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## NEWS RELEASE

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### Only one-in-25 would opt out of free pension guidance if they were 'auto-enrolled', Just Group research reveals

- Only 4% of 45 to 54-year-olds said they would opt out of a pre-booked guidance session
- Demonstration of the transformative impact that an active opt-out would have on guidance take up
- Automatic enrolment needed at both ends of pension saving journey to safeguard savers, says Just Group

Take-up of the free, independent and impartial Pension Wise guidance service would rise sharply if sessions were pre-booked for savers seeking to access their pension benefits, new research by **Just Group** suggests.

Only 4% – one in 25 – of those aged 45-54 with defined contribution (DC) pensions said they would opt out of a pre-booked Pension Wise guidance session if it were automatically booked for them before they accessed any benefits<sup>1</sup>.

That compares to the current level of take up of around 14%<sup>2</sup> which leaves too many without the support they need to make complex decisions.

“The Financial Conduct Authority is currently considering how to increase take up of the free, independent and impartial guidance which pension savers are entitled to,” said **Stephen Lowe, group communications director at Just Group**.

“At present, it is perceived as an extra hoop to jump through before they can get at their cash, so it’s not surprising that many decide not to opt in and instead follow the path of least resistance.

“However, this leaves them exposed to the dangers of uninformed decision-making and scams.”

He said that the new research shows that most people recognise that guidance could be valuable and key groups who currently miss out, would use the service if they were automatically opted-in to receiving the service.

“Our research is evidence that introducing pre-booked appointments will transform guidance take-up to the level required to equip the vast majority of savers to make better decisions and safeguard them from scams,” said Stephen Lowe.

“If the guidance is part of the normal process for accessing pension benefits, very few will opt out. Among those aged 55+ who had already taken benefits from a DC pension, fewer than one in 10 would have opted out if the appointment had been pre-booked.

“This would emulate the success of workplace pension rules where employees are automatically-enrolled into the scheme unless they choose to opt out.”

“It does not have to be compulsory, just an automatic part of the process so people think twice before they give up their entitlement. It’s the natural extension of the successful and very popular automatic enrolment policy – helping people right through their pension saving journey.”

The Financial Guidance and Claims Act 2018 requires the Financial Conduct Authority to ensure savers have received appropriate pensions guidance or have opted out.

## Enquiries

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### Notes to Editors:

#### Sources:

1. Research conducted by Opinium on behalf of Just Group between 3rd and 10th August 2020 with 1,000 people aged 55+ who have already accessed a DC pension
2. FCA, Retirement income market data 2019/20, <https://www.fca.org.uk/data/retirement-income-market-data>

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