

# JUST.

## NEWS RELEASE

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### Financial Lives research shows those who could benefit most from Pension Wise guidance are most likely to miss out

- Pension Wise users are confident it helps them with their retirement decisions
- But pitifully little use among groups with low financial capability or resilience
- Just Group says results highlight need to auto-enrol people into guidance sessions

Nearly nine in 10 users of the free, independent and impartial guidance service Pension Wise said it helped them but too many are missing out, analysis of the latest Financial Lives report<sup>1</sup> by **Just Group** shows.

The retirement income specialist said that of the key 50-64 age group with defined contribution pensions, one-in-eight (12%) said they had used Pension Wise in the previous 12 months.

But the Financial Conduct Authority report shows that usage is far lower among those who stand to gain most from the government-backed, free, independent and impartial guidance service.

The percentages of people in these groups benefiting from the service were in single digits – low financial capability (4%), low financial resilience (7%) and among the digitally excluded (1%). That compares with nearly one in five (18%) who are using Pension Wise alongside fully regulated, paid-for advice.

**Stephen Lowe, group communications director at Just Group**, said: “The research raises the question whether Pension Wise is reaching the most important target groups – those most at risk of poor decisions and falling victim to scams.

“Awareness is still a problem at just under half (48%) of DC pension savers aged 50-64 saying they had heard of it, but again, this is much lower among those with reduced financial capability (30%) or lower financial resilience (33%).”

He said that a transformation needs to happen to achieve the government’s objective that using Pension Wise should become ‘the norm’ before savers access their pensions.

“Pension Wise is the key consumer protection introduced alongside the ‘freedom and choice’ reforms of 2015. Persistently low take-up prompted the government to task the FCA with improving usage levels. The overall usage rate of 12% is poor in itself, but the picture becomes much bleaker when you start to look at the groups who could gain most from the guidance service.”

He said that there is a tried and tested way to achieve this, by following the successful approach used of automatic-enrolment into workplace pensions, which has increased participation rates to around 90%.

“Asking people if they want guidance at the point they are calling to ask for cash is too little too late,” he said.

“The system to increase usage must be designed to be far more ambitious and an obvious way to achieve this is to enrol people into appointments from age 50. That ensures everyone – and especially those who don’t know about the free guidance service or the benefits it offers – would either take up their entitlement or make an active decision to defer.

“It would make sure those who can benefit most do not slip through the cracks. Some people are naturally more engaged with their pension decisions and while it is great they are using Pension Wise, it is also important it reaches those with less interest or understanding about their pension decisions.”

## Enquiries

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### Notes to Editors:

#### About

1 – FCA, Financial Lives: <https://www.fca.org.uk/publications/research/financial-lives>

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