really understand what it’s all about or how it’s going to work.

I don’t think auto enrolment will be around in 10 years as an ongoing offering. When it comes to pension policy, the government is highly inconsistent and whichever party is in charge will probably change it in a matter of years – even in the next parliament.

Pensions are such a political hot potato, yet successive governments keep changing them. We’ve seen the latest proposals about what pensions should be like in the UK, but they’ll change it for the sake of changing it.

So I don’t think we’ll have new people being auto enrolled in a decade’s time, but the auto enrolment that has already taken place will start coming through to people who are then retiring.

It will cause a very complex situation in terms of their need for advice at the point of retirement as there will be many more fragmented small pots of money to deal with.

We know the challenges that exist in this market and we have started to deal with small pots. But there isn’t the capacity or appetite in the market to work with people who are retiring on small pension funds.

The investors who are going to see me when the new freedoms come in next year have quite a slim chance of success, because there isn’t a mass market option for taking advantage of those new freedoms. There certainly isn’t any mechanism for getting good impartial advice.

There is, potentially, an answer though. If we can establish a viable guidance facility, people will have somewhere to go and this will provide a framework for the future.

But a decade is such a long time in pensions policy, I simply don’t believe auto enrolment as we understand it now will be around that long.

It’s more than likely that instead of having improved the retirement options for workers in the UK, we’ll be in the same mess we are today.
Auto enrolment has been so far, so good. It took five years to get political consensus after Turner’s first report.

We’ve got smaller companies and micro employers coming in between now and 2018. Seeing whether they stay auto enrolled between now and 2018 is going to be a bit of a challenge, but so far, so good.

But we can’t rest here. The 8% contribution rate isn’t enough and it’s still going to take years before contributions reach the 8% mark and that doesn’t provide a decent pension.

Even with the single tier pension at around £7,500, it will only amount to an extra couple of thousand pounds a year for most people.

The second strand of a ‘save more tomorrow’ plan is auto-escalation. The government accepted the first strand, auto enrolment, but chickened out of auto-escalation. Auto-escalation – the automatic increase in the contribution rate every year for 3 or 4 years – would in time provide the right level of contributions needed to produce a reasonable pension in retirement.

That, in my view, is going to be the big challenge from 2018 to 2022 – the 10th anniversary of auto enrolment: can a government of the future bite the bullet and try to raise contributions to 10% or 12%? They managed to do this in Australia.

We must also consider the long-term consequences of this year’s Budget which offers all this freedom and choice.

Before the Budget, auto enrolment offered members quality, institutionalised fund management in the accumulation phase with super low charges that a standard retail customer would not be able to access. But at the point of retirement, these auto enrolled members were forced to buy high charge annuities or drawdown products in the retail market.

The challenge the government hadn’t thought about was whether we could apply institutional efficiency and design and low charges to the pay-out or decumulation phase in the same way it was achieved in the accumulation phase.

The new freedoms and flexibilities brought in by the Budget might well encourage better value retirement income products. However, it has also brought another challenge: the risk that people will take their pension pot in cash and spend it too quickly.

A pension plan is designed to provide you with income in retirement for however long you live and, for that to work, you will have to buy longevity insurance at some stage. So if we want to get members to get the best from their savings in auto enrolment, we must build retirement income products that acknowledge the impact and make provision for the risks associated with longevity and we must nudge members into buying those products.
The DWP has said that four million workers have been enrolled. That’s equivalent to the number of passengers in 10,000 jumbo jets.

The next two years are going to be very interesting because of the changing size of companies staging who do not have benefits support teams.

We are also going to see the start of increasing contribution rates, which may change behaviour of members as they notice more going out of their salary.

There is evidence that most people realise they’ve got a personal responsibility to save towards retirement and while they may not like it, most have realised it’s just a fact of today’s modern living.

My hope for 10 years after its inception is that we see automatic enrolment has been efficient to get between 80% and 90% of working people into some form of pension scheme.

I also hope that it is accompanied by increased confidence in pensions from individuals being enrolled in high quality pension schemes that charge fairly.

Another focus must be on guidance, not just at the point of retirement, but also in pre-retirement and that individuals are encouraged to take guidance on how much to save and where to invest it, and perhaps other things they might do in order to put money aside for their retirement.

If we can get those three things embedded within our financial culture, we will have come a long way.

There is still a lot that is going to be delivered over the next couple of years, and I’m working on the assumption that the proposed changes in legislation are implemented regardless of the government in power.

