

What does the future hold for pensions?



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What does the future hold for pensions?



Defined Benefit

- Regulation is becoming tighter
- There are concerns in the Public Sector
- Will consolidation help?



Defined Contribution

- Automatic enrolment is now established – but where will it go next?
- There are still developments around defaults
- Is there a role for Collective Defined Contribution?



State Pensions

- State Pension Age increases are built in, but what is the future for the triple lock, and means-tested benefits?

Do pensions have a future?

Defined Benefit

- **Regulation and funding requirements for DB schemes are likely to get harder**
 - Requirements for Trustees
 - Long term funding targets
 - Closer supervision
- **There are issues in the public service schemes as well**
 - Concern about the impact of the annual and lifetime allowances for tax relief
 - Are those affected responding rationally?
 - Is this starting to impact on service provision?
- **Will consolidation help DB schemes in the “end game”**
 - Which schemes are consolidators aimed at, and who will be able to use them?
 - Questions remain as to where on the regulation spectrum consolidators will sit

Defined Contribution

- **The initial implementation of AE is now complete**

- Both staging and phasing appear to have worked well
- But dates for implementation of the recommendations of the 2017 Review have yet to be set
- Contributions for many need to be above the minimum – what is the role of engagement and the pensions dashboard?

- **Defaults are still being developed**

- Charges and value for money are under scrutiny – transparency is key
- How will investment defaults evolve – is there a role for ESG, alternatives and illiquids?
- Big issues remain about moving from saving to spending

- **Is there a potential role for Collective DC?**

- Legislation is (still!) expected to enable the Royal Mail scheme to be implemented
- But is it a test case – legislation is restrictive
- Will there be demand? Is there a niche opportunity?

State Pensions

- **State pension age increases are set**

- But will reduced increases in life expectancy limit future changes
- Should the state respond to variations across income groups?

- **The triple lock remains under pressure**

- It is valuable short term, but unsustainable long term
- But what should it be replaced with, and what is the impact on today's younger workers?

- **Other benefits are becoming less generous**

- The switch to Universal Credit for mixed-aged couples could cost thousands of £s a year
- Still potentially a large role for Housing and Council Tax Support – and long term care?

Is there a future for pensions?

Are pensions looking more like long-term savings?

LISA, potential tax relief reforms

Individual lives are changing significantly

The 100 year life might not be applicable to everyone, but as life span increases, working lives evolve, health and technology change, how will individuals live their lives?

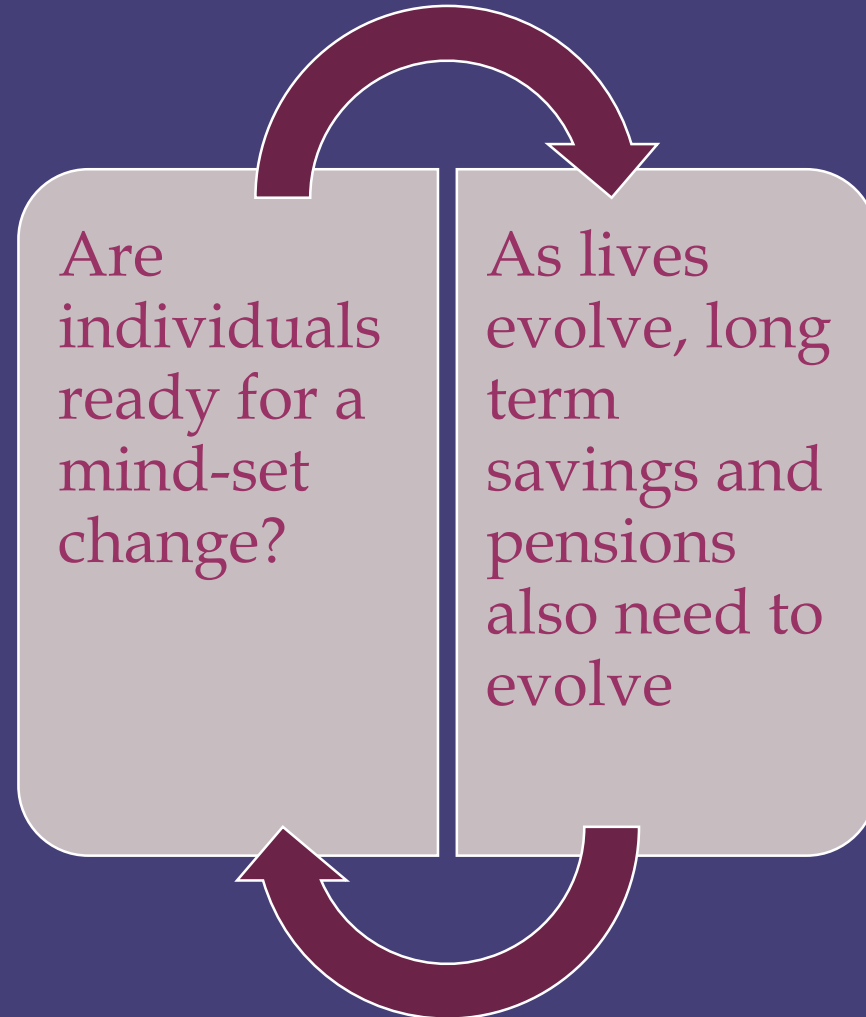
A pay-in then take-out system may not be suitable longer term

Is more flexibility desirable?

NEST model with additional savings account for automatic enrolment?

Or is it a case of a simpler system with better information?

Is there a future for pensions?





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