

“Improving financial sustainability in the UK pension system may be compromising future living standards in retirement” says Pensions Policy Institute

The Pensions Policy Institute (PPI) is today publishing the first PPI UK Pensions Framework report, titled **Trends, Transitions and Trade-offs in the UK Pension System** in association with Aviva.

The PPI UK Pensions Framework is a new, systemwide study of adequacy, sustainability and fairness in the UK state and private pension system, developed with input from more than seventy stakeholders and pensions experts from around the world. Its aim is to support long-term policymaking and understanding of change by bringing together findings from over forty comprehensive, purpose-built indicators to present a single, compelling picture of how the UK pension system is working for pensioners of today, and the implications of saving patterns for pensioners of tomorrow.



Anna Brain, Research Associate at the PPI said “Our findings show a clear pattern. Important and necessary changes designed to offset the impacts of population ageing and economic change in the UK pension system, such as the shift to DC in the private sector and the introduction of the new flat-rate State Pension, are helping to improve sustainability by lowering the cost of providing pensions. However, they also leave people increasingly exposed to the growing likelihood that the income and savings they have may not meet their needs in later life, and the challenges people face are not felt equally.”

“Although risks to financial sustainability have by no means disappeared, they are being somewhat superseded by risks to individuals of continuing income inequality in retirement and of under-saving, despite high levels of pension coverage. Across the population, more people are saving, but not necessarily saving adequately for later life. For many, challenges are also compounded by policy design, which has created a more straightforward State pension system but a more complex private pension system, with little support for difficult decisions that need to be made around how much to save or how to access savings.”

“Not only does this report present a detailed portrait of adequacy, sustainability and fairness in the UK pension system today, it also provides a dynamic instrument and robust baseline against which ongoing changes, including those relating to the rapidly evolving macroeconomic events of 2022, can be compared over time. By linking factors from across the pension system and examining the relationships that exist between them, the analysis can also provide policymakers with a comprehensive insight into how each potential change

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might affect other elements of the system, and ultimately the experiences that people have in later life.”



Doug Brown, CEO, UK Life at Aviva said: “At Aviva, we recognise the fundamental importance of the UK pensions system for our society. For the first time, we can now benchmark how the whole system, with all its complexities and trade-offs, affects savers and pensioners. As a sector, we must draw on the findings in this report and work together to ensure the right policies, support, and solutions are in place to help people navigate the system.”

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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, and have been providing non-political, independent comment and analysis on pensions policy and retirement income provision in the UK for over 20 years. Our aim is to improve information and understanding about pensions policy and retirement income provision through research and analysis, discussion, and publication. For news and other information about The PPI please visit www.pensionspolicyinstitute.org.uk

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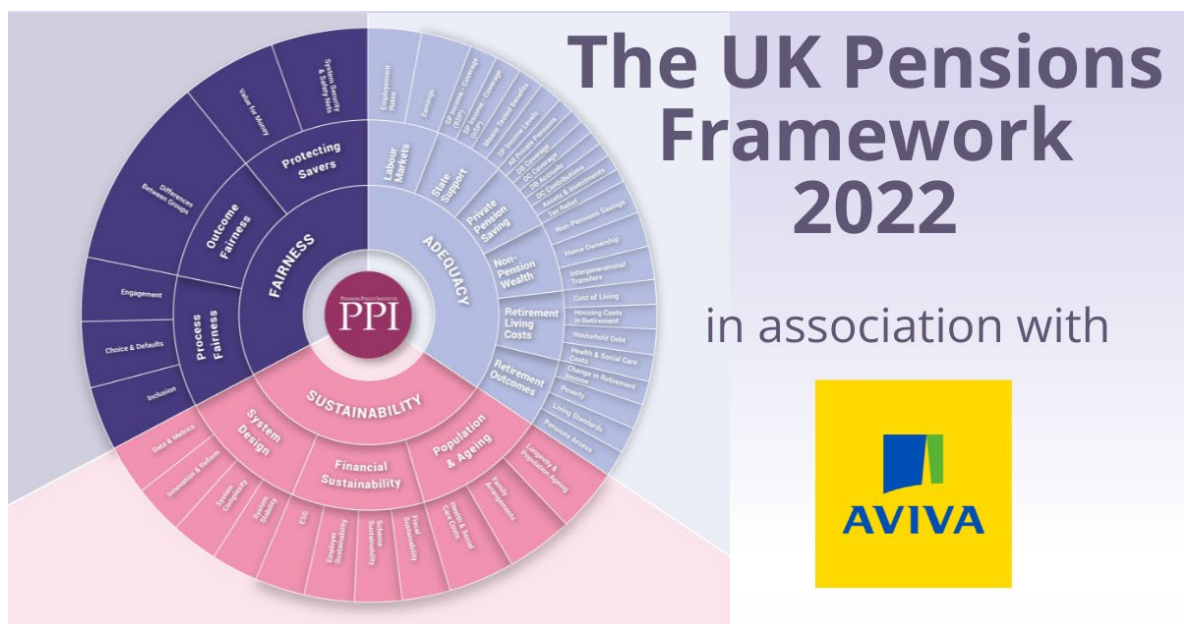
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2. **The UK Pensions Framework** is produced in association with **Aviva**. Sponsorship has been given to help fund the research, and does not necessarily imply agreement with, or support for, the analysis or findings from the project.



3. **About the UK Pensions Framework:** The Framework is a strategic, multi-year project that aims to support and inform long-term policy making in the UK Pensions system. The project aims to provide a consistent and systematic approach to examining and simulating changes in **adequacy**, **sustainability** and **fairness** of pension provision in the UK State and private pension systems, which overall determine the financial security that people have in later life.

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