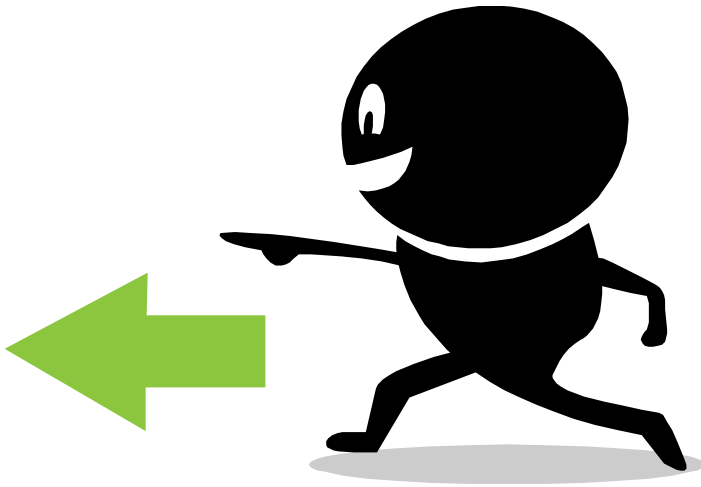


UK pension reforms: a nation of Lamborghini drivers?

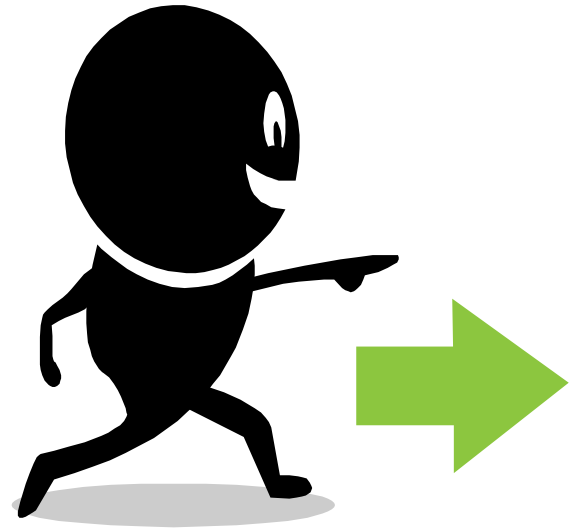


Contradictions

Auto-enrolment pushing one way



“Freedom and choice” pushing the other direction



The market experiment of the '80s and '90s



- State pension became mere safety net.
- Limited obligations on employers.
- Individuals bought products directly from providers.

Pensions Commission, social partnership and compromise

Automatic enrolment

- Gradual introduction from 2012-2018
- Earnings trigger
- Band of earnings
- Contributions rising from 2% to 8%

Auto-enrolment: only a start

The good

- 4.7 million extra people with workplace pensions – so far
- Low-opt out rates
- Employer contributions now a norm



And the bad

- Too many exclusions – especially for women
- Contribution rates too low



Freedom and choice



The recipe for the perfect pensions consumer

- Take one pension saver .
- Add 30 minutes of general guidance.
- Leave saver to stew over options.
- Put saver aside for 20-30 years of retirement and hope their money lasts long enough.



The risks

The sports car



Or money under the mattress



Is this the end of the pension?

