

Pensions Policy Institute

# PPI

The UK's leading independent  
authority on pensions and  
retirement policy

# Welcome

## PPI Launch Event

PENSIONS POLICY INSTITUTE  
PPI

Designing Guided  
Retirement  
Solutions: Meeting  
member needs

Registered Company Number: 04145584. Charity Number: 1087956 (England & Wales)



## Monday 08 June 2026

[www.pensionspolicyinstitute.org.uk](http://www.pensionspolicyinstitute.org.uk)

# Welcome from Event Sponsors

**Jackie Spencer**

**Head of Policy Development**

**JUST.**

**THE RETIREMENT SPECIALIST**

# Chair's Introduction

**Dr Suzy Morrissey FCA**

**Deputy Director**

**Pensions Policy Institute (PPI)**

Pensions Policy Institute  
**PPI**



# A research report by the UK's leading independent authority on pensions and retirement policy

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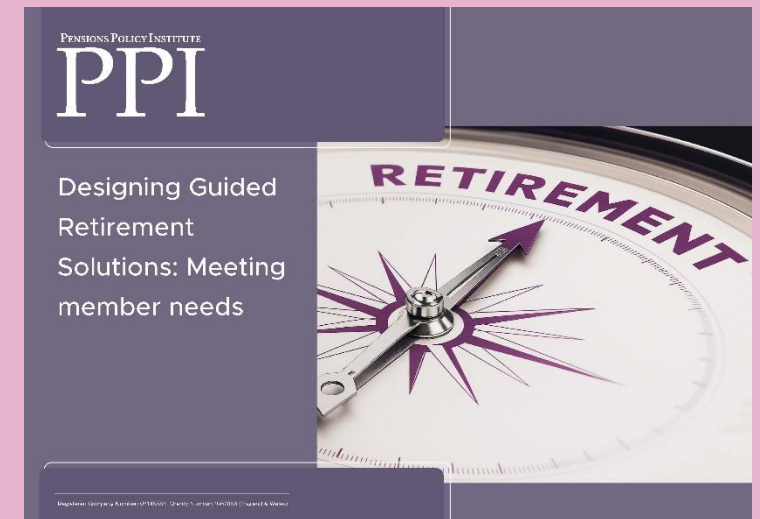
  
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**WEALTH at work**  
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# Event overview

The event today is the official launch of the report **Designing Guided Retirement Solutions: Meeting Member Needs.**

This research explores the development of Guided Retirement solutions under the Pension Schemes Act 2026, and the role they could play in supporting individuals as they convert pension savings into retirement income.





# The PPI Pillars of Purpose



**We are the UK's leading independent authority on pensions and retirement policy.  
We conduct rigorous, impartial, evidence-based research that shapes better retirement outcomes for everyone.**

## OUR VISION

**BETTER-INFORMED POLICIES AND DECISIONS THAT IMPROVE LATER LIFE OUTCOMES**

## OUR MISSION

**WE PROMOTE INFORMED, EVIDENCE-BASED POLICIES AND DECISIONS FOR FINANCIAL PROVISION IN LATER LIFE THROUGH INDEPENDENT RESEARCH AND ANALYSIS**

### WE ARE A TRUSTED SOURCE OF INFORMATION

We balance the argument by providing objective and accessible information on the extent and nature of later life financial provision, and any associated implications.

### WE LEAD THE DEBATE

Through contributing impartial analysis and commentary to the policymaking process.

### WE ENCOURAGE RESEARCH

Both at the PPI and in collaboration with others, which in turn informs policy and decision-making.

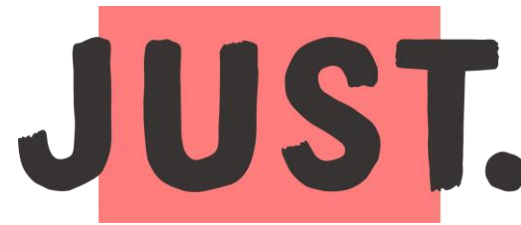
### WE MODEL IMPACT OF POLICY CHANGES

We analyse long-term outcomes under the current UK pensions system and the impacts of possible reforms.

