



How do you measure up?

Defined Contribution Pension Survey 2020

For professional clients only
UK

Aon
Empower Results®



How do you measure up?

You want the best fit for your pension scheme members – and your business. But how do you compare, and do you have the right measures of success?

In our 2020 Defined Contribution (DC) Pension Survey we sought the views of trustees, pension scheme managers, finance directors and HR managers from a wide range of sectors, about the challenges they face and their aspirations for scheme members. There is an opportunity to make DC pensions more tailored towards retirement goals, lifestyle, income and behaviours.

Our research shows that respondents want to offer competitive, 'good value', DC pensions. Most want to

do more than the minimum level required, but many do not measure whether they are succeeding in meeting their objectives.

In our report we see how DC schemes in the UK measure up across key areas, including strategy, scheme design, contribution levels, investment approaches and member engagement. The report includes insights from Aon experts on what the findings mean now and for the future shape of workplace savings objectives.

Throughout, charts may not add to 100% for reasons of rounding. Unless otherwise stated, all data is from Aon's 2020 DC Pension Survey

Headlines from our research across five key areas:

Get the measure of objectives

What are the current strategic trends in DC pensions?

More schemes aim to benchmark with peers

than aim to deliver sufficient funds for employees to retire



1 in 3

schemes do not measure progress against their objectives

Over 7 in 10

schemes have 'delivering value for members' and 'improving member outcomes' as objectives

Responses were received from representatives of over 200 DC schemes, covering over half a million members and £50bn of assets.

Some of the biggest challenges being faced by respondents include:

"Member engagement with pensions is low as measured by all indicators"

"Time spent meeting regulatory requirements in the wrong areas"

"Maintaining member acknowledgement/enthusiasm that DC money is serious"

"Investment returns in an uncertain climate"

What are schemes' measures of success and what can be done to achieve these?

Weigh up your options

Could delegation help?

1 in 3 trust-based and **1 in 5** contract-based schemes expect to move to master trust over the next 5 years

50% increase

in the numbers who have not reviewed their provider in the last 3 years



Two-thirds want to spend more time on communications

Fit for the future?

What are the desired outcomes?



Average default contribution rates are around **10%**

Two-thirds of respondents do not know what level of pension outcome their default rates will deliver



Only 5%

of schemes have a put a drawdown solution in place separate to their existing accumulation provider

Made to measure

An ever-changing investment landscape



1 in 5 default investments still target annuity purchase at retirement

Charges for default funds are falling

but underlying investment charges remain static

Only 1 in 10

assess their default investment options against ESG criteria, while 4 in 10 offer ESG funds as standalone options

Calibrate your comms

We need to talk about pension plans and financial wellbeing

1 in 3

are communicating target levels to encourage employees to save more



Budgeting and non-pensions savings are the two areas where most plan to expand

Most schemes do not measure levels of engagement with their pension and wider wellbeing programmes

Find out more by requesting the full report here – <https://aon.io/DCSurvey> or speak to your Aon consultant to find out how you can measure your scheme with a personalised benchmarking report.

Get the full report

To receive a copy of the full report when available, email talktous@aon.com or visit <https://aon.io/DCSurvey>



Contacts

Christopher Inman

Head of DC investment advisory

+44 (0)20 7086 8137

christopher.inman.4@aon.com

Tony Pugh

Head of DC solutions

+44 (0)20 7086 1009

tony.pugh@aon.com

Steven Leigh

Senior consultant

+44 (0)113 394 3424

steven.leigh@aon.com

Karina Klimaszewski

Senior consultant

+44 (0)20 7086 9165

karina.klimaszewski.2@aon.com

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

For further information on our capabilities and to learn how we empower results for clients, please visit aon.mediaroom.com

Compliance code: A4-310720

The information contained herein and the statements expressed are of a general nature and are not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information and use sources we consider reliable, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

aon.com

Aon Hewitt Limited is authorised and regulated by the Financial Conduct Authority.
Aon Hewitt Limited Registered in England & Wales. Registered No: 4396810.
Registered Office: The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN.
Copyright © 2020 Aon Hewitt Limited

AON
Empower Results®