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NEWS RELEASE

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Nearly half of pension savers eligible to use Pension Wise ‘have never heard of it’, latest service evaluation reveals

Millions of pension savers are at increased risk of poorer retirements and falling victim to scams because they don’t know about the free service created to look after them.

Pension Wise is available to anyone aged 50+ who has a defined contribution pension. Yet new figures revealed that just under half (47%) of those entitled to a free, impartial guidance session who did not book an appointment with Pension Wise ‘have not heard of the service at all’¹.

Analysis of the **Pension Wise 2019-20 Service Evaluation** suggests about a million people aged 50-54 with defined contribution pensions are set to miss out on guidance simply because they were unaware of the government-backed service^{2,3}. And many more who have already reached age 55 and are yet to start taking pension cash could also miss out because they haven’t heard of it.

The free, impartial and independent guidance provided by Pension Wise was created to help people to understand their options and to strengthen their confidence to act when choosing how to use their retirement savings,” said **Stephen Lowe, group communications director at Just Group**.

“People cannot use it if they have not heard about it so this lack of awareness among the exact group it aims to help is very worrying.”

He said that the figures in the 2019/20 Pension Wise Service Evaluation report reflect Just Group’s own recent research⁴ which found that four in five (81%) of those aged 45-54 with defined contribution (DC) pensions did not know they were entitled to receive free guidance.

“The option to take cash from a DC pension at age 55 is widely known but the entitlement to guidance is clearly yet to sink in,” said Stephen Lowe.

“That is a problem because as well as talking people through their pension options, the guidance also discusses how people can shop around for the best deals and avoid scams.

“Ideally it would take place when people are making their minds up – it is too late if the first they hear about it is when they ring their provider because they have already decided to take their cash.”

He said the low usage problem could be overcome by automatically booking guidance appointments for people from age 50, emulating automatic enrolment into workplace pensions which has lifted pension saving levels dramatically with low numbers opting out.

“If you start with the expectation that the majority will benefit from guidance then automatic bookings ensure you reach groups who haven’t heard of it or are less engaged with pensions,” he said.

He urged the Financial Conduct Authority, which is required to develop rules to increase guidance usage, to consider automatic booking as one option in expanding take-up from the current minority to the large majority of those starting to take pension cash.

“We need the regulator to act quickly and decisively if hundreds of thousands more pension savers are not going to miss out on guidance and be more vulnerable to bad decisions and scams.”

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References

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3. ONS, Pension wealth: wealth in Great Britain, Table 6.8 for adults with DC pensions not in payment: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/pensionwealthwealthingreatbritain>

4 - Research conducted on behalf of Just Group by Opinium with 1,000 UK adults aged 45-54 between 3rd and 10th August 2020

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