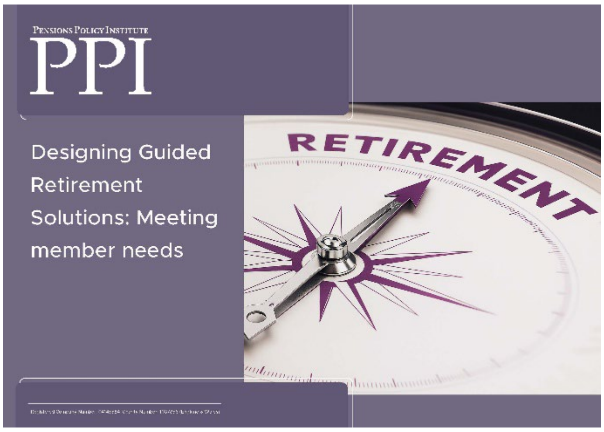
Designing Guided Retirement Solutions: Meeting Member Needs



On Monday 8 June 2026, the Pensions Policy Institute (PPI) hosted the launch of its latest report, **Designing Guided Retirement Solutions: Meeting Member Needs**. Sponsored by The Pensions Regulator, Royal London, WEALTH at work, now:pensions and Scottish Widows, the research examines the development of Guided Retirement solutions under the Pension Schemes Act 2026, and the role they could play in supporting individuals as they convert pension savings into retirement income.

Hosted by Just, Platinum Supporters of the PPI and chaired by Dr Suzy Morrissey FCA, Deputy Director at the PPI, the event brought together senior representatives from across the pensions industry and beyond.

The event formally launched the report, presented its key findings and facilitated a roundtable discussion on how Guided Retirement solutions can be designed and implemented in practice.

As with all PPI events, the session provided a forum for evidence-based discussion, enabling policymakers, industry leaders and stakeholders to engage with the research findings, share perspectives and explore the policy considerations arising from this important and timely issue.

Jackie Spencer, Head of Policy Development, Just, welcomed attendees to the event.

Research Findings

Mariana Garcia Requejo, Senior Policy Researcher, PPI, presented the key findings of the report.

The presentation set out the policy context for Guided Retirement established by the Pension Schemes Act 2026, which requires pension schemes to design one or more default pension benefit solutions to support members in converting their pension savings into retirement income. While the legislation provides a clear direction of travel, many questions around design and implementation remain open.

Mariana highlighted that Guided Retirement solutions cannot maximise all member objectives simultaneously. Evidence on retirement preferences points to a range of needs, including secure income, flexibility, longevity and inflation protection, simplicity, and reassurance - and the design choices made around these trade-offs will determine whose needs are prioritised and which risks are managed.

The presentation emphasised the importance of member characteristics in shaping solution design, covering financial, demographic, behavioural and life-stage factors. However, many of these characteristics are either not observable to pension schemes, unpredictable, or subject to change over time. Guided Retirement will therefore need to operate with gaps in member data, making it important to prioritise characteristics that are materially important and realistically feasible to incorporate. Pot size alone is unlikely to provide a sufficient basis for segmentation: proxy questions, such as whether a pot is the member's main retirement savings, and age or life stage, offer more appropriate starting points.

The presentation also identified four key design questions that policymakers, the regulator, and schemes and providers will need to address:

- When does the Guided Retirement journey begin?
- How strongly should schemes guide member decisions?
- Can Guided Retirement operate as an ongoing journey?
- How does Guided Retirement fit into the wider pensions and support system?

Roundtable Discussion and Plenary Feedback

The roundtable discussion and plenary feedback session were held under the Chatham House Rule. Panellists who contributed reflections in the plenary session were:

Joey Patel, The Pensions Regulator

Bernie Hickman, Royal London

Keren Wellings, Wealth at Work

Lizzy Holliday, now:pensions (part of Mercer)

Carolyn Jones, Scottish Widows

The following points were raised, both during the roundtable discussions and the plenary feedback session:

The appropriate trigger point for Guided Retirement, and the role of tax-free cash

There was substantial discussion across tables on when Guided Retirement should begin, with the trigger point emerging as one of the most contested design questions. Tables discussed the interaction between tax-free cash and the broader retirement income decision, with broad agreement that the current separation between these two decisions is problematic. One view that gained traction was that taking tax-free cash could or should require a defined plan to be in place, drawing an analogy with the investment pathways model. The concern was that if Guided Retirement begins only after tax-free cash has been taken, it risks narrowing to something closer to an extension of investment pathways rather than a more complete approach to retirement planning.

