

Annual pension statements to become more 'user-friendly'

by **Press Association**

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Minister for Pensions and Financial Inclusion Guy Opperman (PA)

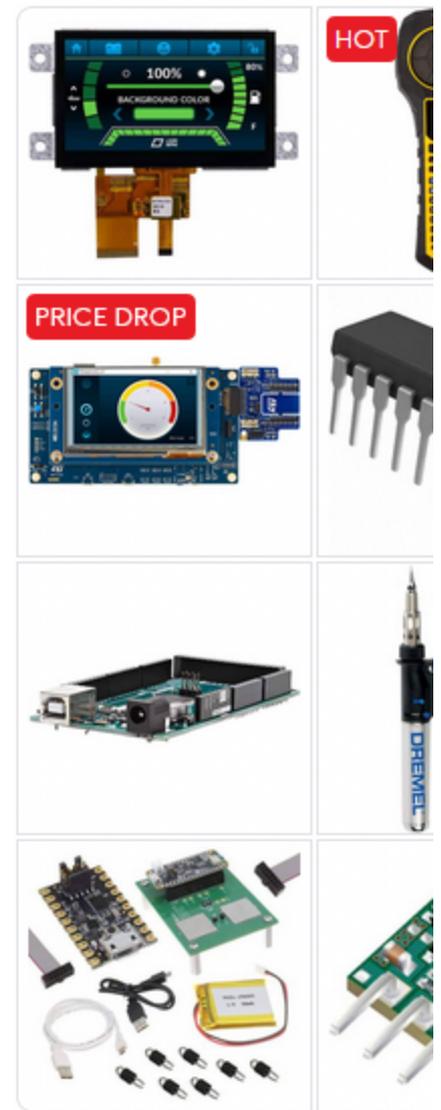
Pension statements will become more "user-friendly" with schemes being required to boil information down in a simplified way under Government plans.

The two-page annual statements will take on a more consistent format, highlighting key information such as the size of the saver's pension pot and a forecast of their retirement, the Government said.

The Department for Work and Pensions' proposals will require pension schemes to structure statements so they answer key questions such as: How much money is in your pension pot? as well as: How much money you could have when you retire? and: What you could do to give yourself more money in retirement?

Simplified statements will include a line on costs and charges and a clear signpost for more detailed information elsewhere.

The initial focus will be on defined contribution (DC) schemes used for automatic enrolment, with a view to later improving consistency across all schemes.



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Baroness Altmann has welcomed plans to introduce simpler pension statements (Jonathan Brady/PA)

Baroness Ros Altmann, a former pensions minister, said: "This is a vital first step in making pensions more user-friendly."

She added: "Many providers seem afraid of not including the correct information, which leads them to produce multi-page statements which are never read or understood by customers for whom they are supposed to be informing."

"Pension providers need to send communications to suit customers, not themselves or intermediaries who of course understand all the baffling terminology."

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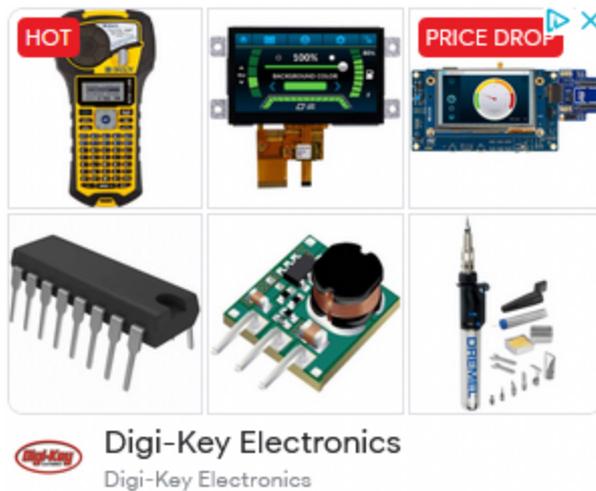
Minister for Pensions and Financial Inclusion, Guy Opperman, said: "For too long pensions have been shrouded in complexity and technical jargon, limiting people's understanding of their savings and hampering their retirement planning.

"Simple statements will usher in a new standard for how schemes communicate with their members – vastly improving people's understanding and engagement with their pensions."

Industry experts raised concerns that "shoehorning" information into the new statements could risk leaving important information out.

Helen Morrissey, pension specialist at Royal London, said: "We are always looking at how we can better communicate with customers – in 2017 we updated our statements after undertaking extensive customer research and so we feel taking a standardised approach is not the way to go.

"Shoehorning the statement into two pages risks leaving out important information on costs and charges.



"We would also want providers to have the flexibility to include important messages such as updating beneficiaries and where to go to get more information. We believe adopting a principles-based approach would be more beneficial."

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