# PRESS RELEASE

**EMBARGOED UNTIL 0001 WEDNESDAY 1 NOVEMBER 2023**

PENSIONS POLICY INSTITUTE

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## "Future pensioners may draw less income than they need to" says Pensions Policy Institute

On Wednesday 1st November, **The Pensions Policy Institute (PPI)** will be publishing**: What can the UK learn about other countries' approaches to accessing DC savings?** The global shift of workplace schemes to Defined Contribution (DC) arrangements, places new and complex responsibilities on individuals to make decisions about how best to use their accumulated pension and other retirement assets. This project analyses evidence from the USA, Canada, Australia, New Zealand, the Netherlands, Denmark, Chile and Singapore, and draws out lessons for the UK when thinking about the challenge of enabling good outcomes for those accessing DC pension savings.

**Daniela Silcock, Head of Policy Research at the PPI** said "While the UK pension flexibilities resulted in stakeholder concerns that pensioners may overspend their DC savings, retirees in the USA, Australia and New Zealand are often reluctant to spend down savings, to the point that in the USA, the majority of retired people retain at least 80% of their savings around 20 years into retirement. Underspending is as worrying as overspending, as both mean that pensioners may be living on a lower than adequate income."

"Interestingly, especially in light of the UK's journey to fewer restrictions on pensions access, minimum withdrawal requirements (seen in the USA and Australia) ensure that people access at least some of their savings and provide themselves with a retirement income. However, any type of compulsion is often unpopular with pensioners and may be difficult to implement in the UK after restrictions were so recently lifted."

"Both Australia and New Zealand are in the process of implementing systems to assist retirees to draw an income more effectively, and their success with these will be of great interest to the UK. Especially the New Zealand Retirement Commission's "rules of thumb" guidance, which will allow people to choose profiles and withdrawal rates based on their retirement needs and preferences. The success of these initiatives will help answer the question of whether guidance can be a substitute for defaults, when it comes to enabling decision making. However, if neither New Zealand, nor Australia, find they can support retirees simply through guidance, the UK may need to think again about the role of defaults in pensions access both to avoid under and overspending."

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**Date of Issue:** 31 October 2023 **(under embargo)**

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## Notes for editors:

1. **We are an independent educational research Institute: The Pensions Policy Institute (PPI)** does not lobby for any particular solution, and we are not a think-tank taking politically influenced views. The PPI is an educational research charity, and have been providing non-political, independent comment and analysis on pensions policy and retirement income provision in the UK for over 20 years. Our aim is to improve information and understanding about pensions policy and retirement income provision through research and analysis, discussion, and publication. For news and other information about The PPI please visit www.pensionspolicyinstitute.org.uk

2. This report is kindly sponsored by a consortium, **The Pensions Regulator**, **Columbia Threadneedle Investments**, **LGIM**, **Standard Life** and **Barnett Waddingham**. Funding has been given to help fund the research and does not necessarily imply agreement with, or support for the analysis or findings from the project. The PPI does not make recommendations as to the appropriate direction of future policy, instead, our work provides **INDEPENDENT** evidence to allow policy development to be well informed.


**An INDEPENDENT Research Report by the**

Pensions Policy Institute
PPI

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