Over the next five years we need to focus on the basics, which is getting people enrolled in the scheme and getting them prepared to pay the increasing contribution.

We have a product set that is simple and clear, offering good value for money both before and after retirement.

We should be seeking to put guidance into the landscape so that more people take up the opportunity to have an independent and impartial conversation about saving for their retirement.

We already offer guidance at TPAS to those who contact us and we strive to help people understand the small steps they can take to improve their pension position. Then the whole issue of retirement savings become far more meaningful for people and they begin to realise it is possible to save more towards their retirement.
Auto enrolment has very much achieved what I hoped would happen. It has started getting people to recognise the value of the auto enrolment scheme providing them with a pension. This is of course just a precursor to people having a better mix of state and private pension savings when they reach retirement age.

That goes together with the fact that people can stay on and work longer if they want to. There is a benefit not only to the individual, but businesses and the community as a whole by employing older workers. Once people recognise this, it will begin to create a virtuous circle of good outcomes, which will perhaps encourage more people to remain in an auto enrolment scheme and ultimately see the benefit of doing so in the value of their pension.

After a decade of auto enrolment, I would like to see the pension become an essential part of employer occupational benefits again, with people having a greater appetite for being involved in this pooled risk. Then perhaps we might look at other benefits such as group life and a health scheme that might in time be extended to cover older age groups.

It might be possible for some of these essential elements to be provided as part of an employer occupation scheme that people might opt into.

This is because it has always been my dream that people might recognise not only the need to provide income in old age, but also to make provision for care.

I hope that people increase their pension saving and recognise a little bit of that must, in turn, go towards care.

We really need to start to teach people in school about the life course and growing older. Developing a group health scheme as part of an employer-based pension scheme would bring health and pensions together.

But there are things that must happen to make that successful and that’s getting more small and medium-sized businesses to be involved as they stage their own schemes, otherwise it will only be the large schemes helping people save.

Changes in the pensions system, such as increased flexibility of drawdown and greater freedoms over cash withdrawal, may be ways to make people understand how important it is to save for a pension.

It is essential people receive advice at the right time and I think that will happen now, but it’s also essential more older people stay in the labour market.

After a decade of auto enrolment, I would like to see the pension become an essential part of employer occupational benefits again, with people having a greater appetite for being involved in this pooled risk.

They would benefit from more flexible working hours and more occupational health plans, but we must get the guidance before and after the point of retirement so they fully understand their options.

That process should start in school, as there is a lack of understanding in this country about what retirement means. Many people have no idea how they will manage and believe they’re going to die much younger than they actually do.
Auto enrolment is going well, making good progress, but they’re going to have to make sure there are no more slips on the timetable. We had better keep the pressure up and not lose the initiative.

There’s a lot of work to be done making sure smaller companies are engaged and the take up continues to be good and there are many other things that need to happen, for example, around the self-employed, which will require some pretty robust thinking.

After a decade, I believe it will generate even greater support as it becomes accepted. There is a danger that it could then become part of the background, so policymakers and providers will have to keep up the communications and engagement efforts to ensure people are reminded of the real benefits.

As more of us become used to auto enrolment, the harder it will become for them then to lose the benefits and it will become hardwired into the system. It won’t happen soon and there’s a lot of work to do, but I’m still quite optimistic about that.

There remains a danger from the constant lobbying from the industry. They will continue to try and drive this scheme for their own advantage and we must guard against providers having the upper hand.

The big problem we now face is going to come from the annuity reforms. Consumers, more than anything, want to have the sort of certainty in their retirement income that annuities have provided.

These reforms only go to increase uncertainty for the consumer, create more fragmentation of pots and introduce much higher risk when making the right decision at retirement. I really fear that could put people off the idea of pension planning altogether.

I’m very worried that people are assuming that just because they’re not buying annuities, they’re going to get much better value and at the moment there isn’t anything to indicate that. They’re likely to be entering into something that is significantly riskier. We need to be really careful of delivering bad outcomes as a result of these reforms.

The reforms will of course have a knock-on effect on companies operating in pension planning, but they will continue to lobby on their own initiative.

We must ensure that in creating this new landscape we don’t undermine the excellent work that’s been done in delivering auto enrolment. This means continuing to place the individual at the centre of what we are trying to achieve.
Pensions are definitely more squarely on the agenda of young people now than they were before auto enrolment began. People know they have a pension. The main question they’re asking themselves now, is not whether to join their company scheme, but whether they should stay in.

