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NEWS RELEASE

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Millions of 45-54-year-olds who want government's free guidance on pensions set to miss out

- Enormous latent demand for free, independent and impartial guidance
- But more than 4 in 5 defined contribution (DC) pension savers heading toward retirement are unaware of the free and impartial help available from Pension Wise
- Flawed system means millions of savers are missing out on the government's promise of free guidance, leaving many vulnerable people exposed to poor outcomes, rip-offs and scams

Research by **Just Group** finds that two in three people aged 45-54 said they want a free guidance session to help them make sense of their retirement options, but millions are missing out on the government's promise of a free guidance session¹.

66% of all 45-54 year-olds said they wanted independent and impartial guidance if it was free and the proportion wanting guidance was even higher for those with DC pensions (77%).

Strikingly, only one in 10 (10%) of all 45-54 year-olds said they do not want free guidance.

Despite this clear desire for help in making sense of their pension choices, millions are still missing out on the government's free, independent and impartial guidance service – Pension Wise. At the moment approximately only 15% go on to actually receive their free guidance session².

"This research shows there is a widespread need and demand for the Pension Wise service – so why the yawning gap between the numbers of those who want it and those that use it?" said **Stephen Lowe, group communications director at Just Group**.

"Received wisdom that people who want the service will use it clearly doesn't stack up. We have an overwhelming majority telling us they want it but take up is still very low – there's a massive leak in the system that the FCA needs to fix."

Stephen Lowe said that the current method of 'opting in' to guidance wasn't helping. It should be replaced by an 'active opt out' so that guidance becomes part of a streamlined process before people access their pension benefits unless people make an active decision not to receive guidance.

"At the moment, we have a nonsensical system where people are automatically enrolled into pension saving but left to fend for themselves when it comes to using those savings. It's failing the vast majority who are left to grapple with complex decisions and are at the mercy of unscrupulous scammers.

"At a time when millions of pounds of hard-earned pension savings are being stolen by scammers you would have thought the FCA would be intent on substantially increasing take-up of Pension Wise.

“Pension Wise guidance was promised by the government and the research shows people want it. The government has set the FCA the task of working out how best to encourage people to use it – they must be ambitious in their goal and develop conduct rules that result in the majority of people receiving Pension Wise guidance.

“An active opt out would transform guidance take-up meaning that similar levels of people could receive Pension Wise guidance as remain in a workplace pension through automatic enrolment.”

Enquiries

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Notes to Editors:

Research

1. Research conducted on behalf of Just Group by Opinium with 1,000 UK adults aged 45-54 between 3rd and 10th August 2020
2. **FCA**, Retirement income market data 2018/19, Figure 5, <https://www.fca.org.uk/data/retirement-income-market-data>

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