



THE SOCIETY OF PENSION
PROFESSIONALS

making pensions work

Helping Pension Savers Choose:

Value for Money (VfM) in action

June 2026

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Foreword

The Society of Pension Professionals (SPP) has engaged closely with The Pensions Regulator (TPR) and the Financial Conduct Authority (FCA) throughout the development of the proposed Value for Money (VfM) framework and has contributed to the various stages of consultation to date, including the most recent consultation in March 2026. We welcome the continued focus on improving outcomes for pension savers.

We are now keen to stimulate debate and shape thinking as to how the framework evolves from an industry diagnostic tool (primarily for trustees, independent governance committees and regulators) into something that actively shapes consumer decisions and outcomes.

If the framework is ultimately to improve member outcomes, a second phase should focus on translating VfM assessments into information that pension savers can easily understand and act upon.

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Deputy Chair, SPP DC Committee



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Introduction

The proposed VfM framework represents an important step in improving transparency and accountability across the pensions market and is welcomed and supported by the SPP. By enabling trustees, independent governance committees and regulators to compare schemes on a consistent basis, the framework has the potential to drive higher standards and identify poor value.

However, if the ultimate objective is to improve outcomes for pension savers, transparency for professional audiences alone will not be enough. The current framework is primarily designed for industry and regulatory oversight, rather than for consumers making decisions about their pensions.

To prompt debate and help inform future policy making, this paper explores how a future phase of the VfM framework could evolve to support clearer, more meaningful signals for savers, helping them better understand the value delivered by their pension arrangements and to make better, informed choices.

The consumer gap in the current VfM framework

The current VfM framework, introduced by the Occupational Pension Schemes (Charges and Governance) Regulations 2015, has been in place for over a decade.

That is over 10 years of assessments and Chair's statements reporting on outcomes. But the question has always been, who are they really for? Indeed, the DWP's own review in 2021 concluded that there was, *"...unanimous opinion that a multiple purpose approach cannot be contained in one document. It does not work as a communications tool for members and there is little evidence that members know it exists."*¹

The stated purpose was to provide pension scheme members with information on how their benefits are being looked after, but it is unlikely that the tens of thousands of statements that have been published were read by many outside of the pensions industry. As a tool to increase awareness and transparency amongst members, their impact is questionable at best. However, the statements and assessments did add value as a compliance and governance initiative – even if only read by those running and advising pension schemes, they helped promote better standards across trust-based pension schemes.

As published, the proposed VfM framework leans into this function – reporting on qualifiable metrics such as charges and backward and forward looking investment performance. Even if these are projected figures based on assumptions, they are figures that can be compared nonetheless. Quality of service is acknowledged as being more challenging and consensus of what "good" looks like is hard to obtain. Secondary legislation will consider requirements and engagement – the challenge being to ensure only metrics that are useful, and reflect the value being delivered, are included.

However, even here this feels like the pretence of this being 'for members' has been dropped. This is a reporting tool for trustees and regulators. A source of information for advisers and providers, with members potentially benefiting indirectly.

And yet there is no getting away from the fact that DC schemes place significant responsibility on the individual; they bear the risk of a poor outcome, and their contribution and retirement choices are crucial to securing a good outcome. They should therefore be central to any VfM framework, not just in terms of assumptions on what they need or is good for them but understanding what they value and helping them understand how the scheme that looks after one of the biggest financial assets they will ever own is performing.

There is no denying that this is a complex matter. The outputs, as we know from the current VfM framework, are technical and complex – data sets, projections and comparisons. These are not member friendly.

Consumers struggle to understand the relative value of net investment performance and charges (or maybe we do them a disservice and it is the industry itself that became obsessed with charges and complex illustrations).

We also know that consumers are focused on things like brand, user experience and marketing, so it is vital that the harder measures of performance filter through. That said, a member who uses a high-quality app to understand what their pension is doing is potentially more engaged and likely to make more informed decisions throughout the savings journey.

It is also important to consider the role of the employer or sponsor in this relationship. They will often be making decisions as to what scheme is used and have a joint role as a consumer (as the purchaser) and operator. They need to understand both sides – but if they can do that, assisted by the right framework, they can bring balance to this equation – helping communicate the metrics to their employees and also feeding their real needs back into the system.

