



Welcome

Assessing the UK Retirement Income Market

Wednesday 14 May 2025



Chair's Welcome

Chris Curry

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Pensions Policy Institute
PPI



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Event overview

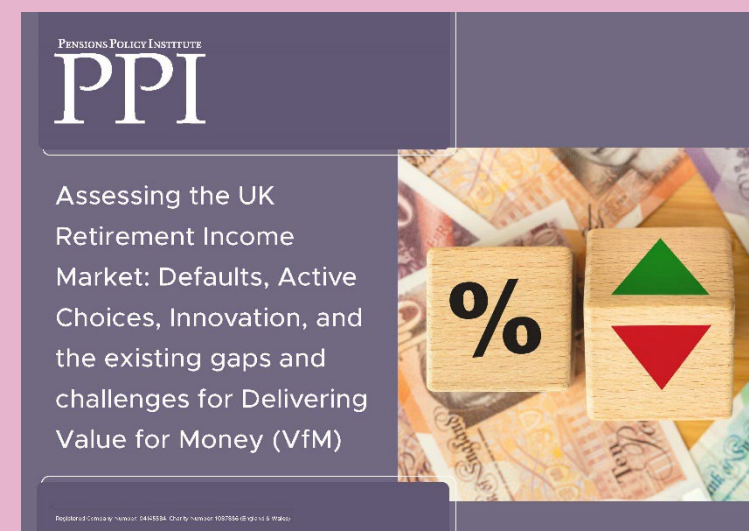
The event today is the official launch of the report
Assessing the UK Retirement Income Markets
Sponsored by The Pensions Regulator.

This report, which is the first in a wider programme of work examining what an assessment of Value for Money (VfM) could look like in the decumulation stage of retirement, sets out a comprehensive picture of the retirement income market landscape.

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Key Findings

Mariana Garcia Requejo

Senior Policy Researcher

Pensions Policy Institute (PPI)



The Retirement Income Landscape: Why this report matters

Changing employment patterns, market developments, policy reforms = reshaping of the UK pensions landscape

AE (2012) and the shift from DB to DC pensions = DC as the dominant form of private retirement savings

Pension Freedoms (2015) brought about greater flexibility in access to pensions, but also introduced complexity

While accumulation benefits from defaults and passive saving, decumulation often relies on active choices

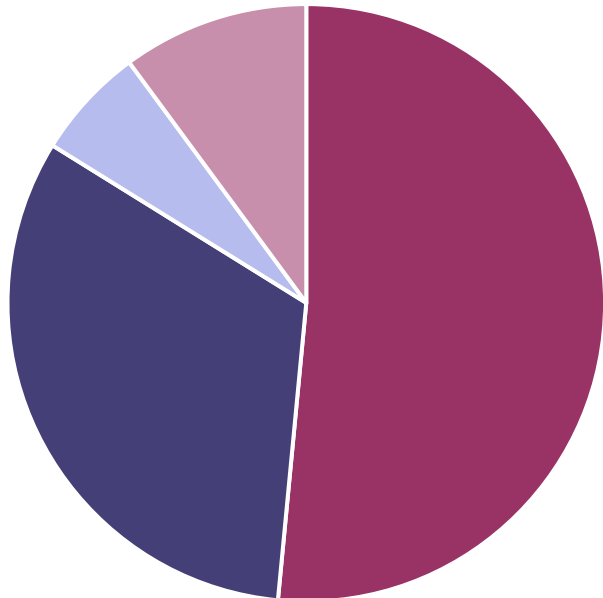


Report is a first step in shifting focus toward what happens at retirement: how people use their savings, whether current products and support meet their needs, and what VfM might look like in decumulation.

