

PRESS RELEASE**EMBARGOED UNTIL 00.01 Wednesday 8****November 2017****“DC pooling has the potential to lead to better member outcomes in retirement” says Pensions Policy Institute**

The Pensions Policy Institute (PPI) is today publishing *The impact of DC asset pooling: international evidence*.

This report, sponsored by Schroders, explores international examples of large DC pension funds and the lessons they may offer the UK.

The report draws on evidence of pooling in Australia, South Africa, Mexico and Italy to explore the potential link between larger schemes and better member outcomes.

Lauren Wilkinson, Policy Researcher at the PPI said “The UK DC landscape is somewhat fragmented, with a large number of schemes and variation across the market.”

“Evidence of the benefits of pooling DC funds in the countries studied is, however, somewhat mixed. Some large Australian funds are able to offer charges more than 40% lower than smaller funds, while usually around half of the top ten performing funds in any year are also among the top twenty largest. But large schemes in Mexico, while offering lower charges, are not outperforming their smaller counterparts.”

“In general, larger funds achieved through pooling are associated with lower charges, improved governance and better access to alternative assets such as infrastructure. However, the benefits schemes achieve in practice are largely down to the strategies they choose to implement with their increased scale, rather than by virtue of increased scale itself.”

“Although some of the evidence from overseas is conflicting, this may be in part because of regulations and economic circumstances in each specific country. But if all the potential benefits of DC pooling could be realised in the UK, this could lead to better member outcomes through increased pot sizes and as a result a better standard of living in retirement.”

Lesley-Ann Morgan, Global Head of DC and Retirement at Schroders said “Asset pooling in DC schemes has been limited to date with few benefits to the majority of members in the UK. However, we believe that learning from positive international DC pooling experience is an important milestone in the journey to improving outcomes for UK DC members.”

“By pooling assets, improving governance and focusing less on daily pricing, we believe outcomes can be improved for UK members. More creative ways need to be found in the UK to facilitate investment in asset classes such as alternatives and illiquid assets to better invest, improve and protect members’ outcomes for the future.”

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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. The report has been sponsored by Schroders. 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.
3. DWP published *Bulk transfers of defined contribution pensions with member consent: draft regulations* on 27 October, proposing amendments to current regulation that could remove barriers and potentially encourage smaller schemes to consolidate. This consultation seeks views on draft regulations intended to simplify the bulk transfer of defined contribution pensions without member consent.
4. Schroders plc - As a global investment manager, we help institutions, intermediaries and individuals across the planet meet their goals, fulfil their ambitions, and prepare for the future. But as the world changes, so do our clients' needs. That's why we have a long history of adapting to suit the times and keeping our focus on what matters most to our clients.

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