

“International Value for Money approaches provide useful lessons for the most effective way to target a UK strategy” says Pensions Policy Institute

The Pensions Policy Institute (PPI) is today publishing: *What can other countries teach the UK about measuring Value for Money in pension schemes?* authored by Nick Hurman, PPI Research Associate. The report provides an international perspective to the current UK debate around the definition of Value for Money (VFM) in pensions. It reviews recent developments in five other countries: New Zealand; The Netherlands; Australia; Sweden; The US and considers how these might relate to a UK VFM framework.



Daniela Silcock, Head of Policy Research at the PPI said, “The different approaches that countries have taken to providing Value for Money in pension schemes has allowed us to draw out useful lessons for the most effective way to target a UK Value for Money strategy.”

“Key elements of infrastructure which support Value for Money frameworks internationally include: consensus between all relevant parties (for example, Government, industry and employers); clear, measurable standards and benchmarks for performance; and, publicly available comparative data.”

“In relation to scheme behaviour, consistently positive, real investment returns, generated the most significant Value for Money outcomes, though retirement income levels are most influenced ultimately by the level of contributions members and their employers make.”

“Interestingly, in relation to external factors, while increases in scheme size have a positive impact on Value for Money, this scale effect can diminish once schemes reach a certain size, though as schemes grow, they gain access to a wider range of investment opportunities.”

“Underlying all of these factors is the need for good governance which sets and monitors the delivery of services to schemes and their members.”

“These findings suggest that a UK Value for Money framework could include an overarching focus on governance and the way it relates to: investment performance, member engagement; administration; and, costs and charges.”

~~ ENDS ~~

PRESS RELEASE

EMBARGOED UNTIL 0001 THURSDAY 18TH NOVEMBER 2021

PENSIONS POLICY INSTITUTE
PPI

For further information please contact -

Danielle Baker, Head of Membership & External Engagement (PPI)
07714 250 910, email: press@pensionspolicyinstitute.org.uk

Daniela Silcock, Head of Policy Research (PPI)
email: daniela@pensionspolicyinstitute.org.uk

Notes for editors

1. **We are an independent educational research charity: 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, which provides non-political, independent comment and analysis on policy on pensions and retirement income provision in the UK. Its aim is to improve the information and understanding about pensions policy and retirement income provision through research and analysis, discussion and publication. News and other information about The PPI is available at www.pensionspolicyinstitute.org.uk and via Twitter: @PPI_Research.
2. **20 Years of shaping Pensions Policy** – 2021 is the PPI's 20th Anniversary Year. We have now been analysing policy and future trends for 20 years.
3. This report has been kindly sponsored by The Pensions Regulator (TPR), Platinum Supporters of the PPI. Sponsorship 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.



Date of Issue: Wednesday 17th November 2021

Twitter: @PPI_Research