# Our Supporters

We are funded through a mixture of supporter subscriptions, donations, grants, and income from research fees.

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# Key Findings

**Mariana García Requejo**

**Senior Policy Researcher**

**Pensions Policy Institute (PPI)**



# Guided Retirement – Policy Direction and Design Challenges

The Pension Schemes Act 2026 establishes the legislative framework for 'default pension benefit solutions', often referred to in policy discussions as Guided Retirement solutions. The PSA 2026 sets out a clear direction of travel: pension schemes will be expected to support members in converting their pension savings into retirement income, rather than leaving individuals to navigate complex decumulation decisions on their own.

## What has been defined:

- Trustees required to design one or more default pension benefit solutions for members
- **Intended to provide regular income in retirement** “potentially alongside other benefits”
- Members receive pension payments through them unless they choose an alternative
- Trustees must take account of **members’ needs, interests and circumstances**
- Trustees may request information from members to help design and determine appropriate solutions
- Schemes must have a **“pension benefits strategy”**

## What is still evolving:

- How **“regular income”** and “retirement phase” will be defined in practice
- Circumstances where regular-income requirement may not apply
- How Guided Retirement solutions will be presented when members access benefits
- How the **“default”** experience will operate in practice for members
- How far schemes are expected to reflect individual member circumstances
- What level of tailoring vs. standardisation will be workable in practice
- The extent to which solutions are expected to protect against **key retirement risks** (e.g. longevity, inflation, investment risk)
- The degree to which Guided Retirement is intended to deliver minimum standards versus more holistic retirement outcomes
- How strongly scheme-led defaults are expected to shape member decisions

The Act gives us a **clear direction of travel** – helping members access their pensions without having to make complex choices on their own about how to turn their pot(s) into retirement income.

This is done through **scheme-designed, income-focused and cohort-sensitive “solutions”**.

These open questions raise several practical and design considerations to regulation and implementation. These include:

- How retirement decisions are made in practice
- How member needs and competing priorities should be reflected in solution design
- What member characteristics should be taken into account
- How options are presented to members to support decision-making

# Guided Retirement – Policy Direction and Design Challenges

## What is the core objective of Guided Retirement?

Member needs: Analysis of evidence on retirement preferences highlights several objectives that Guided Retirement solutions must address, and key risks it might help cover individuals against:

- **Secure income**
- **Flexibility**
- **Longevity and inflation protection**
- **Simplicity and clarity**
- **Reassurance**

Guided Retirement solutions cannot maximise all objectives simultaneously

### Financial Risks

Longevity risk  
Sequencing risk  
Inflation risk  
Market shocks

### Behavioural Risks

Overspending  
Underspending  
Inertia and disengagement (not only at the point of access, but throughout)  
Decision paralysis

### Life-course Risks

Health shocks  
Care costs  
Cognitive decline  
Bereavement (survival risk)

Design (**choice architecture**, “**activation**” and **segmentation**) will determine whether/what saver needs are prioritised, and what risks are managed.

# Member Characteristics and Design Implications

Financial characteristics  
(determine how dependent the individual is on their DC pot)

- Pension pot size (matters, but not in isolation)
- Wider pension savings and other pots held
- Other financial assets/sources of income
- DB pension entitlement

Life Stage characteristics  
(determine time horizon and element timing)

- Age/Life-stage (pre-retirement, phased retirement, full retirement)
- State Pension eligibility and benefit access
- Retirement timing intentions

Demographic characteristics  
(affect income needs and vulnerability to changes)

- Housing tenure
- Partnership or household structure
- Gender
- Health status

Behavioural characteristics  
(affect level of guidance or structure needed)

- Engagement spectrum (from very low/low to high)
- Income preferences and flexibility vs. certainty
- Financial capability

Retirement circumstances vary significantly across individuals, meaning that the same approach to providing a retirement income will not be suitable for everyone. However, many of these characteristics are either not observable to pension schemes, unpredictable, or subject to change over time. Guided Retirement solutions will need to operate with gaps in member data -- making it important to prioritise characteristics that are materially important and realistically feasible to incorporate.

