

# The failure of pension policy?

Chris Curry

Pensions Policy Institute

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# The failure of pension policy?

- What is the UK pensions policy?
- Is it working?
- What would good look like?

# What is UK pension policy?

- Flat-rate near universal state pension set to “avoid” poverty
- Paid for by an increasing state pension age
- Supplemented by “compulsory” workplace pension savings
- With individuals having freedom as to how and when they take their private pension

# What is UK pension policy?

- State pension reform
- State pension age review
- Automatic enrolment – implementation and review
- Charge cap
- Master trust legislation
- Freedom and choice
- Financial Advice Market Review
- Review of NEST
- Pensions Dashboard
- Secondary annuity market (RIP)
- Pensions tax relief and the LISA
- Public sector pension reform (LGPS)
- Private sector DB issues (BHS, Tata)

# What are the likely outcomes?

- Doing well at reducing pensioner poverty – but:
  - Is it measured properly?
  - Will that last?
  - Is poverty being shifted to pre-retirement and later life?
- Direct costs are being managed – and tax relief may be less generous too in future – but:
  - Is it delivering enough income in retirement?
  - Are means-tested benefits making a comeback?
- Big increases in the number of people saving for pensions – but:
  - Are people saving enough?
  - Or will they be working longer (if they can?)
- People are choosing to do different things with their pensions – but:
  - Are they making good decisions?

# But... what is policy actually trying to achieve?

- Poverty avoidance?
- Sustainable?
- Fair?
- Choice / flexibility ?
- What about wider economic impacts?
- Reducing reliance on the state?
- Intergenerational issues?

# So what would good look like?

- Clarity on the role and future level of the state pension
- Some idea of the appropriate mix of state and private provision – and why this is the right mix across generations
- A clear idea of what different individuals need to take responsibility for – and how they might reasonably achieve it
- More focus on process rather than design

# So what would good look like?

- This is not necessarily a complete re-write of the system
- But before we can know how we can improve things, we need to know what we are aiming for, and what parameters we are working with
- Joined up thinking on state pensions, private pensions, savings and long-term care.
- This might seem unlikely but very recent history tells us.....

Anything is possible!

