PMI Response to the Pensions Commission Interim Report

Simplicity. Stability. Savers.

The PMI welcomes the Commission's interim report as a serious and thoughtful contribution to the long-term pensions debate. A new pensions consensus will take time to shape correctly and even longer to implement well; cohesive policy is hard won, and the Commission is right to take the time required to get this right.

But while a long-term settlement is being built, today's savers face an adequacy gap that will not close on its own. The industry, employers and pension managers do not need to wait for the final report before acting. Some shorter-term improvements do not require major legislation, new mandates or regulatory overhaul, even though they will still need careful prioritisation and resource to implement well.

The PMI's message is straightforward: **there is meaningful progress the sector can make now, and it does not have to be mandated to be done.**

1. A long-term settlement built on simplicity and stability

The Commission's ambition to improve adequacy, fairness and sustainability is one the PMI strongly supports. But the foundation of any future settlement must be simplicity and stability. Savers need to understand the system; employers need confidence to invest in good provision; schemes need predictable policy to innovate responsibly.

The single, flat-rate state pension remains one of the most important achievements in UK pensions policy - hard fought, long debated, and ultimately transformative. It provides clarity, universality and a stable base on which private savings can build. The PMI cautions strongly against renewed speculation about means-testing or fragmenting the state pension. Such moves would undermine confidence, create disincentives to save and add complexity at precisely the moment the Commission is trying to simplify the system.

The debate on the triple lock should also be approached through the lens of stability. The question is not simply how generous the state pension should be, but how society adjusts it over time once an optimal level is reached.

Long-term clarity on tax relief, IHT interactions and the state's role in retirement income is also essential if the industry is to deliver the "interesting things" policymakers want: better investment strategies, more personalised support, and stronger retirement pathways.

2. The adequacy gap: action now, not only later

The Commission is right that adequacy cannot be solved overnight. But adequacy challenges are already affecting today's savers, and incrementalism has consequences. The longer practical reforms drift, the wider the gap becomes.

The 2017 automatic enrolment review is a clear example: its core recommendations remain unimplemented nearly a decade later, despite broad consensus and clear evidence of benefit. These missed opportunities matter.

The PMI's Lifetime Savings Initiative (LSI) provides a rich evidence base showing that adequacy is shaped not only by pension contributions and investment returns, but by wider lifetime financial pressures, such as housing costs, insecure work, short-term shocks, and the need for liquid savings alongside long-term pension saving.

The Commission's interim report acknowledges these pressures, and the PMI encourages a more explicit recognition of how lifetime savings challenges interact with pension outcomes.

There are shorter-term actions that could be progressed before major legislative reform, provided they are prioritised realistically alongside existing industry capacity:

- **Better member communications** that explain contributions, investment and retirement options in plain language.
- **Improved transfer processes** that reduce friction while maintaining scam protection.
- **Stronger guided retirement support**, especially for those without access to advice.
- **More active oversight of default investment strategies**, recognising that investment performance drives roughly two-thirds of a saver's eventual pot.
- **Clearer employer signposting and post-employment support**, particularly for lower earners and those with multiple small pots.

None of these require waiting for the Commission's final report. They would, however, benefit from a staged plan that distinguishes immediate operational improvements, near-term regulatory changes and longer-term structural reform, so that industry effort is focused where it can have the greatest practical impact.

3. Lifetime savings, housing and wider financial resilience

Retirement adequacy cannot be understood in isolation from the wider financial pressures people face throughout their lives. The PMI's LSI work shows clearly that housing costs, insecure work, childcare, debt and the absence of liquid savings all shape people's ability to save for retirement. Renters, the self-employed and those experiencing financial shocks face particular challenges.

The PMI recognises that housing policy, social care and labour market reform are not the Commission's job to fix, nor the pension industry's responsibility to solve. But the interaction is relevant.

A future pensions settlement must be designed with an understanding of these pressures, even if the solutions sit elsewhere. For example:

- Side-car savings can help members build short-term resilience without undermining long-term pension saving.
- Cycle-savings models can support those with fluctuating incomes such as the self-employed.

- Better integration of pension communications with wider financial wellbeing can help members understand how housing decisions affect retirement outcomes.

These wider issues must progress in parallel, even where the solutions sit outside the Commission's remit. The pensions settlement should therefore be designed with an explicit understanding of housing, work, liquidity and wider financial resilience, without implying that pensions policy can solve them alone.