Understanding the Retirement Income Landscape

Flexibility and Access

Pots Accessed between Oct 2023 and March 2024

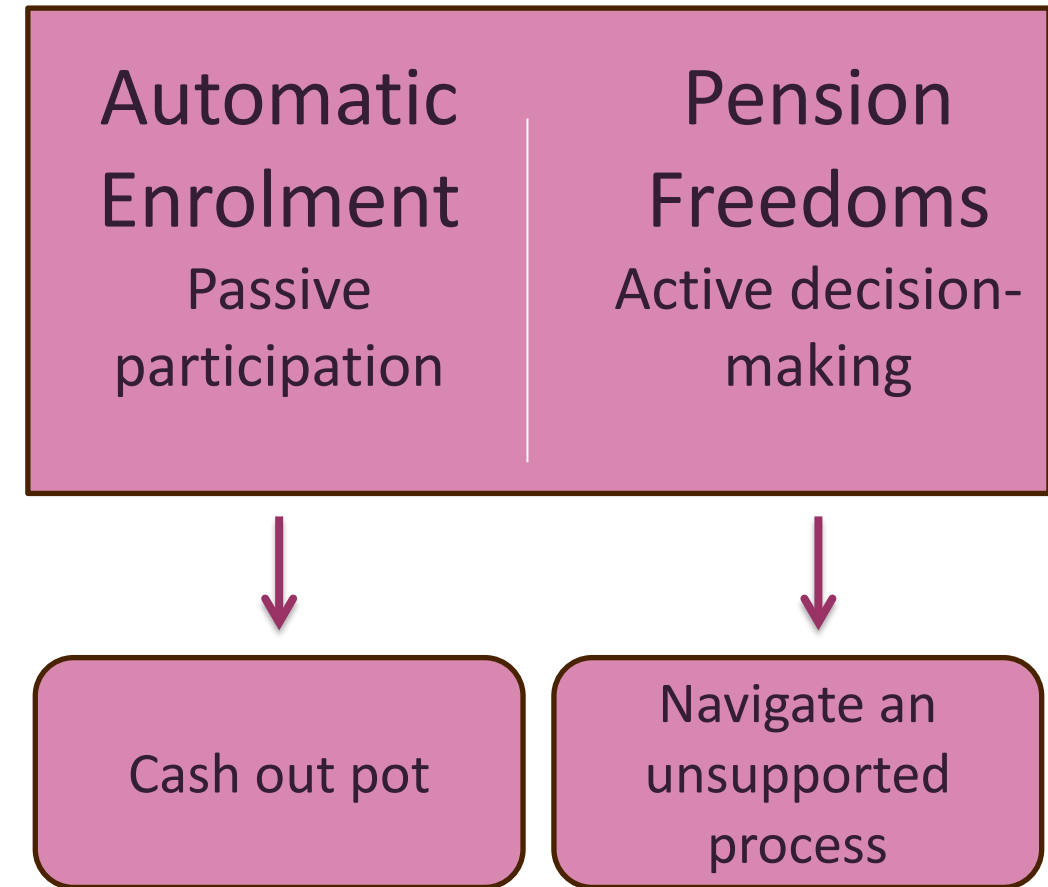


■ Full Cash Withdrawal ■ Drawdown ■ UFPLS ■ Annuity

- ✓ 450k+ pots accessed (Oct 2023–Mar 2024); 51% fully withdrawn as cash. 68% of full withdrawals from pots under £10k
- ✓ Are savers making per-pot, short-term decisions without considering total retirement wealth?
- ✓ Uncertainty around savers actively choosing products that align with their retirement goals or avoiding ‘income for life’ options due to complexity or a need for flexibility
- ✓ Limited tools to view total pension wealth – may lead to lack of consideration for how small pots may contribute to broader retirement income strategy

Understanding the Retirement Income Landscape

- In-house decumulation products not available/accessible for all savers – often leading to transfers without advice/structured support
- Per-pot decisions raise the risk of sub-optimal outcomes, especially for those with low levels of financial literacy
- Inherent complexity of retirement planning
- Lack of individual-level data across pots makes it difficult to fully map the retirement income landscape



Navigating Retirement: Support Gaps and Missed Opportunities

- The support landscape is fragmented and inconsistent - support exists, but uptake is low
- 29% of savers received no guidance or advice before accessing pensions. Many are making complex financial decisions without structured help
- Providers are trusted, but hesitant to “do more” due to regulatory uncertainty
- Stakeholders welcome targeted support, but see challenges in providing similar support in the trust-based market → Current rules create inconsistency in support
- The system must balance tailored advice with accessible, scalable support

The Role (and Absence) of Defaults in Decumulation

Default-by-Withdrawal



Savers withdraw their entire pot, often to access the 25% tax-free lump sum, without advice or understanding of long term-consequences.

