

# JUST.

## NEWS RELEASE

Monday 13 December 2021



### Growing proportion of pension savers 'going it alone' without advice or guidance when exercising their pension freedom, FCA figures reveal

- The proportion of pension pots being accessed without independent pension guidance or regulated advice is on an upward trend, latest FCA figures reveal.
- Lack of take-up of professional support increases risks of people making uninformed decisions or falling victim to scams.
- Just Group says FCA figures show no progress towards government's ambition to make free, independent and impartial guidance sessions 'the norm'.

More than half (54%) of the defined contribution (DC) pension pots accessed for the first time in 2020/21 were taken without free, impartial and independent guidance or regulated advice, up from 50% the previous year and 48% in 2018/19.

Analysis of Financial Conduct Authority figures<sup>1</sup> published last week by **retirement specialist Just Group** shows a rising trend for people taking cash from a pension to go it alone rather than use the government-backed Pension Wise service or a professional financial adviser.

"The proportion using professional advice is trending lower and pension guidance usage remains stubbornly low at just one in seven (14%) even though it is free," said **Stephen Lowe, group communications director at Just Group**.

"It is a concern because these are key consumer protection measures designed to help people navigate the complexities and risks of 'freedom and choice' and to avoid scams."

DC pension pots accessed with advice			
	2018/19	2019/20	2020/21
Annuity	26%	26%	22%
Drawdown	66%	64%	59%
UFPLS	40%	32%	37%
Full withdrawal	24%	23%	21%
All types	37%	36%	33%
DC pension pots accessed with guidance			
	2018/19	2019/20	2020/21
Annuity	29%	29%	36%
Drawdown	9%	9%	10%
UFPLS	15%	12%	11%
Full withdrawal	14%	14%	12%
All types	15%	14%	14%
DC pension pots accessed without advice or guidance			
	2018/19	2019/20	2020/21
Annuity	45%	44%	42%
Drawdown	25%	27%	31%

UFPLS	46%	56%	52%
Full withdrawal	62%	64%	67%
All types	48%	50%	54%
<i>Source: FCA Retirement Income market data 2018/19 to 2020/21</i>			

He said that particular areas of concern were the 341,404 pensions that were fully withdrawn of which 67% were taken without guidance or advice, compared to 62% just two years earlier.

The proportion of pots placed in drawdown where advice was taken had fallen to 59% from 66% just two years earlier while just one in 10 (10%) took guidance.

“Last year we saw a fall in the number of pension pots accessed for the first time which is likely to be due to the coronavirus pandemic forcing people to halt their spending plans,” said Stephen Lowe.

“Use of regulated advice has fallen across all product types over the last two years and guidance take-up has slipped overall or been static except for a reasonable pick-up for annuity purchases.”

He said that efforts to signpost more people to guidance through revised communications such as better wake-up packs have failed to increase guidance use.

“Next June we will see the implementation of the ‘stronger nudge’ changes which is the government’s latest idea although trials suggest any guidance uplift will be modest,” he said.

“If the government is serious about guidance becoming ‘the norm’ then we are going to need a bigger intervention and there is wide industry support for a trial of a system where guidance sessions are booked automatically for target groups of pension savers rather than relying on them to opt in.

“Our own research found only one in 25 people aged 45-54 would opt out of a guidance session pre-booked for them<sup>2</sup>. This approach would be especially helpful for encouraging those with lower financial capability and less engagement in pensions who are currently most likely not to take up their entitlement to guidance yet are at the greatest risk of making poorer choices.”

## Enquiries

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### Notes to Editors:

#### About the research

1: FCA, Retirement income market data 2020/21: <https://www.fca.org.uk/data/retirement-income-market-data-2020-21>

2: 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

## About Just

Just (Just Group plc) is a FTSE-listed specialist UK financial services company.

A leader in the individual retirement income, care and defined benefit de-risking markets, Just has been trusted to manage over £23 billion of customers' retirement savings and has helped customers release £5.8 billion from their properties.

Just provides the following wide range of products, advice and professional services to individual customers, financial intermediaries, corporate clients and pension scheme trustees:

## Marketed Products

- De-risking solutions for pension scheme trustees who want to remove the financial uncertainty of operating defined benefit pension schemes;
- Individually underwritten retirement income products delivering a guaranteed income for life;
- Long term care plans that provide those people moving into residential care with peace of mind by knowing a regular payment will be made to the care provider for the rest of their life;
- Lifetime mortgages for people who want to safely release some of the value from their home.

## Professional services

- Regulated financial advice and guidance services for individuals wanting help in using their pension savings and/or releasing some of the value from their home; and
- A range of business services tailored for our corporate clients, ranging from consultancy and software development to fully outsourced customer service delivery and marketing services.

The companies within Just Group are authorised and regulated in the United Kingdom by the Financial Conduct Authority and / or the Prudential Regulation Authority.

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