

Press release: Radical shake-up of advice to pension schemes will benefit savers and boost £1.6 trillion pension assets

Opening up the market for financial advice services used by pension schemes will help trustees get better value for money, boost members' retirement funds and reduce employers' shortfalls, according to ministers.

A Competition and Markets Authority (CMA) probe into investment strategy advice accessed by pension schemes found trustees were often denied clear information which would help them when weighing up options – hitting retirement incomes.

Now the government is acting to:

- improve competition in financial advice services used by trustees of both defined contribution (used by the majority of pension savers) and defined benefit pension schemes
- ensure better disclosure of fees and performance
- encourage closer trustee engagement when buying such services
- enable more effective monitoring of compliance by The Pensions Regulator

Guy Opperman, Minister for Pensions and Financial Inclusion – welcoming the CMA's findings – said:

Changes we are proposing will have a positive impact on millions of people's pension pots.

The market sometimes restricts trustees' ability to find the best value for money, meaning that defined benefit schemes are less affordable and more difficult to fund while defined contribution schemes face higher costs and reduced returns for members.

We want trustees to be better equipped and engaged when accessing services which have a huge influence on decisions affecting how much their members will have to live on in retirement.

The Department for Work and Pensions plans to consult on proposals later this year.

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