¹ Post Implementation Review, 2021: https://www.legislation.gov.uk/ukksi/2016/427/pdfs/ukxi0d_20160427_en.pdf

In this paper we explore how the framework and those within it might address these complex considerations and find a balance between reporting accurate and detailed information to support the operation of schemes whilst also helping ordinary savers tell the difference between a good performing or poorly performing pension. Only then can the framework truly deliver value.

Consumer-facing VfM scores

If the VfM framework is to genuinely shape consumer decisions, savers need a simple, comparable signal of how well their pension is performing. Not a dataset, nor a regulatory report. A score they can understand at a glance and, if they choose, interrogate in detail.

Learning from consumer ratings that work

Three UK and EU precedents are particularly instructive:

1. The Food Hygiene Rating Scheme (FHRS)

These use a 0–5 scale displayed at premises and are searchable online. Recognition exceeds 80%, over half of consumers use it when choosing where to eat, and the majority of businesses rated 4 or below take action to improve. It works because it is simple, visible, and offers drill-down detail.

Critically for pensions, it demonstrates cross-regulator consistency: one methodology applied across the FSA and local authorities in England, Wales, and Northern Ireland, with a consistent rating scale - although display requirements vary by jurisdiction, with premises in Scotland and Wales compelled by law to prominently display their rating compared to a voluntary and demonstrably less effective approach in England. This is directly analogous to what a pension VfM score would need across FCA and TPR-regulated schemes and retail products.

2. Energy Performance Certificates

These use an A–G letter grade now embedded in housing decisions. A/B-rated homes attract measurable price premiums; F/G homes sell at discount, especially in relation to homes purchased to let. Over a quarter of homebuyers say the EPC influenced their purchase.

The lesson for pensions is that a letter-grade system can become part of the furniture in large, long-term financial decisions. If it works for a house, it can work for a pension.

3. EU Energy Labels

These use the same A–G colour-coded scale for household appliances. Recognised by 93% of European consumers and cited by three-quarters as influencing their purchasing decisions, it is arguably the most successful consumer information tool in Europe. It has also driven significant market transformation on the supply side with manufacturers responding so effectively that almost all products clustered at A+++, prompting the EU in 2021 to reset the scale back to a clean A–G with deliberately tougher criteria and the top grades left empty.

This rescaling carries a direct lesson for pensions and that any scoring system must be designed to maintain differentiation over time. Band boundaries that are too easy to achieve will cluster providers at the top and render the score meaningless. Relative benchmarking against a market comparator group, rather than fixed absolute thresholds, helps guard against this.

Consistency across regulators

A consumer score only works if it applies consistently regardless of regulatory regime. From a saver's perspective, a pension is a pension. As with the FHRS, one methodology must apply across jurisdictions. This requires harmonisation of charge definitions across COBS and the Charges Regulations; use of the central VfM database as the single source from which scores are generated; and, in time, extension of scope to non-workplace pensions. If a saver can see their workplace pension's score but not the SIPP they are considering transferring to, the system is incomplete at precisely the point it is most needed.

A proposed model

The SPP suggests that policymakers should consider either an A–G letter grade system as with energy labels, or a numbering system 1–5 as with food hygiene ratings. Letter grades and numbers are preferred over stars (which invite comparison with subjective commercial platforms) and traffic lights (too little granularity; risk of amplifying herding). An A–G scale mirrors the EPC system consumers already know and a number system mirrors the widely understood food hygiene rating system and could map across from the initial VfM framework's RAGG ratings, albeit in consumer language.

The headline would be a single letter grade or number on annual statements, pensions dashboards, transfer journeys, and marketing materials. For engaged consumers, a radar chart could show each of the constituent metrics with its own sub-grade, allowing them to see at a glance where their scheme is strong and where it is weak without having to interpret numerical information.

Finally, band boundaries could be set relative to the market comparator group, avoiding absolute thresholds that risk becoming outdated.

What should a consumer VfM score measure?

There could be six metrics in two tiers. Outcome metrics measure what most directly determines retirement income and experience metrics measure what shapes consumer trust.

