PMI 50TH ANNIVERSARY

A GUIDE TO SUPPORTING BETTER RETIREMENT OUTCOMES IN A CHANGING LANDSCAPE

WEALTH at work

part of the Wealth at Work group

A GREATER FOCUS ON RETIREMENT OUTCOMES

Whilst the UK pension system has been successful in encouraging people to save for retirement through automatic enrolment, building a pension pot is only part of the challenge. Increasingly, attention is turning to how members access their pension savings, generate a sustainable income, and make informed decisions about their retirement.

This shift comes at a time when retirement decisions are becoming more complex. As individuals approach retirement, they need to decide when to retire, how to access their pension savings and how best to generate a retirement income that may need to last 30 years or more. Whether taking cash, purchasing an annuity, entering income drawdown or using a combination of options, these decisions can have a significant impact on an individual's long term financial security.

Recent pension reforms reflect a growing focus on helping members make informed decisions as they approach and enter retirement, with greater emphasis on member engagement and retirement outcomes.

For trustees, pensions schemes and employers, this creates an opportunity to consider how effectively members are currently being supported and whether the existing support available is helping individuals prepare for retirement with confidence.

WHY GREATER SUPPORT MATTERS

Whilst reforms are placing greater emphasis on retirement outcomes, recent research suggests that many members remain underprepared for the decisions they will face as they approach retirement.

These findings highlight a clear gap between the retirement decisions members are expected to make and the confidence many feel in making them.

It is becoming increasingly clear that as retirement approaches and members weigh up their options, they need more than just information about the value of their pension pot. They need help understanding what their pension savings may provide in retirement, how different retirement income options work, and what steps they can take to improve their future financial position.

Research conducted by WEALTH at work among UK workers aged 55 and above with defined contribution pensions found that:

39% do not have a clear retirement income goal

19% are unsure what their pension will be worth when they retire

27% have looked at what they might have at retirement

40% have already delayed retirement

38% feel unsupported by their workplace when it comes to understanding their pension

28% would like help setting a retirement income goal

About the survey: Research for WEALTH at work was carried out by Opinion Matters throughout 29/05/26 – 03/06/26 amongst a panel of 2,000 UK workers, aged 18+ who have a defined contribution pension.

A CHANGING LANDSCAPE

The pensions industry is entering a period of significant change. New legislation, regulatory developments and industry initiatives are expected to influence how members engage with their pensions, access retirement income, and receive support when making important financial decisions. Understanding these developments will be key to ensuring members remain engaged, informed and well prepared for retirement.

Targeted Support

Introduced in April 2026, the FCA's Targeted Support regime enables authorised firms to provide tailored suggestions to groups of individuals with similar characteristics, helping to bridge the gap between generic guidance and regulated investment advice.

The aim is to make pension support more accessible and encourage greater engagement. However, as targeted support does not consider an individual's full financial circumstances, guidance and regulated investment advice will continue to play an important role, particularly for those approaching retirement or with more complex needs. Also, there are concerns that targeted support could become targeted sales. Defining consumer characteristics and matching them to solutions will be critical and the opportunity must be balanced with careful oversight to protect members.

Guided retirement

The Pension Schemes Act 2026 introduces the concept of 'guided retirement', requiring defined contribution schemes to offer default pension benefit solutions designed to help members convert pension savings into retirement income. However, the detailed design of these solutions will be subject to further regulation and development. In practice, it remains unclear how much personalised support will be delivered.

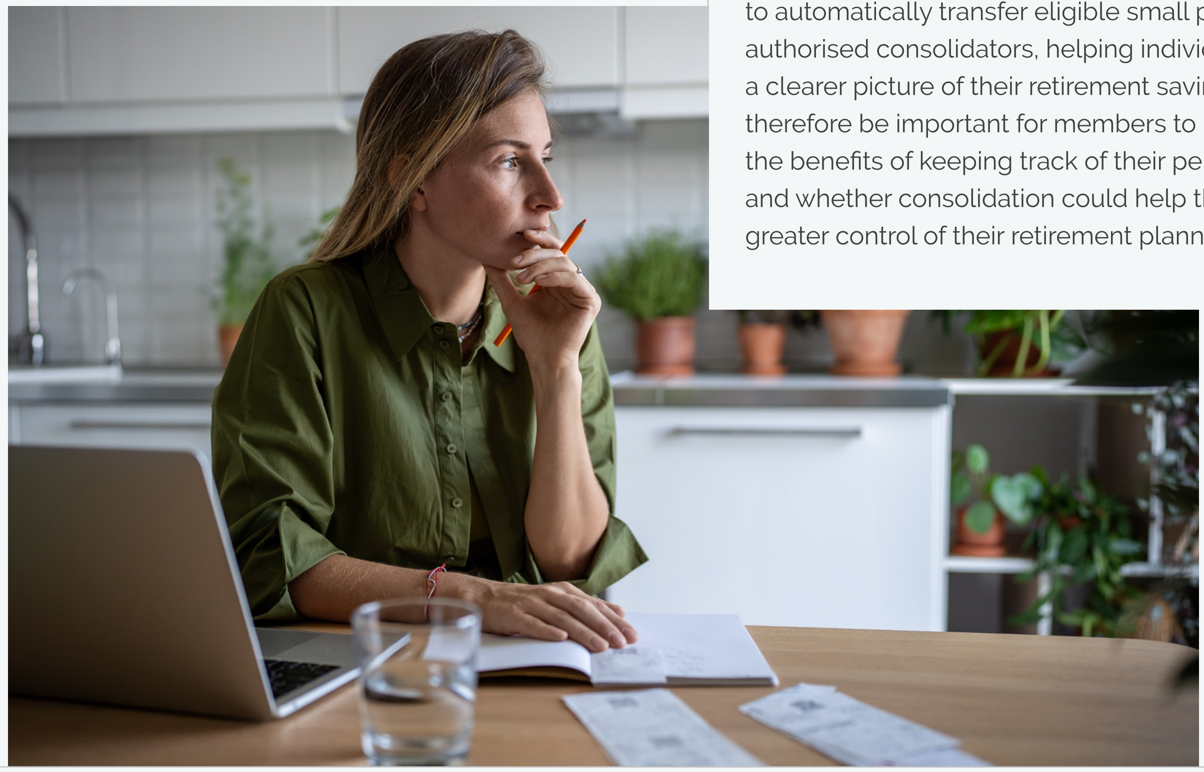
By definition, default solutions are designed to remove the need for people to make an active choice. However, members may have different levels of pension savings, other assets, varying health considerations and different income requirements in retirement. A generic default solution cannot cater to this spectrum of needs. This reinforces the need for financial education and guidance to help people understand their options and make informed decisions.