# Segmentation: working with partial information

- It is neither realistic nor necessary for pension schemes to have a complete view of each member's financial situation.
- Guided Retirement is intended to operate at a group level, grouping individuals into broad, data-informed categories based on the characteristics that schemes can reasonably observe or infer.
- Pot size is one of the few variables schemes can observe with certainty. However, pot size alone is unlikely to provide a sufficient basis for segmentation, and may risk unfairly disadvantaging some members.
- To move beyond the basic default requirement, schemes could use communications and question flows to prompt members to consider their wider circumstances, including other pension entitlements, household resources and whether consolidation would be beneficial.
- GR will need to retain a degree of flexibility, allowing for adjustments over time as circumstances change.

Pension Schemes Act 2026 – designed to secure minimum standards of support. Should allow for schemes to “go further”

Possible proxy 1: “Is this your main retirement pot?”

Possible proxy 2: Age/life stage

Segmentation as an iterative process

# Embedding Guided Retirement in practice

What currently exists in the market are mostly products, or product combinations, rather than rounded Guided Retirement solutions as envisaged by the PSA 2026. While some existing propositions illustrate ways of combining flexibility, security and later-life income, the less developed aspect is the broader journey around them: how members enter these solutions, how decisions are supported over time, and how the approach responds as circumstances change.

Embedding Guided Retirement in practice requires answers to four key design questions:

1

**When does the Guided Retirement journey begin?**

2

**How strongly should schemes guide member decisions?**

3

**Can Guided Retirement operate as an ongoing journey?**

4

**How does Guided Retirement fit in the wider system?**

# 1 When does the Guided Retirement journey begin?

The triggering event matters because it determines whether Guided Retirement helps shape decisions or simply reacts to them

## At first contact

Journey begins when a member first contacts their scheme or provider about accessing pension benefits.

Advantage: Members encounter the pathway before making decisions that shape how the rest of their pot is used. Could help address the disconnect between tax-free cash decisions and wider retirement income strategy - framing tax-free cash as one element of a broader retirement plan rather than a standalone withdrawal.

Challenge: Requires communication design that is effective before key decisions are made.

## After tax-free cash is taken

Journey begins after a member has taken tax-free cash but made no further income decision.

Closer to some industry interpretations. However, beginning at this stage would significantly narrow the scope of Guided Retirement. By the time tax-free cash has been withdrawn, members may already have separated that decision from the wider income planning question.

Risk: Framework could risk operating more like an extension of the current investment pathways model rather than a more complete approach to retirement planning.

## Earlier -- in the pre-retirement phase

Journey begins before benefits are accessed. Guided Retirement would form part of a longer preparation period in the years leading up to retirement.

Advantage: Allows schemes to gather information gradually, prompt members to consider wider financial circumstances, and connect accumulation and decumulation more coherently.

Challenge: Requires sustained engagement when retirement may feel distant. Some may view this as extending Guided Retirement further into the member journey than originally intended.