Passive Default



Funds remain invested in accumulation-focused strategies (e.g. lifestyle or target date funds), which may not de-risk or adapt to income needs.

- Defaults play a key role in accumulation but are largely missing at retirement. In their absence, behavioural defaults have emerged, with risks for savers
- Opportunity for more adaptive “to and through” default strategies
- Assumptions about changes in future saver behaviour as pots grow

Designing Better Defaults: Challenges and Opportunities

- Innovation lies in structuring the right mix of drawdown, annuity, and cash options over time
- Defaults won't suit everyone - flexibility and opt-out routes are essential (opt-in vs. opt-out design as a key decision point)
- Major barrier: lack of clear, comprehensive data on saver behaviour and assets

Moving forward, three priority areas:

- **Data transparency – clearer provider strategies post-retirement**
- **Holistic reporting – reflect all resources, not just individual pots**
- **Legislative support – enable consistent, sustainable default solutions**

How to think about VfM in Decumulation?



No agreed framework for assessing value for money in decumulation

Understanding saver needs, policy direction, and market context as a vital first step

Stakeholders recognise the importance of VfM — but also the complexity of defining it in retirement.

A robust VfM approach will likely need both segment-level and market-level perspectives

Open questions remain:

What do “good outcomes” look like across different saver segments?

How far can default structures go in delivering them?

Where is innovation, support, or policy intervention most needed?

This report does not seek to provide final answers, but to help **shape future conversations**

System Constraints and Opportunities

Limited in-house decumulation options → forced transfers out, broken journeys, complicated assessment of outcomes

Opportunity for trustees to take on active role in ensuring solutions lead to supported outcomes

Advice/Guidance boundary unclear → cautious culture

Concerns over level playing field

Member data is available but underused → segmentation and targeted nudges could be implemented

Innovation and the Future of Retirement Income

- ✓ Retirement is becoming more complex: longer lives, fragmented careers, lower home ownership, more small pots.
- ✓ Emerging models aim to combine existing products to create sustainable solutions based on saver needs – account for savers' changing needs over time
- ✓ Digital tools can support engagement, but must be well integrated and regulated
- ✓ Data collection and integration are critical areas for innovation
- ✓ True progress will require continued coordinated action across policy, providers, and regulators

Conclusion

Challenge: Ensuring more supported transition from accumulation into decumulation

Empowering individuals with tools, guidance and confidence to make informed decisions

Appropriately designed defaults to “protect” those who do not engage

Innovation shows real potential to better support future savers → However, success will depend on appropriate regulatory oversight and efforts to ensure all savers are equipped to navigate change

Improving data quality and integration will be key to supporting better decisions and designing effective policies

Striking the right balance between innovation, accessibility, and consumer protection will be essential to shaping a flexible and secure retirement income system.

Sponsor's Response

Patrick Coyne

**Interim Director of Policy and
Public Affairs**

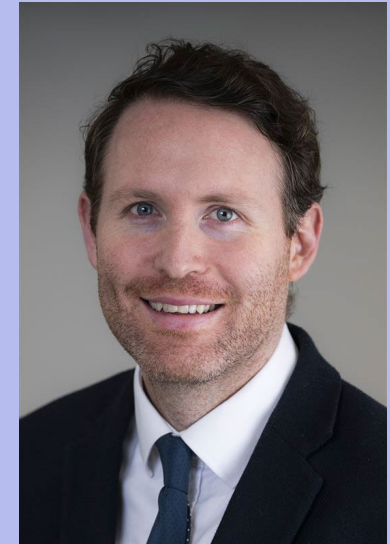
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Making workplace pensions work