I think most of them are staying in, and they’re quite happy with themselves for having a pension. But of course, they’re only putting a very small amount of their salary in at the moment, so they don’t really notice those contributions.

Once auto enrolment develops further as it is implemented, contributions will increase. That is when they will start noticing it, and, potentially, opting out.

This is especially likely when they get to the kind of age where they are thinking of having children or buying a house. They’re already going to be squeezed financially, so we’ll probably see an increase in opt-outs.

The other aspect I find rather depressing is that even though 4% sounds like a lot, with up to 8% being contributed in total, it is not of their total salary, and is a very long way from giving people a decent retirement.

I feel there is more work for the government to do on making pensions more efficient, especially for younger people. The trouble is, the arrival of reforms such as a charges cap may not help the issue of efficiency, and by efficiency, I don’t mean simply delivering what we have had before, only cheaper.

We need to be creating big schemes with high quality investments which cater for younger people’s savings needs, so they are appropriate investments as well as having reasonable charges.

These schemes need greater economies of scale, and while I’m not suggesting that everyone should be put in a CDC arrangement, that is certainly one way to get scale.

Auto enrolment has been positive, and I’m optimistic in the sense that after 10 years most people will have some pension savings. However, the government has a lot of work to do if they want to ensure people have adequate pension savings. People have no idea what ‘adequate’ means at the moment. And I don’t think they are anywhere close to knowing what that means in their own context, either.

Given that the state pension is going to get further away as the age is increased – and who knows what’s going to be available by the time younger people get there – the emphasis needs to be to putting more money in pensions.

The other crucial element I would hope to see after 10 years, is more pension money creating wealth for the country, through investment in infrastructure and housing for instance.

If we can find the ways to solve the housing crisis and fund the infrastructure the country needs, that’s an investment that’s going to benefit everyone involved.

Of course, such investments often come with high charges, but I feel sure all these clever people in the pensions industry could come up with a way of doing it, if they wanted to.
The story we’ve got so far is really a success story. You know, I think it probably has exceeded expectations. It’s not just about the “bums on seats” and the much lower levels of opt-outs. It’s actually starting to turn around people’s hearts and minds on pensions.

The opt-out levels are lowest among the youngest, which is perhaps counter-intuitive, but many are grateful they’ve been put into a pension scheme finally.

The pensions landscape is going to look very different by 2022. But I would like to think we will have the situation Australia had 10 years after introducing compulsion, where saving in your into your super became an important part of what you did.

By 2029, there will be 13 million people saving in defined contribution (DC) pensions. We’ve got to look at the new debates we’re having, in particular on the adequacy of contributions, because 8% is not enough, though I am sure that will be addressed in the 2017 review.

After 10 years, we may start to see the boundaries between pensions and other savings products and even long-term care starting to blur. I would like to think that after five years, let alone 10, that pensions are just one of those things that everyone has, just like a bank account. Something that is accepted and appreciated as part of people’s everyday lives.

One of the remarkable things about auto enrolment is the level of consensus. Of course, we all have slightly different ideas of what it should look like, operate and the degree of regulation required, but it would be a brave individual who went against it and suggested we needed to rethink the whole project.

Whoever wins the next election, it should be remembered that auto enrolment was a Labour concept that was implemented by a Conservative and Liberal coalition government. There is still a high degree of cross-party consensus around auto enrolment, and colleagues across Europe are impressed by the progress we’ve made.

Some are looking at the example set by auto enrolment and asking how we achieved such a fantastic result as it is something that should be considered in their own countries.
With medium-sized employers now entering auto enrolment, I think we’re in a better place than many thought we would be a couple of years ago, myself included. The headline opt-out rates are clearly a lot lower than some employers and industry commentators expected just two years ago. However, we need to look at not just opt-out rates, but the cessation of contributions in the first year.

There’s some anecdotal evidence building that this is leaving behind some very small pots and though we haven’t got data on it yet, I’ve a hunch there may be another 10% of ceased contributions in that first year. This could create something of a challenge, but in overall terms we’re in a better place than we expected.

In 10 years, the pension landscape will be very different from now. Providers, commentators, politicians all need to understand that once the music stops on auto enrolment, that is pretty much it for the development of the market.

Employers who have signed up for a pension scheme – or promised to sign up for a pension scheme – are not going to want to go through that process again. They will have already experienced immense pain in many cases of the administrative processes around the implementation of auto enrolment.

