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## Pensions of the future – A discussion on our strategy

The Pensions Regulator





## **Pensions Management Institute**

Moving pensions forward

Registered Office:  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

**T:** +44 (0) 20 7247 1452  
**W:** [www.pensions-pmi.org.uk](http://www.pensions-pmi.org.uk)

# **Response from the Pensions Management Institute to TPR consultation: ‘Pensions of the future – A discussion on our strategy’**

## **Introduction**

PMI is the professional body which supports and develops those who work in the pensions industry. PMI offers a range of qualifications designed to meet the requirements of those who manage workplace pension schemes or who provide professional services to them. Our members (currently some 6,000) include pensions managers, lawyers, actuaries, consultants, administrators and others. Their experience is therefore wide ranging and has contributed to the thinking expressed in this response. Due to the wide range of professional disciplines represented, our members represent a cross-section of the pensions industry as a whole.

PMI is focused on supporting its members to enable them to perform their jobs to the highest professional standards, and thereby benefit members of retirement benefit arrangements for which they are responsible.

PMI runs a biannual member survey called ‘PMI Pulse.’ The most recent Pulse survey ran over November 2020, and we used it as an opportunity to ask our members the questions in this consultation. Our response to this consultation is therefore greatly influenced by the responses we received and so can be perceived as the aggregated views of PMI members as a whole.



**1. Do you think our approach to thinking about savers has identified the most significant current and future challenges for each cohort?**

The responses to our survey suggest very strongly that the principal challenges for each cohort have been correctly identified. There was overwhelming agreement that age was an accurate indicator of the type of pension coverage that an individual would have. There was similar support for the suggestion that socio-economic background was an accurate indicator too. However, only half agreed that gender was an accurate proxy for the type of pension coverage provided. Over 77% of respondents saw the industrial sector as a relevant indicator.

Another relevant factor cited by respondents was the difference between the private and public sectors, although it could be argued that this corresponded closely to the question about industrial sector.

Over 90% of respondents saw ‘security and value in DB pension schemes’ as being of key relevance to the Baby Boomer generation. A similar proportion saw the threat posed by scams as an appropriate topic of focus. The same proportion also regarded ‘understanding and enabling good saver decision-making’ as an important aspect of activity for those of this age group.

In the context of pension savers born between 1964 and 2004, respondents overwhelmingly agreed that driving participation in workplace pensions was an appropriate topic of focus for TPR. There was similarly emphatic agreement that ‘ensuring that savers get value from their pensions and that their money is secure’ was a relevant policy area. The same proportion of respondents also agreed that ‘encouraging and enabling innovation’ was an important topic for TPR to address.

Only half of respondents saw “Generation Z” as having pension needs that would be different from those of Millennials.

**2. To what extent should we differentiate our approach to regulation for these different saver groups? At what pace would you expect to see this happen?**

We do not see any particular reason why the regulatory approach should differ from one group to another. As the potential hazards for pension accrual apply now, we would like to see the implementation of revised regulation happen immediately. It is worth noting that the economic impacts of the pandemic and Brexit will apply in the very near future, and we would hope that the Regulator is able to address these issues proactively and effectively.

**3. Do you think the key trends we have identified adequately capture the most likely system-level changes pensions will experience over the next 15 years? Are there other system level changes you believe we need to consider?**

Responses to our survey suggest that you have adequately identified the key trends that will affect pension accrual over the next 15 years. Some respondents identified the differences affecting pension accrual in the private and public sectors, but we recognise that unfunded statutory schemes do not form part of the Regulator's remit and so would not be relevant to discuss here.

**4. Do our strategic priorities provide the coverage, focus and flexibility we need to achieve our ambitions for savers over the next 15 years?**

We are satisfied that your strategic priorities appropriately address the issues required to protect members' interests over the next 15 years. However, we would note that your objectives can only be adequately achieved if you are to remain appropriately resourced. For example, we note with concern that it remains unclear as to how the Regulator plans to implement the provisions of Clause 107 of the current Pension Schemes Bill and are concerned that existing resources do not appear geared towards preparing adequate regulatory guidance. We would not wish to be part of a longer-term pattern.