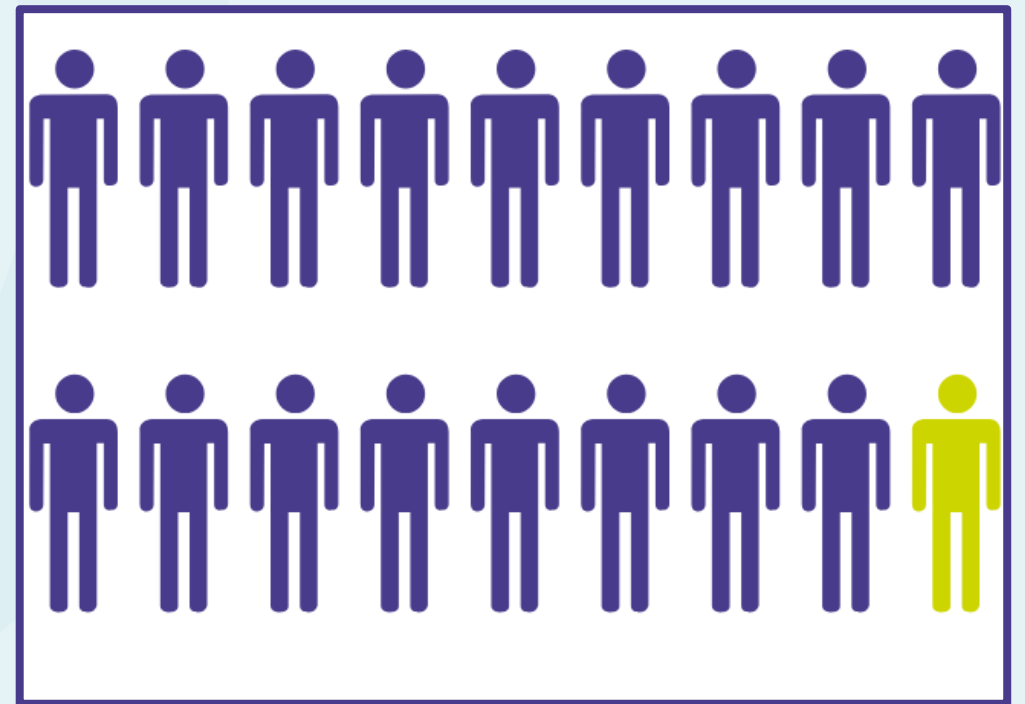
Why **DC savers** need a **sat-nav** for retirement

Patrick Coyne – Director of Policy & Public
Affairs (Interim)

14 May 2025

Automatic enrolment has built a nation of savers

- 11million automatically enrolled
- Much more diverse population of savers
- 94% of people stay within a default



