

Aon 2021 Member Options Survey

Key findings

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Aon's fourth annual Member Options Survey gathered the views of 316 pension schemes. Building on the results of previous years, it continues to focus on the level of support available to members at retirement and the changes schemes plan to make over the next year. We also consider The Pensions Regulator's (TPR) anti-scam pledge and the impact of the pandemic.

Throughout 2020, there was an increased focus on how trustees could support members, especially given the pandemic and the increase in pension scam activity. There were several media campaigns, the ScamSmart campaign, and the Pledge – all of which supported the message of providing members with better support to combat the risk of scams and to help members make informed choices about their retirement – one of the most important financial decisions they will ever make.

The trend for more support

There continues to be a clear trend for schemes to provide members with more support with their retirement decisions. This is consistent with views from across the industry with TPR commenting that “trustees should be expected via TPR codes and guidance to provide appropriate support to members who are considering a cash transfer”.

A new trend in our 2021 survey is an increasing focus on DC members, as schemes look to replace ‘old-style’ annuity brokers with ‘whole of market’ IFAs who can advise on drawdown and annuity products.

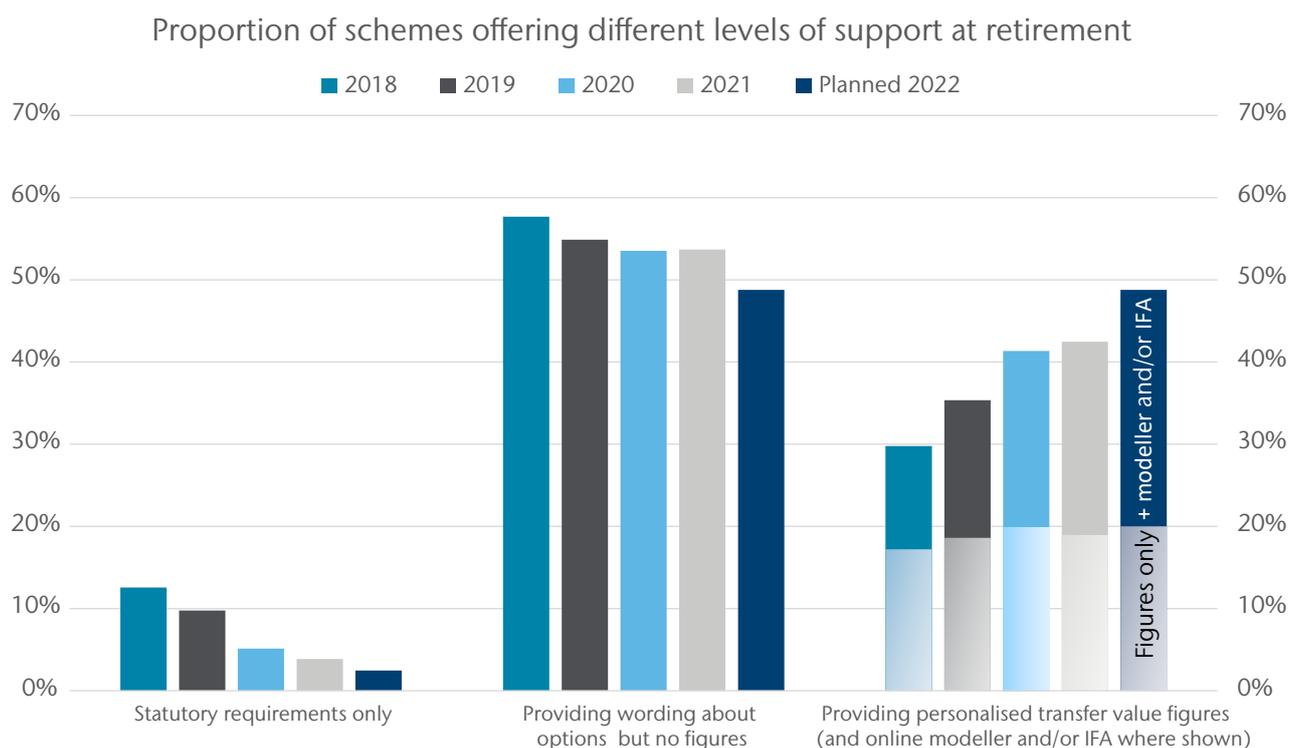


New trend:

10% of schemes now also provide members with fully paid-for or subsidised IFA advice for Defined Contribution (DC) members, and this trend is expected to continue as DC becomes the focus for current employees going forwards.



The chart below shows us that half of the DB schemes surveyed quote (or shortly plan to quote) transfer values in retirement packs, with around 60% of these schemes providing additional support at retirement through online modellers or independent financial advice.



Combatting pension scams

The risk of pension scams is increasing and the important role to be played by trustees and their advisors is coming into sharp focus. TPR has recently launched a new anti-scam pledge and they are urging trustees, administrators and pension providers to sign up to the pledge by committing to take steps to protect pension scheme members. For most schemes, the first step is ensuring trustees fully understand the process that is followed by their administrators in relation to pension scams.



Pension scams devastate lives. As the first line of defence for savers, trustees and pension providers have a vital role to play in beating the people behind these despicable crimes.

The Pensions Regulator

Trustees and administrators play an important role in educating and protecting members. Help savers keep their retirement savings away from scammers.

The Pensions Regulator

2/3

Of schemes surveyed plan to sign or have already signed the pledge

The impact of COVID-19

One-fifth of schemes surveyed are considering or have already taken action to reduce risk or increase flexibility for members as a direct response to the pandemic. Of those schemes:

1/3

are

Closing the scheme to future accrual or implementing changes to future benefits

1/3

are

Running redundancy exercises

1/3

are

Introducing new member options, with the goal of reducing risk

Decisions to close schemes to future accrual or to implement future benefit changes were likely made pre-pandemic, however the risk and uncertainty caused by COVID-19 may have simply brought forward implementation dates. This has also brought into greater focus the need to support members with their retirement decisions, particularly where members need to retire early due to redundancy. Many schemes going through these exercises are using consultation periods as an opportunity to announce the launch of online modellers or IFA support into the retirement process.

A number of schemes are also implementing a Bridging Pension Option (BPO), either in bulk as part of a redundancy programme or at retirement. This allows members to reshape their pension and gives them the opportunity to retire earlier than they would otherwise have been able to afford to.

Contacts

If you would like to find out more or discuss further, please contact your usual Aon contact, email us at memberoptions@aon.com or speak to one of Aon's Member Options Specialists below.



Kelly Hurren
Head of Member Options
+44 (0)20 7086 3941
kelly.hurren@aon.com



Donna Prince
Member Options Specialist
+44 (0)121 230 6831
donna.prince@aon.com



Rob Armstrong
Member Options Specialist
+44 (0)20 7086 0910
robert.armstrong.3@aon.com

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