

Call for evidence launched to help people make the most of their pensions

The call for evidence – Helping savers understand their pension choices – explores what type of support pension savers need when accessing their hard-earned savings, as well as what pension products and investment options are currently available from pension schemes and what may be offered in the future.

The DWP are particularly seeking the views of consumer organisations and of pension savers with an occupational pension about how they want to be supported in the lead up to taking their pension, when they access their pension, and after they have started to use their savings.

Minister for Pensions Guy Opperman said:

Deciding how to use your workplace pension savings is one of the most important financial decisions many people will make.

Automatic Enrolment has introduced over 10.6 million people to pension saving, and we want to ensure the record number of Brits now saving for retirement have the support and information they need to make informed choices about accessing their hard-earned savings.

2022 marks 10 years since the introduction of Automatic Enrolment. Since 2012, the percentage of eligible employees saving into a workplace pension has increased by a third, meaning more people than ever will need to consider how to convert their pension savings into retirement income, known in the pensions industry as to “decumulate”.

Nigel Peuple, Director of Policy & Advocacy, PLSA, said:

We welcome today’s publication of a call for evidence on decumulation in the trust sector and that it is seeking input on a range of existing and new solutions. We look forward to engaging further with the DWP on this topic throughout the consultation process and beyond. Since the pension freedoms individuals have had more options regarding how they access their pension savings, but most people need support in making these important and complex decisions.

The call for evidence builds upon research by the Financial Conduct Authority (FCA) which found that many people choose the “path of least resistance” when

it comes to accessing their savings, often taking an income from their current pension provider without shopping around for the best product, or without being aware of how their savings are being invested.

The DWP want to support savers by helping them understand the variety of options available when taking their pension savings, from wake-up packs or guidance to what pension products and investment options are currently available to them, all the while ensuring protections are in place for those who do not engage with pension choices.

The responses to the Call for Evidence will inform what, if any, government action is required to help pension savers make the most of their retirement choices when they decumulate.

Additional information

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