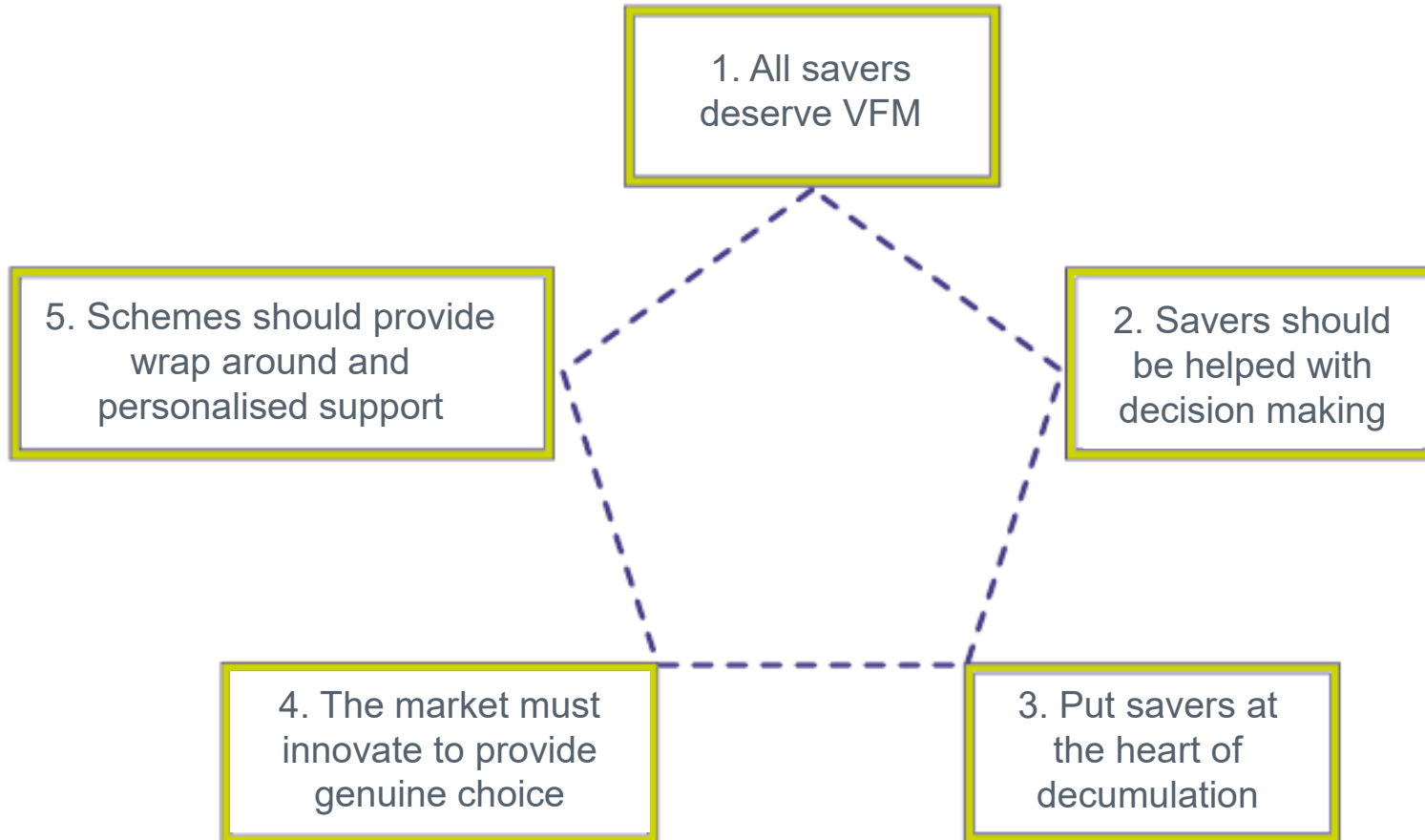
● DC ● DB

Inertia has been a powerful tool and a huge success. But it's not the answer to decumulation.

Innovation is needed to help support different kinds of retirements

We need a **sat-nav for retirement** - a dynamic system that guides the way, adjusting for people and where they want





