

Press Release



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The evolving retirement landscape

1

“The evolving savings landscape puts retirees at greater risk of poor retirement outcomes” says Pensions Policy Institute

The Pensions Policy Institute (PPI) is today publishing *The evolving retirement landscape*, a report which explores the ways in which the retirement landscape has evolved in recent years, primarily as a result of freedom and choice, and what this might mean for future retirees. The *evolving retirement landscape* is sponsored by a consortium including AXA Investment Managers, ABI, DWP, Legal & General, Nest, Prudential, TPR and Wealth at Work.

Since the introduction of pension freedoms in April 2015, behaviour has changed in regards to decisions about how to access pension savings. It has become more common for individuals to access their pension pots earlier and in many cases before retirement. Future retirees are likely to live longer and take their State Pension later. The combinations of savings with which people are reaching retirement are also evolving. As DC provision gradually increases in comparison to DB, underpinned by the introduction of automatic enrolment, there will be an increasing number of people reaching retirement reliant on DC savings to provide an income throughout retirement, increasing the impact that decisions about how to access savings may have.

Lauren Wilkinson, Policy Researcher at the PPI said “Freedom and choice has opened up new ways for people to access pension savings. However, it also opens up new challenges and risks. Future retirees will be reaching retirement with more different combinations of saving which will impact the decisions they make and the retirement outcomes they are able to achieve. Over time there will be an increase in the number of people reaching retirement at risk of making sub-optimal decisions that could have a significant negative impact on their retirement outcomes because of the complexity of savings portfolios, the risk attached to certain types of savings (such as Defined Contribution savings) and low levels of understanding and engagement.

Many people have not given much consideration to how they will access their pension savings in order to fund retirement, even among those who intend to retire within the next few years.”

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Notes for editors

1. The Pensions Policy Institute (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. Further information on the PPI is available on our website www.pensionspolicyinstitute.org.uk.

2. This is the first in a series on the topic of changes in the retirement landscape. The second report in the series will follow in July. **Evolving retirement outcomes**, will explore the range of potential outcomes that may be achieved through different retirement income decisions, and the changes that may need to occur within the industry and wider pensions landscape in order to ensure that these outcomes are positive for as many people as possible. Completing the series, there will be a Briefing Note on the impact of retirement income decisions on state finances, such as taxation and means tested benefits.

3. This report was sponsored by:



Department
for Work &
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The Pensions
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4. 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.