

PLSA

## Building a connection

**JAMES WALSH OF THE UK'S PENSIONS AND LIFETIME SAVINGS ASSOCIATION REVEALS HOW THE COUNTRY'S PENSIONS INDUSTRY IS ATTEMPTING TO IMPROVE ENGAGEMENT**

Telling people I work in pensions usually elicits a curious mixture of mild disappointment and genuine interest. Disappointment, because there is a view that pensions are dull and rather complicated. But interest, because people know pensions matter to them personally and would quite like to have someone explain things to them.

In fact, the initial frowns are usually followed by a series of questions and – if I'm lucky – by 'I wish someone had explained it to me like that before'. What these conversations tell me is that there is a genuine thirst for information about retirement saving, presented in a user-friendly way. And it's down to the UK pensions industry to do something about it, with a little bit of help from the government and regulators as well.

### Pensions dashboard

The pensions dashboard lies at the heart of the UK's work on helping people to engage with their savings. We know it can be done, as the Netherlands, Sweden and Norway already have fully functioning dashboards. We just have to apply their experience to the UK's rather more diverse pensions landscape. Simple!

The current pensions dashboard project kicked off when then Chancellor George Osborne used his 2016 Budget to ask the industry to build a comprehensive pensions dashboard, with a prototype ready for April 2017 and implementation by 2019.

The ABI has project-managed the first stage – development of the prototype – for HM Treasury and on behalf of the wider industry. The project has been funded by a variety of providers including single-employer schemes, insurers and master trusts. It worked quickly to demonstrate that data could be shared between schemes in a quick and secure manner. Once the concept had been proved it was essential to analyse the impact it would have on consumers and the cost it could represent for industry. Additionally, work is being undertaken on the data standards

and product specifications that will form the underlying architecture.

If delivered in the right way and implemented with proper regulatory safeguards, the dashboard should help us to achieve the improved engagement and understanding that people clearly want.

### Automatic enrolment review

One of the reasons we need a pensions dashboard is that more people are saving in pensions. The UK's introduction of automatic enrolment has been a great success, with 8,314,000 people auto-enrolled at the last count, but there is more to do to ensure that as many people as possible feel the benefits.

The auto-enrolment programme started with low contribution levels and a focus on people in full-time employment. The PLSA supported this approach: high levels of initial contributions might well have scared off new savers and using workplace pensions as the perfect delivery vehicles meant full-time workers were the obvious group in scope.

However, we now need to start thinking about those who are missing out and the PLSA has argued for including the following groups:

1. Younger people, who would save more and benefit from greater accumulation if they began saving at age 18;
2. Self-employed people, who are unlikely to be saving into a pension; and
3. Low earners with total earnings in excess of the trigger (£10,000) from more than one job.

We also believe it is essential, in order for everyone to have a comfortable income in retirement, to raise minimum contributions to at least 12 per cent of band earnings at some point in the future.

If we can move auto-enrolment forward and deliver the dashboard as well, then people in the UK will have bigger pension pots and better information about them. Suddenly those 'What do you do?' conversations might start in a better place. ■

*Written by James Walsh, policy lead: engagement, EU and regulation at the Pensions and Lifetime Savings Association*