There is no one-size-fits-all but we think there are five guiding principles

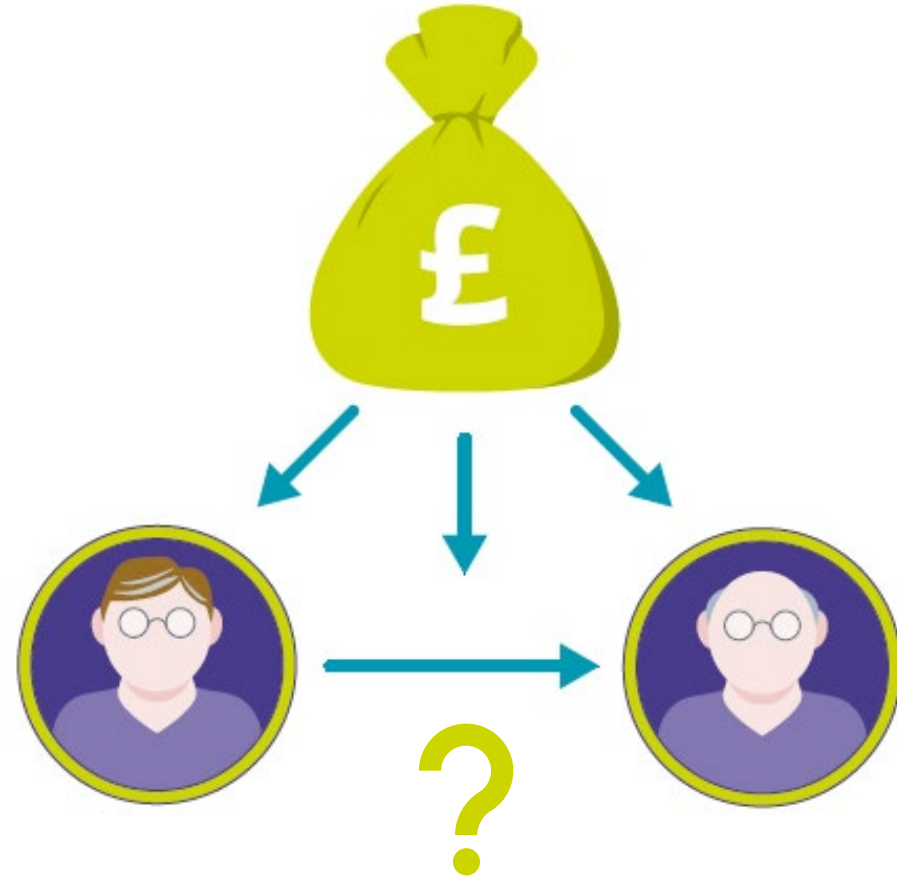
1. All savers deserve value for money

It's not just about **cost**. It's about **product performance** and the **support** savers get to and throughout retirement



2. Savers are helped with decision making

With better tools and data, schemes build clear, **structured journeys** – combining comms and guidance to support saver decisions