# To what extent should schemes/providers guide member decisions?

The concept of a “default” in decumulation is not clearly defined – three possible approaches

Model 1: Trustee or Provider Recommendation (opt-in, soft default)	Model 2: Trustee or Provider-led Assignment (requires opt-in)	Model 3: Automatic Default (backstop for non-engagement)
<p>The scheme or provider provides members with a suggested pathway or retirement solution based on the information available. The member remains responsible for deciding whether to follow that recommendation or select an alternative.</p>	<p>The member opts into Guided Retirement and asks the scheme or provider to determine an appropriate pathway. Shifts decision-making responsibility from member to scheme, relying on the trustee/provider’s duty to act in members' interests.</p>	<p>Members who do not make an active retirement decision are placed into a default pathway at a defined trigger point.</p>
<p>Strength: Preserves member agency; provides structure without removing choice.</p>	<p>Strength: Reduces the burden of choice for members who do not feel confident navigating decisions.</p>	<p>Strength: Strongest behavioural effect - most members tend to remain in the option they are automatically placed into.</p>
<p>Risk: May be too weak for disengaged members. Effectiveness depends heavily on member engagement and information available to schemes.</p>	<p>Risk: Raises governance and accountability questions - what information can be used, how allocation decisions are made, and liability if the solution later proves unsuitable. Risk of steering toward in-house solutions.</p>	<p>Risk: The variables that matter in retirement are more heterogeneous, and some outcomes are difficult to reverse. A 'hard' default carries greater risk of harm. Raises questions: What counts as non-engagement? What safeguards apply for irreversible decisions (e.g. lifetime income)? What pathway applies for different market contexts (trust-based vs. contract-based)? What is an appropriate trigger point?</p>

# Can Guided Retirement operate as an ongoing journey?

**Guided Retirement solutions need to include review points, opportunities to adjust income strategies and ongoing communication support.**

- Retirement is unlikely to involve a single decision at one point in time; members' needs and priorities may evolve throughout retirement.
- Guided Retirement may therefore need to operate as an ongoing pathway, with periodic review points, reassessments and opportunities to adapt decisions over time.
- The Pension Schemes Act 2026 already anticipates more ongoing engagement through prescribed communications, monitoring of decumulation rates, and prompts where withdrawal patterns may need reviewing.
- There may be scope for more structured "mid-retirement reviews" later in life, particularly as longevity, health and care needs become more significant.
- Communications are likely to be central to making Guided Retirement effective, helping members understand both immediate choices and how pathways may evolve later.
- Existing retirement communications often appear to have limited impact, suggesting a need for earlier, clearer and more member-centered engagement.

# How does Guided Retirement fit into the wider pensions and support system?

**Guided Retirement solutions need to include review points, opportunities to adjust income strategies and ongoing communication support.**

- Guided Retirement is not simply a decumulation product issue. Its effectiveness will depend on how well it aligns with the wider pensions and support system.
- Levels of support are likely to vary across schemes, with larger schemes generally better placed to provide structured retirement pathways and ongoing engagement. This creates a risk of uneven member outcomes if some schemes offer integrated support while others rely mainly on transfers at retirement.
- Guided Retirement will need to sit alongside other forms of support, including Targeted Support, Pension Wise, Pensions Dashboards, regulated advice and any future simplified advice framework.
- Different regulatory regimes may create uncertainty around how far schemes and providers can go in designing pathways and signalling suitability.
- Greater clarity and coordination across policy frameworks may therefore be needed to ensure members experience a coherent support journey across retirement.

# Conclusions: Key Findings

1

Guided Retirement should be understood less as a single product innovation and more as the gradual development of a new layer of retirement support within the UK pensions system.

2

The PSA 2026 framework is best understood as setting a floor. Government requirements secure minimum standards, but the framework should allow schemes to go further where they have the capability and member data to do so.

3

Segmentation - not personalisation - must be at the centre of design. Schemes will need to work with partial information, using iterative, flexible approaches. Pot size alone is not sufficient; proxy questions (e.g. “main retirement pot”) and age/life stage are important starting points.

4

The concept of a 'default' in decumulation remains open to interpretation. Clarifying whether Guided Retirement should operate through recommendation, trustee-led assignment, or automatic default will be an important step, with significant implications for governance, liability and member outcomes.

5

Guided Retirement must be understood as an ongoing process rather than a single decision point. This implies review points, the ability to adjust income over time, and communications that support decision-making throughout retirement, not only at the moment benefits are first accessed.