So when the music stops, all market participants are left with what they’ve already got, and that’s that. For this reason, the landscape in just two years’ time will be much more settled than it is now.

Today it’s a very fluid environment, but in 10 years we will see fewer providers with much larger market shares than we do today.

We’ll probably also see the arrival of effective compulsion. The processes around auto enrolment have proved incredibly complex for employers to understand, and there is evidence coming through from the research I do that once again this is just so painful, why don’t we just make it compulsory?

The process of determining who is eligible and then calculating how much they must contribute has been so painfully complex that employers have found it very difficult to understand.

What our research indicates is that many of them are asking why these processes cannot be simplified. For instance, instead of using band earnings to calculate contribution levels, why not use a more concrete figure, such as a certain percentage of gross earnings that is contributed to the individual worker’s fund automatically? This is not only simpler from an administrative point of view, but easier for the member to understand as well.

We’ve been struggling with making these kinds of simplifications since 1994 and it’s not a new problem for the industry to consider.

That would make it much simpler for everybody and this is why I think we might see compulsion in the end.

THE PROCESSES AROUND AUTO ENROLMENT HAVE PROVED INCREDIBLY COMPLEX FOR EMPLOYERS TO UNDERSTAND, AND THERE IS EVIDENCE COMING THROUGH FROM THE RESEARCH I DO THAT ONCE AGAIN THIS IS JUST SO PAINFUL, WHY DON’T WE JUST MAKE IT COMPULSORY?
Auto enrolment has been quite successful from our point of view. It has started people who haven’t saved before to begin thinking about long term savings – or at least allowed their employer to think about it for them.

That’s been very positive, because long-term saving for us is extremely important as a part of the development of consumers’ money management and, financial planning as a whole.

Everyone looks to the success of the Australian superannuation model and also to some degree the North American saving culture, but people here need to understand the advantage of putting away money for the long term as well.

Once such a process is in place, that behaviour can become second nature and as people are automatically enrolled, being in an employer’s pension scheme starts to be something that just happens.

In terms of a future landscape, we need to get over this implementation period first, then the norming can begin. We need to pass the phase of it being new so it’s no longer the new thing, but becomes something that just happens when you start a new job.

There is flexibility in the system if you need it, so there’s nothing for consumers to be scared of if they don’t want to be tied into saving in the pension scheme. But we’ve seen such low opt-out rates anyway, that shows people have not been opting out in great numbers. Not yet, at least.

To ensure a promising future, I believe it is essential we keep on with that same message about the benefits of saving into a pension and improving people’s financial capability.
Auto enrolment is one of the biggest changes in the employment relationship in pension policy for many years and yet it’s been done without any controversy. It has been an extraordinary success – more successful than its architects expected – with opt-out rates lower than even the optimists predicted.

There may be some changes in behaviour when contributions rates go up, but the signs so far are that they will be minimal. But of course the problem with auto enrolment is that it doesn’t get people to save enough to have a decent retirement income, and that’s the main challenge we face.

As for a future landscape, until a few months ago, I’d have said we were optimistic about people saving more, but we needed to address decumulation and think of different ways of paying out pensions. That was before the Chancellor threw a hand grenade into the current structures and while the annuity market has problems, blowing it all up without putting something in its place is not the right way to go about resolving these issues.

The danger is we’ve now changed pensions into just another savings product, and we haven’t done what people actually wanted from pensions reform, which was to give them better and more predictable income in retirement.

The optimistic scenario now is that we radically reduce the number of pension providers and schemes to give us a limited number of extremely efficient, very well-governed schemes that are aligned to members’ interests which can apply a similar approach to decumulation.

People will still want default strategies that give them what they want, in other words a secure and predictable income in retirement. That may not look anything like a traditional guaranteed annuity, with but will look much more like a pension than some of the wild speculation about people taking all their pots out and spending it too quickly, or being too miserly in retirement.

There are great dangers of relying on market innovation and personal responsibility to deliver a good outcome in the pension world. We tried that in the 1980s and it almost destroyed the pensions system and put us where we are now – with a system where two out of three private sector workers were not saving in a pension before the start of auto enrolment.

We should look to nudging schemes towards the ‘save more tomorrow’ approaches and higher minimum contribution rates.

We’re particularly keen on dealing with some of the anomalies caused by having minimum contributions based on a band of earnings. Many talk of an 8% contribution rate, but no one actually gets 8% - the most anyone gets is 6.8% if they are exactly at the top of the earnings band.