The suggested split is roughly two-thirds outcome, one-third experience; anchoring the score to long-term financial outcomes whilst giving meaningful weight to what consumers actually notice and act upon. Some of these metrics are straightforward to measure; others less so.

Outcome metrics (2/3)

Net investment returns (40%)

The most measurable metric. The VfM framework will generate performance data against a market comparator group. The main difficulty is time horizon; short-term returns can mislead, particularly where schemes have recently shifted strategy. Weighting should favour longer reporting periods.

Total charges (30%)

Measurable in principle but complicated by inconsistent definitions across regulators. The COBS definition of administration charges differs materially from the Charges Regulations definition for occupational schemes. Unless harmonised, like-for-like comparison is impossible.

Retirement readiness and support (30%)

The hardest outcome metric to quantify. This captures decumulation pathways, de-risking, and access to guidance. With 75% of those aged 45+ lacking a plan for accessing their pension (FCA Financial Lives 2024), this is where value is most acutely felt. A tiered assessment may initially be more practical than a precise score.

Experience metrics (1/3)

Communication and engagement (35%)

The metric consumers respond to most, but the hardest to standardise. The FCA's decision to defer engagement metrics reflects this. Measurable proxies such as digital access, statement readability, and beneficiary nomination rates offer a starting point.

Service quality (35%)

Readily measurable through transaction accuracy, processing times, and complaints data already collected under VfM. The challenge is contextual; raw speed metrics risk penalising schemes handling more complex cases.

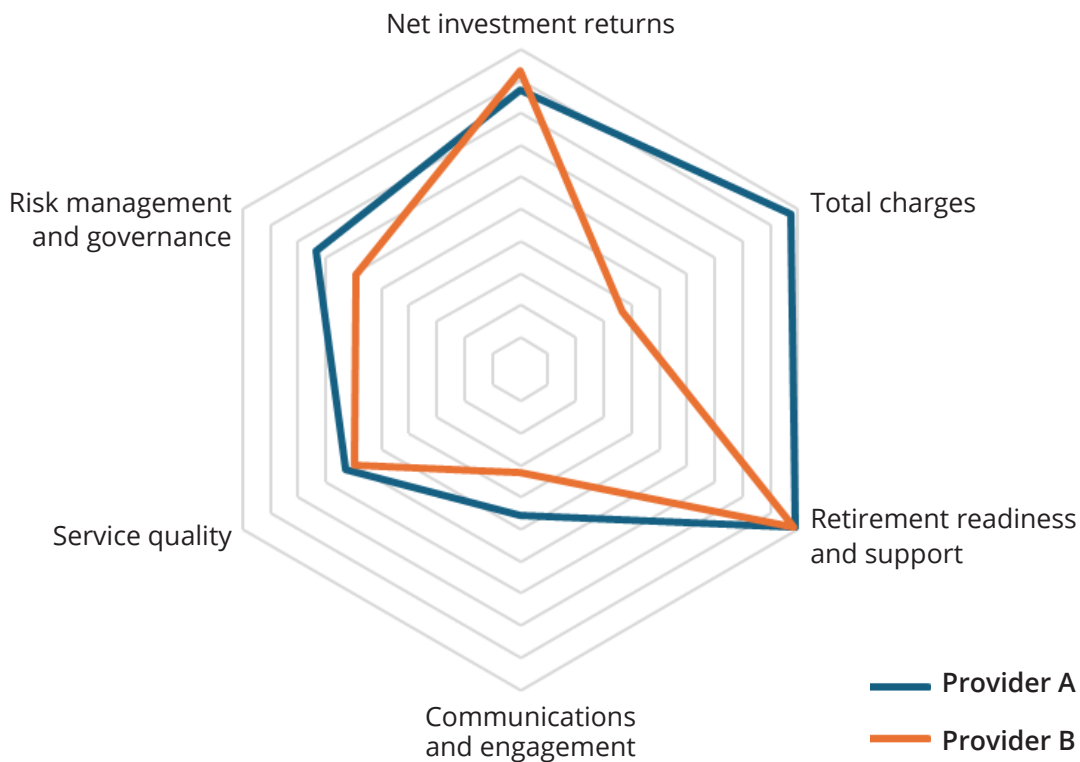
Risk management and governance (30%)

Important but effectively invisible to savers. This draws on existing governance assessments and CP26/1's proposed risk metrics. Its lower weighting reflects its nature as a hygiene factor; consumers should not need to assess it, but it should still count.

