

# Welcome

## The role of Collective Defined Contribution in decumulation



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# Welcome from event Sponsors

**Joe Dabrowski**  
Deputy Director of Policy



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# Chair's Welcome

## Kathryn Fleming

Partner & Head of Defined Contribution  
At-Retirement Services & PPI Trustee

Hymans Robertson LLP

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**We believe that better information and understanding will lead to better policy framework and better provision of retirement for all**

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# Event overview

The event today is the official launch of the report  
**The Role of Collective Defined Contribution in  
Decumulation.**

This report is based around new modelling that explores how different scenarios may influence scheme stability and the value of member benefits the scheme can afford.

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# Key Findings

**John Upton**

**Policy Analyst**

**Pensions Policy Institute**

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# Decumulation only CDC

## Agenda

- ✓ **Background – what is decumulation CDC and what question is this research answering?**
- ✓ **Modelling results – what did we learn?**
- ✓ **Implications – what do our results mean for members and providers?**

# What would a decumulation CDC scheme look like?

## Background

- ✓ **What is the difference between whole-of-life and decumulation only?**
- ✓ **What is the UK's vision for decumulation only CDC?**

# What would our decumulation CDC scheme look like?

## Scheme objectives

- ✓ Invest in growth assets to get a higher income than an annuity
- ✓ Try to keep up with inflation – but no guarantees and allow a 2% margin
- ✓ Aim for a one in six chance of a nominal benefit cut each year