The average contribution is probably around 5% and given that we are told we should be saving somewhere between 10% and 15% – and probably nearer 15% – then that’s simply not enough.

We’d like to see a continuation of phasing so that minimum contributions go up beyond current plans. We’d also like to see employer contributions start on the first pound of earnings, as that will give everyone a boost, especially the low paid who are the least likely to make voluntary extra contributions or plan their finances in the long term.

THE DANGER IS WE’VE NOW CHANGED PENSIONS INTO JUST ANOTHER SAVINGS PRODUCT, AND WE HAVEN’T DONE WHAT PEOPLE ACTUALLY WANTED FROM PENSIONS REFORM, WHICH WAS TO GIVE THEM BETTER AND PREDICTABLE INCOME IN RETIREMENT.
It has never been a more exciting time for pensions.

Rarely does a day go by without the newspapers covering an aspect of our wide-ranging reforms, from the introduction of the new State Pension to the new freedoms which will stop pension savers being forced into poor value annuities.

But right at the heart of our reforms is automatic enrolment – a policy which has given four million people the opportunity to save more or save for the first time for their old age.

While the new State Pension will provide a fair financial foundation for people in retirement, it is through normalising the idea of saving into a workplace pension that we will ensure comfortable retirements for the many.

We are protecting savers who are automatically enrolled from excessive and unfair charges and the new flexibilities we're bringing in will give people confidence that their pension pots are in their own hands.

Already these reforms are encouraging more people to save for retirement, and the decade long trend of declining pension saving is being reversed.

In 2013 the number of people saving into a workplace pension scheme increased to 11.7 million.

It’s a change of direction which will pay huge dividends for the country for years to come.

The lesson we are learning is that if we make it simple and easy for people to save, by and large they will see that it is in their best interests to do so.

Opt-out rates have been far lower than our predictions and more importantly saving for a pension is fast becoming accepted as, quite simply, "the thing to do".

Our award-winning “we’re all in” campaign has reinforced the message that saving for the future is important and helped people understand that if you do the right thing and save for your retirement then your employer and the government will contribute too.

It is a great achievement and shows what government, business and the pensions industry can achieve if we work together.

I am grateful to NOW: Pensions for joining with the rest of the industry and contributing to this achievement.

Now we need to build on our initial successes. People still expect their current standard of living to continue when they retire but, despite the ground-breaking reforms of the past five years, nearly 12 million people are still not saving enough to achieve that. This must change.

With around 10 million people eligible for automatic enrolment, we are less than halfway through the process and cannot rest on our laurels. There are still 1.2m small businesses due to automatically enrol their workers over the next four years.

Many of these employers will not have traditionally offered their staff a pension and bringing them on board will throw up unique challenges. But many small businesses are keen to get involved and value their role in providing a workplace pension as much as any big firm.

So we have listened carefully to the experience of the largest employers who have staged first and their advisers, payroll and pensions providers.

We have taken steps to learn from their experiences and make the process simpler for employers and their intermediaries. For example we have changed the legislation to align automatic enrolment more closely with existing payroll processes.

To support employers, The Pensions Regulator (TPR) is developing guidance and tools specifically targeted at less experienced employers to help them understand the steps they must follow to be compliant.

Looking forward 10, 20 or 30 years into the future, increased workplace pension saving will transform how Britain works and retires. Every employer will offer a pension and most people will take the opportunity to save into one – it will just be normal.

We expect the increased participation to generate around £11bn a year in additional pension savings by 2020. This cash will be invested and help Britain have a stronger future.

And workers will know they have their own pension pot to help support them in retirement.

Pensions will no longer be headline news – they will be just part of daily working life.

STEVE WEBB
MP, MINISTER OF STATE FOR PENSIONS

PEOPLE STILL EXPECT THEIR CURRENT STANDARD OF LIVING TO CONTINUE WHEN THEY RETIRE BUT, DESPITE THE GROUND-BREAKING REFORMS OF THE PAST FIVE YEARS, NEARLY 12 MILLION PEOPLE ARE STILL NOT SAVING ENOUGH TO ACHIEVE THAT. THIS MUST CHANGE.
NOW: Pensions is a UK occupational pension plan. Membership is only available through an employer. This is written as a general guide only. It should not be relied upon as a substitute for specific professional advice and we are not under any obligation to update this. Please note, past performance is not a guarantee of future returns.