

Simple statements boost for pension planning

News story

Convoluted pension statements are set to be a thing of the past as the Pensions Minister today unveils innovative plans for simple, annual pension statements



The move will build on the enormous success of Automatic Enrolment by improving millions of savers' understanding of their pensions.

Boiling it down to the basics, these two-page statements will take on a more consistent format, highlighting in simple terms, key information such as the size of the saver's pension pot and a forecast of their retirement.

Minister for Pensions and Financial Inclusion, Guy Opperman said:

For too long pensions have been shrouded in complexity and technical jargon, limiting people's understanding of their savings and hampering their retirement planning.

Simple statements will usher in a new standard for how schemes communicate with their members – vastly improving people's understanding and engagement with their pensions.

With more people saving for their retirement than ever before thanks to Automatic Enrolment, it's vital they can understand what's going on with their hard earned money and actively plan for their future.

The Department for Work and Pensions proposals will require pension schemes to provide the statements and structure them in such a way that draws members' attention to the following key pieces of information:

- How much money is in your pension pot?

- How much money you could have when you retire?
- What you could do to give yourself more money in retirement?

The initial focus will be on defined contribution schemes used for Automatic Enrolment, with a view to later improving consistency across all schemes.

Simpler statements support the department's ambition to make information about pension saving more accessible to consumers, running parallel to the department's championing of the use of dashboards, an innovation that will allow savers' pension information to be accessed on digital devices at any time they choose.

Further work to encourage and drive the consolidation of small pots will also lead to better outcomes for pension scheme members.

More information

- The [consultation outcome](#), published on gov.uk today (19 October 2020), sets out the government's response to the consultation held at the end of last year on the approach to the content and presentation of information which must be provided to members through their existing annual workplace pension benefit statements.
- The Department for Work and Pensions will be developing draft regulations to mandate the form of simpler annual benefit statements for defined contribution schemes used for automatic enrolment, including the length of statements and information to be included.
- Simpler statements will include a line on costs and charges and a clear signpost for a more detailed assessment of this information elsewhere to help members see what they have paid for their pension.

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