

# Press release: Government and FCA crack down on older pension scheme charges

The saving over the past 4 years revealed today (6 December 2017) means high charges levied on members of older workplace, or legacy, pension schemes, are soon expected to be a thing of the past.

A report published by an Independent Project Board, commissioned to investigate high charges, found that £25.8 billion of assets in defined contribution workplace pension schemes were potentially exposed to charges of more than 1%, failing to give savers value for money. This has now been reduced by over 90%.

Since 2013, the government and the Financial Conduct Authority (FCA) have worked closely with these pension providers to bring their legacy schemes in line with the standards of new workplace pension schemes introduced since the launch of automatic enrolment.

Guy Opperman, Minister for Pensions and Financial Inclusion, said:

No one that saves into a pension scheme should have concerns that their savings are at risk of being eroded by excessive charges.

That's why we are tipping the balance back in favour of consumers, who will now see their schemes delivering better value and increasing their income in retirement.

By working closely with regulators and providers, we are committed to getting consumers the best possible deal.

The Independent Project Board found that these pension schemes, which are contract and trust-based and not covered by the government's pension charge cap on workplace pension schemes used for automatic enrolment, were charging excessive amounts for annual administrative charges, without justifying the extra costs.

Of the £25.8 billion of assets covering 1.5 million pension pots, between £5.6 billion and £8 billion was potentially exposed to charges above 2%, and nearly £1 billion to charges above 3%, with the latter often members with small pension pots worth less than £10,000.

The government and FCA continue to work with the small number of remaining providers to eliminate high costs and charges by the end of 2018, and has been clear that it will legislate, if necessary.

This is the next step government is taking to ensure savers receive good

value for money from their pension, that their pension will meet their needs for retirement, and that savers are better able to maximise savings.

DWP and FCA published the most recent legacy audit report [Poor value workplace pension schemes: a review](#) in December 2016.

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