4. Industry action: it doesn't have to be mandated to be done

The PMI's practitioner voice is clear: **the industry can help now**. Many employers, trustees and pension managers already go beyond minimum requirements, often quietly and without fanfare. They improve communications, challenge investment strategies, support members at retirement and work closely with administrators to reduce friction. This good practice should be recognised and amplified.

The PMI is happy to convene our members - pension managers, administrators, trustees, IGCs and employers - to provide the Commission with real operational insight. The industry has a strong track record of working collaboratively to solve practical challenges, and that spirit of partnership will be vital as the next phase of reform moves from principle to delivery. These are the people who understand how policy lands in payroll systems, administration platforms, member communications and investment governance. They know what works, what fails, and what creates unintended consequences. Their experience is essential to shaping a practical, deliverable long-term settlement.

The PMI's members also contribute thousands of volunteer hours each year through committees, working groups, mentoring and professional development. This practitioner energy is one of the sector's greatest assets. Harnessing it will deliver more impact - and more real change - than waiting for new mandates.

5. A saver-centred regulatory architecture

The current regulatory architecture is increasingly difficult for savers to navigate. Most members do not know whether they are in a trust-based or contract-based scheme, nor should they need to. They simply want clarity, protection and support.

Yet the regulatory perimeter creates different expectations, different cultures and different outcomes.

The PMI supports a more coherent, saver-centred approach that looks across the full member journey. Savers should receive broadly equivalent protection and clarity regardless of scheme type. The Commission's work provides an opportunity to "finish the job" by aligning regulatory expectations around the saver rather than the wrapper. This does not require a single regulator- TPR and the FCA already work together closely but it does require common principles, shared consumer outcomes and clearer coordination, particular when it comes to the impact on individuals' retirement decision journeys.

6. Investment outcomes and value for money

Investment performance is the single biggest driver of retirement outcomes. Fees are a key component, but they are not the whole story. The PMI encourages trustees, IGCs and providers to challenge underperforming default strategies now, rather than waiting for the final shape of the value-for-money framework.

The sector should avoid simplistic league tables that encourage herding rather than thoughtful risk-taking. Instead, focus should be on long-term outcomes, governance quality and alignment with member needs.

The Commission's work on adequacy rightly acknowledges that contribution levels alone cannot solve the problem. Better investment outcomes are essential. The PMI will support the Commission in developing a more nuanced position on adequacy that reflects contributions, investment, risk, housing, later-life work and wider financial resilience.

7. Technology, AI and member support

Technology and AI are already shaping member decision-making. The question is not whether members will use these tools, but whether the industry will provide trustworthy, regulated alternatives before gaps are filled elsewhere. The PMI encourages schemes and providers to develop clear guardrails, transparent tools and accessible guidance that support members without overwhelming them. This is an area where industry action needs to move quickly, without waiting for new regulation.

8. A staged longer-term roadmap: immediate actions, near-term changes, long-term reform

The PMI welcomes the revised roadmap recently published, which provides vital clarity for the industry on the "must do" elements of reform over the next five years and helps distinguish the actions that need to be prioritised now from those that belong in the longer-term settlement.

We believe that this could be enhanced with a more practical and longer-term roadmap covering:

- **Immediate industry actions**: communications, transfers, guided retirement, investment oversight, employer engagement.
- **Near-term regulatory changes**: coherence across regimes, clarity on consumer outcomes, practical improvements to transfer rules and retirement pathways.
- **Long-term structural reform**: contribution levels, state pension design, tax relief stability, regulatory architecture, and the long-term settlement the Commission is working towards.

Each recommendation should be accompanied by an implementation impact assessment covering payroll, data, administration, communications, governance and member understanding. This is where the PMI's practitioner expertise is most valuable. We are more than happy to bring our practitioner members together with the Commission in a constructive, collaborative way, so they can understand the 'real world' impact of any reforms and work with the wider industry to deliver them effectively.

Conclusion: finishing the job

The Commission has set out the *what*. The PMI's role is to focus on the *how*. We support the ambition to build a simpler, more stable and saver-centred pensions system. But we also emphasise that progress does not need to wait. There are things the industry can and should do now; there are things employers are already doing; and there are things that will only succeed if practitioners are involved from the start.

Simplicity, stability and savers must be the organising principles of the next phase of reform. With them, the industry can act today while the Commission builds the long-term settlement. Without them, adequacy will continue to drift.

The PMI stands ready to support the Commission, convene practitioners, and help shape a system that works in practice - not only in theory - and delivers better outcomes for savers now and in the future.