6

Maintaining a clear focus on improving outcomes for members, rather than allowing the framework to become primarily a compliance exercise, will be an important challenge as Guided Retirement moves from policy to reality.

# Roundtable discussions

- 60 minutes have been allocated for table discussions.
- Please nominate a spokesperson for your table at the start of the session.
- Following discussions, each table will be invited to provide a summary of key points (maximum 5 minutes).
- Feedback can include questions for the room or panel to consider and discuss.
- Tables are welcome to request time with specific panel members if this would be helpful to the discussion.
- Please focus on identifying key insights, challenges, opportunities and practical recommendations.



Table	Topic 1	Topic 2
<b>One</b>	How can customer engagement and support tools be utilised to ensure the best outcomes from Guided Retirement solutions, both at the point of entry and on an ongoing basis?	How would a scheme know that their default is delivering good outcomes for their savers? What indicators should they consider? How does this translate into good outcomes for the market?
<b>Two</b>	How should Guided Retirement fit alongside Pension Wise, Targeted Support, regulated financial advice and potentially “simplified advice” to create a coherent retirement journey for members?	What should a default in retirement actually mean? How far should Guided Retirement rely on member engagement, and how much should happen automatically on a member's behalf?
<b>Three</b>	What factors should be taken into account when designing default decumulation solutions to ensure they are effective and appropriate for members with diverse needs?	What should a default in retirement actually mean? How far should Guided Retirement rely on member engagement, and how much should happen automatically on a member's behalf?
<b>Four</b>	How can customer engagement and support tools be utilised to ensure the best outcomes from Guided Retirement solutions, both at the point of entry and on an ongoing basis?	How much tailoring should Guided Retirement provide? What member characteristics are most important when designing different retirement pathways, and where should schemes prioritise simplicity over personalisation?
<b>Five</b>	How would a scheme know that their default is delivering good outcomes for their savers? What indicators should they consider? How does this translate into good outcomes for the market?	At what point should Guided Retirement intervene to have the greatest impact on member outcomes (before retirement, at first access, or when no active decision has been taken), and how should schemes support members who access tax-free cash but are not yet ready to make retirement income decisions?
<b>Six</b>	What factors should be taken into account when designing default decumulation solutions to ensure they are effective and appropriate for members with diverse needs?	How should Guided Retirement fit alongside Pension Wise, Targeted Support, regulated financial advice and potentially “simplified advice” to create a coherent retirement journey for members?
<b>Seven</b>	How might Guided Retirement evolve? What does “good” look like now, and what might it look like in future?	At what point should Guided Retirement intervene to have the greatest impact on member outcomes (before retirement, at first access, or when no active decision has been taken), and how should schemes support members who access tax-free cash but are not yet ready to make retirement income decisions?
<b>Eight</b>	Do defaults in retirement improve financial wellbeing, or do they risk masking disengagement and misunderstanding?	How can trustees ensure Guided Retirement delivers appropriate support for all members, including those in vulnerable circumstances, while avoiding duplication or conflicting messages from other forms of support?

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.”**

# Plenary Feedback Session

Please respect the Chatham House Rule



# Reflections from the Panel



**Lizzy Holliday**  
now:pensions  
(part of Mercer)



**Bernie Hickman**  
Royal London



**Carolyn Jones**  
Scottish Widows



**Joey Patel**  
The Pensions Regulator



**Keren Wellings**  
WEALTH at work

# Thank you

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- ❖ Dr Suzy Morrissey for chairing the event.
- ❖ Our panel, Lizzy Holliday, Bernie Hickman, Carolyn Jones, Joey Patel and Keren Wellings.
- ❖ Mariana Garcia Requejo & John Adams, report authors.
- ❖ The members of the project steering group.
- ❖ Just for hosting the event today.

**JUST.**

THE RETIREMENT SPECIALIST

Thank you for attending today