The question of how to reach and support a truly disengaged member was also raised - specifically, how to engage someone who has not provided contact details or made any active decision. Tables also explored the distinction between members who are passively deferring their pot as a considered choice, and those who are paralysed by the complexity of the decision. There was broad agreement that ideally, schemes would establish initial communications well before any consent or access point, to prepare members for the decisions ahead, though practical constraints on doing so were acknowledged.

What a "default" in retirement should mean

There was extensive discussion on what a default in decumulation actually means, and the lack of a settled definition was seen as a significant challenge for industry. Views ranged from "default as a backstop" (something that applies only for members who remain completely disengaged), to "default as a process", involving varying levels of engagement and a series of "flex-and-fix" approaches that could be appropriate for a wide range of members.

Some expressed scepticism about whether it is currently realistic or appropriate to design a single default solution for a cohort, let alone all members. Others emphasised that a default does not necessarily need to be a product: a structured process, combined with clear question flows and segmentation, could achieve similar outcomes. Trustee liability emerged as a recurring concern. Even offering a default raises governance questions, and the risk of steering members toward unsuitable or in-house solutions was flagged. Tables also noted the reputational dimension: negative default experiences, even if affecting a small minority, could damage trust in the industry more broadly.

How Guided Retirement fits alongside other forms of support

There was broad agreement that Guided Retirement and Targeted Support are seeking to achieve similar objectives and that, in practice, a coherent solution would ideally integrate both. Several participants noted that a well-designed Targeted Support offering could function as a delivery mechanism for Guided Retirement, and that providers offering both would likely want to align them. Questions remain around how Pension Wise would operate in a world with functioning Guided Retirement pathways, given the number of moving parts. The importance of consistency, both in information provided across providers and over time for individual members, was emphasised, particularly given the risk that members with multiple pots could receive different guidance or be placed into different pathways depending on where they hold their savings.

Customer engagement, both at entry and on an ongoing basis

Engagement was a cross-cutting theme throughout the roundtables. There was consensus that earlier engagement is better, both to prepare members for decisions and to gather information that improves the quality of any pathway offered. There was also recognition of the reality that engagement often happens late (frequently at the point a member has already decided to take a lump sum) and that industry faces a significant challenge in converting information received at that stage into something actionable that supports long-term income planning.

Tables also discussed the challenge of ongoing engagement: circumstances can change significantly over retirement, including health, care needs and household structure. Guided Retirement solutions need to support re-engagement at later stages, not only at the point of entry.

How a scheme would know whether its Guided Retirement solution is delivering good outcomes

Tables found this question difficult to answer in the absence of better member data and clearer definitions of what good outcomes look like at both individual and cohort level. Suggested indicators included rates of default take-up, withdrawal rates, and member confidence levels. There was discussion of whether good outcomes should be defined at a market level, or whether standardising outcomes risks failing the members for whom that approach is unsuitable.

Reflections from the panel

Panellists endorsed the framing of Guided Retirement as a journey rather than a product, and welcomed the focus on member outcomes over compliance. The Pensions Regulator emphasised the scale of the challenge ahead, noting that engagement with pensions remains limited, but expressed encouragement about the potential to reduce complexity and risk for members. The regulator also underlined its desire not to be overly prescriptive, and its expectation that industry will continue to innovate. Representatives from Royal London and Scottish Widows echoed the importance of asking straightforward questions to help members engage and be segmented, and noted the potential alignment between Targeted Support and Guided Retirement as delivery mechanisms. Several panellists emphasised that Guided Retirement must accommodate the reality that circumstances change, and that any solution needs to be flexible enough to support members at different stages of what is a long and unpredictable journey.

A research report by the UK's leading independent authority on pensions and retirement policy

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