Pensions Dashboards

The Pensions Dashboards Programme is moving closer to implementation, with the mandatory connection deadline set for 31 October 2026. It will enable individuals to view information about their pensions in one place, helping to improve visibility of retirement savings. Whilst dashboards have the potential to increase awareness and engagement, viewing pension information is only the first step. Members will also need support to understand what their pension savings may provide in retirement, whether they are on track to meet their goals, and what actions they may need to take to improve their outcomes.

The Pensions Commission

The re-establishment of the Pensions Commission reflects growing concerns about whether future generations will have adequate retirement savings. Whilst the Commission's final report isn't due until 2027, it is expected to examine issues such as contribution levels, retirement adequacy and coverage gaps.



Salary sacrifice

From April 2029, the National Insurance advantages of salary sacrifice for pension contributions will be restricted, with National Insurance exemptions applying only to the first £2,000 contributed each tax year through salary sacrifice arrangements.

Whilst many members may see little impact, those making larger pension contributions could experience higher costs of saving. As a result, trustees, schemes and employers should be prepared for increased member questions and ensure appropriate support is available to help individuals understand the implications for their retirement planning.

The challenge of small pension pots

Small pension pots continue to present challenges for savers. The government estimates there are around 13 million deferred defined contribution pension pots worth less than £1,000, and this number continues to grow. Upcoming reforms, expected to come into force around 2030, will require schemes to automatically transfer eligible small pots to authorised consolidators, helping individuals build a clearer picture of their retirement savings. It will therefore be important for members to understand the benefits of keeping track of their pension savings and whether consolidation could help them take greater control of their retirement planning.

WHY THIS MATTERS NOW

Although these reforms address different areas of the pensions landscape, they share a common objective:

HELPING PEOPLE ACHIEVE BETTER RETIREMENT OUTCOMES

Whether through improved access to support, greater visibility of pension savings, or consolidation of pension pots, the focus is increasingly shifting beyond pension accumulation towards helping members make informed decisions as they approach and enter retirement.

WHAT DOES THIS MEAN FOR TRUSTEES?

As the pensions landscape continue to evolve, trustees, schemes and employers may wish to reflect on the following questions:

- Do members understand what their pension savings may provide in retirement?
- Are members receiving support before key retirement decisions are made?
- Do members understand the options available when accessing their pension savings?
- Is support tailored to members at different stages of their retirement journey?
- Does the scheme provide clear pathways to retirement guidance and regulated investment advice where appropriate?

Helping members save for retirement remains important. ***Equally important is ensuring they have the confidence, knowledge and support needed to turn those savings into positive retirement outcomes.***

KEY ACTIONS THAT CAN BE TAKEN

Practical steps trustees, schemes and employers can take include:

Provide financial education throughout

Providing accessible and effective financial education can help members better understand their pension savings, retirement options, and the actions they may wish to take throughout their working lives. This could include providing live seminars alongside digital tools designed to support member engagement at key stages of the retirement journey.

Offer access to retirement guidance

As members approach retirement, access to personal retirement guidance can help them understand the options available, the factors they may need to consider, and the implications of different retirement income choices. One-to-one guidance can play an important role in helping individuals navigate an increasingly complex retirement landscape and make more informed decisions.

Create clear pathways to regulated investment advice

Some members may require investment advice that takes account of their individual circumstances, particularly those with more complex needs or significant retirement decisions to make. Providing clear pathways to investment advice can help ensure members know where to seek regulated support when required

Undertake robust provider due diligence

Ensuring robust due diligence with any provider should not be overlooked. This includes reviewing credentials, compliance frameworks and service quality to help safeguard members' interests and ensure expert support is delivered to an appropriate standard.

GETTING THE RIGHT SUPPORT

As pension reforms continue to evolve, effective member engagement, financial education and retirement guidance will be critical in helping individuals make informed decisions and achieve better retirement outcomes.

WEALTH at work partners with hundreds of the UK's leading organisations to deliver financial education, one-to-one guidance and investment advice, complemented by services such as Pension Consolidation and Workplace ISAs.

By partnering with trusted specialists, trustees, schemes and employers can help ensure members receive the right support at the right time throughout their retirement journey, enabling them to make more informed decisions and achieve better retirement outcomes.

Contact WEALTH at work to find out more:

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