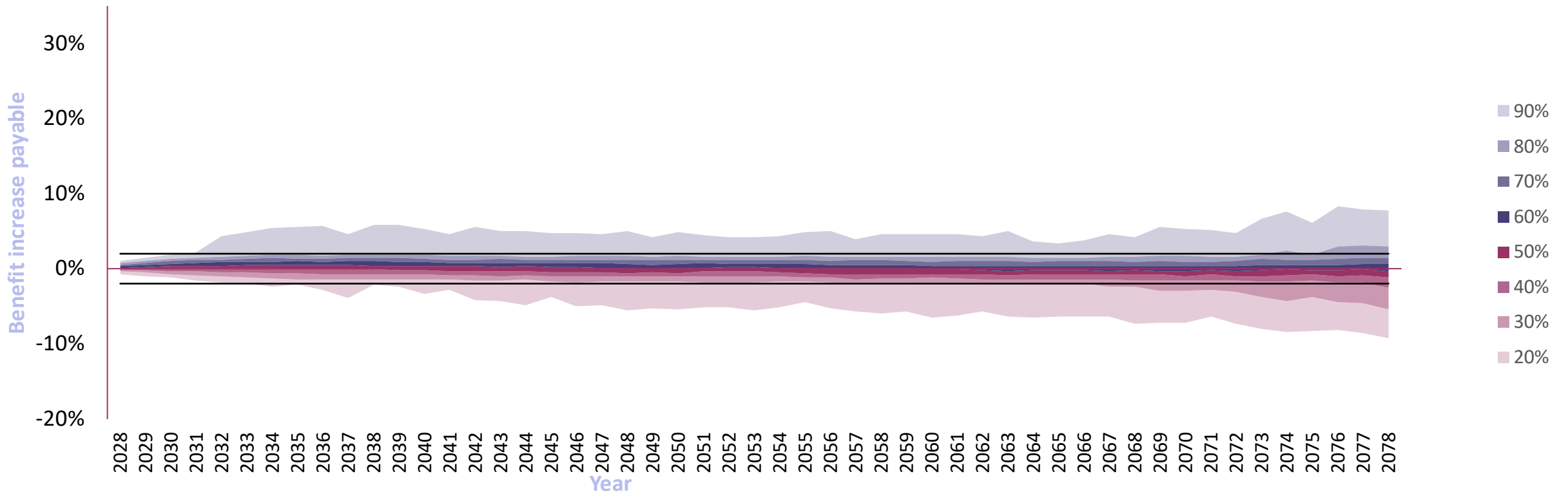
# Benefit increases can be volatile

## Modelling results



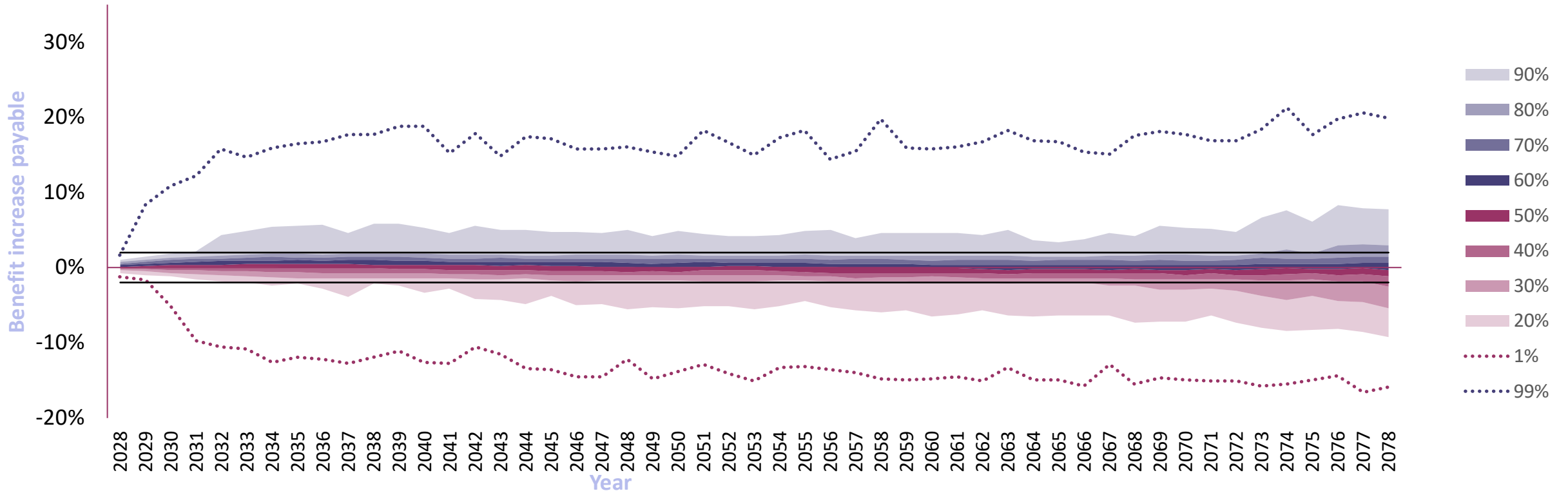
# Benefit increases can be volatile

## Modelling results



# Benefit increases can be volatile

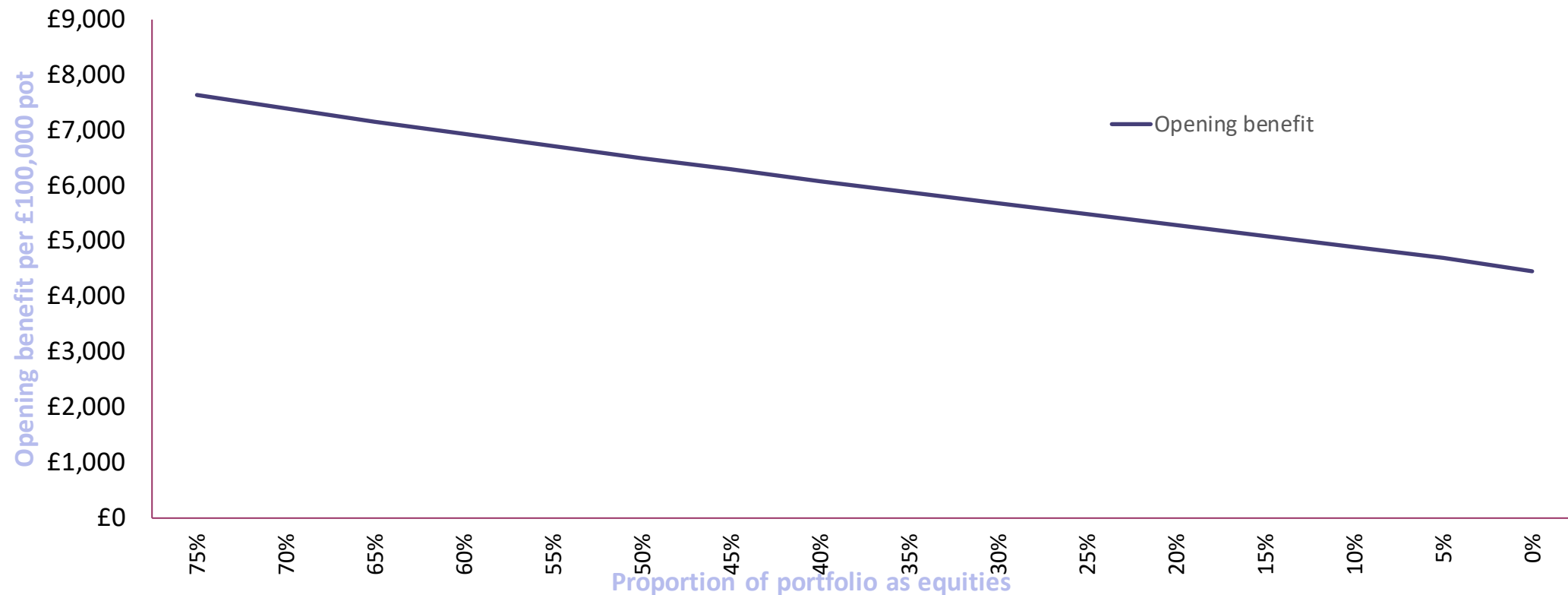
## Modelling results





# The opening benefit increases with higher-risk investments

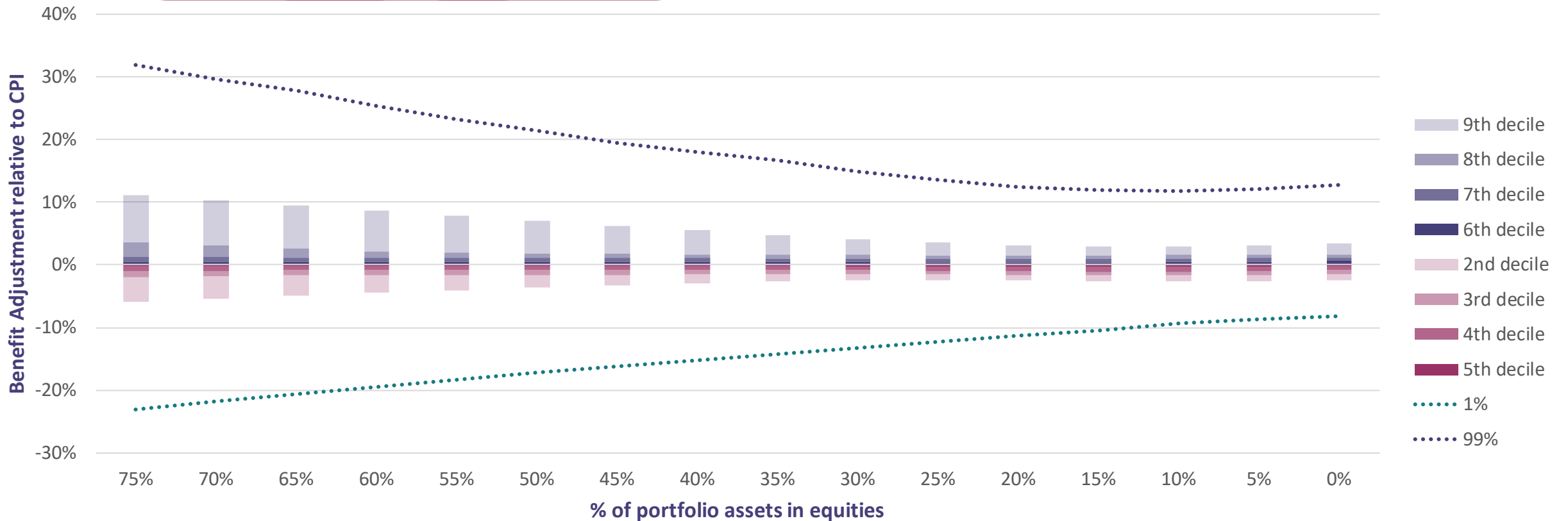
## Income predictability





# The benefit stability also decreases with higher risk investments

## Income predictability



# The benefit stability also decreases with higher risk investments

## Income predictability



# Membership can also affect scheme stability

## Modelling results

- ✓ What effect do small or changing membership rates have?
- ✓ How does this compare to the smallest profitable schemes?

# What is decumulation CDC's place in the world?

## Decumulation market

- ✓ How will it compete with other products?
- ✓ How can providers communicate the benefits?
- ✓ Will providers commit to providing it?

# What does this all mean for providers and members?

## Summary

- ✓ **Benefit levels are sensitive to investment performance**
- ✓ **Membership profiles are relatively inconsequential**
- ✓ **CDC could complement rather than compete**
- ✓ **Communication is key**



# Opening Comments from our Series Sponsors

**Julian Barker**



**Vicky Holmes**



**Ruari Grant**



**Peter Cowell**



The remainder of the event will  
take place under

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**Its guiding spirit is:**

**“Share the information you receive,  
but do not reveal the identity of who said it.”**



# Q&A Session



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- Your name
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# Any Final Questions

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**Thank you for  
attending  
today**

To our research authors, John Upton & Tim Pike

To our Event Chair Kathryn Fleming

To everyone who has made the launch of this report  
possible today.