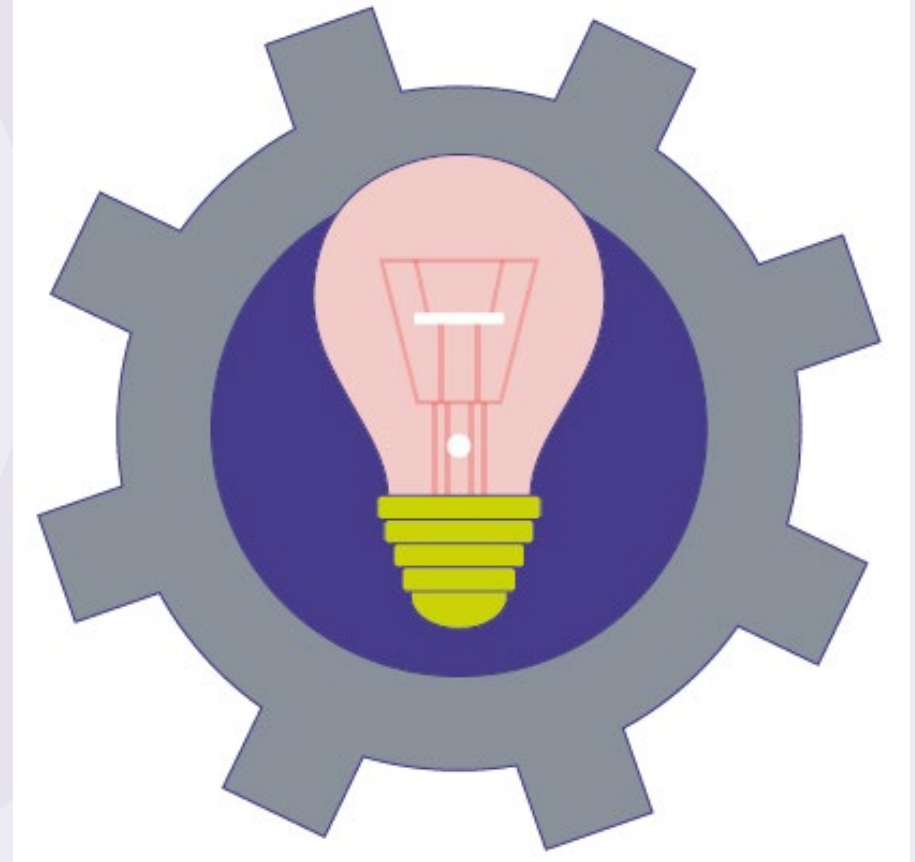
3. Put savers at heart of decumulation



Retirement isn't a cliff edge –
decumulation strategies need
to **reflect the evolving needs
and real lives of savers**

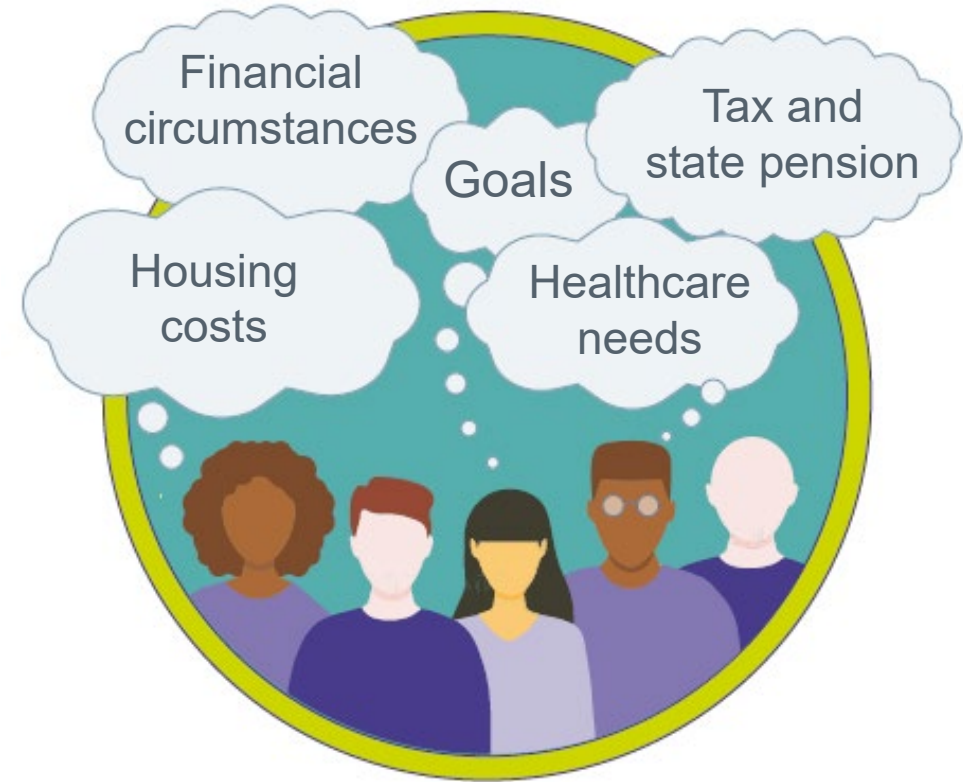
4. Innovate to provide genuine choice

Savers need meaningful options – **with stability, flexibility and off-ramps** for when life changes



5. Personalised support and guidance

Support that is tailored to those that need it most and leads to an **active saver choice**.





The remainder of the event will
take place under

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THE CHATHAM HOUSE RULE helps create a trusted environment.

Its guiding spirit is:

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



Q&A Session

When asking questions please state:

- **Your name**
- **Organisation name**

Thank you

To the sponsors of this research report
The Pensions Regulator

- ❖ Chris Curry for chairing the event
- ❖ Patrick Coyne
- ❖ Mariana García Requejo, report author
- ❖ Vicky Dyer, Gareth Norcott, Liz Spratt & Dan Menhinnitt – TPR

Thank you for attending today