None of this is straightforward. Getting the metrics, weightings, and methodology right will require extensive work, including behavioural testing with real savers. But if VfM data exists and is being collected, there is no good reason it cannot be translated into a format that the people it is designed to protect can actually use.

EXAMPLE

Tier	Weighting	Metrics	Weighting	Provider A	Provider B
Outcomes	67%	Net investment returns	40%	8.7	9.3
		Total charges	30%	9.7	3.6
		Retirement readiness and support	30%	9.9	9.8
Experience	33%	Communications and engagement	35%	4.6	3.2
		Service quality	35%	6.3	6.0
		Risk management and governance	30%	7.4	5.9
Total VfM score				8.3	6.8
VfM rating				B	D



Building an informed choice

At the heart of any consumer-facing VfM framework is the ability for savers to make a genuinely informed choice. This requires more than making metrics visible; it requires their translation into outcomes that are meaningful, comparable and decision-relevant for individuals who are not pension industry experts.

One way to achieve this is to express VfM outputs in terms of expected retirement income, rather than abstract measures of performance or cost. For example, framing value as “expected annual retirement income per £100 saved” provides a direct link between today’s decisions and tomorrow’s outcomes.

Presented on a consistent basis, this allows savers to compare options in a way that is both intuitive and grounded in what ultimately matters: the income they can expect in retirement.

Illustratively:

- > Scheme A: £5,200 expected annual retirement income
- > Scheme B: £4,600 expected annual retirement income

All else being equal, the majority of savers would reasonably interpret Scheme A as offering better VfM.

This type of framing addresses the challenge of moving savers and employers away from their existing focus on costs alone. It cuts through the complexity of charges, asset allocation and gross versus net returns, while still reflecting their combined impact.

However, this approach must be managed with care. Such projections are inherently based on assumptions about future contributions, investment returns, inflation and retirement behaviour. If not standardised, they risk becoming yet another source of confusion or, worse, manipulation. A consistent methodology, aligned with existing projection standards and subject to regulatory oversight, would therefore be essential to ensure comparability and trust.

The SPP believes that these outcome-based measures should complement, not replace, broader VfM indicators. Some savers may prioritise flexibility, sustainability of income, or service quality alongside maximising income. The framework should therefore allow users to move from a simple headline comparison into more detailed underlying metrics where desired.

Ultimately, building informed choice is about aligning how value is presented with how decisions are actually made. By anchoring VfM in clear, outcome-focused measures, whilst retaining transparency and comparability, the framework can move beyond disclosure and become a practical tool that supports better consumer decision-making and improved retirement outcomes.

Guarding against behavioural bias

People find pensions hard to understand, and research from the FCA shows that many decisions are shaped by quick, instinctive reactions rather than careful comparison of long term outcomes². When products are complex and the benefits unlikely to be realised until the distant future, it is natural for people to rely on simple cues rather than detailed analysis.

This means savers often focus on the things that stand out, such as a slick app, a familiar brand, or a bold marketing message. These attention grabbing features can overshadow the factors that actually matter for retirement, like long term net returns, charges that compound over many years, and how well a fund manages risk.

People can also assume that recent good performance will continue, especially when short term results are shown in eye catching charts or headlines. Because their attention is drawn to what is most visible, they can underestimate the real risks and end up thinking a product is safer or better than it really is.

Providers then face strong incentives to compete on presentation rather than genuine long term value.

To address this, the SPP proposes three practical steps for the next stage of the VfM framework.

- > Introduce consumer facing VfM ratings. A clear rating or score, such as those explored earlier, that stands out more than marketing claims would help shift attention towards long term value. This would make it easier for people to compare pensions in a way that reflects what actually drives good retirement outcomes.
- > Require a form standardised long term outcome projections. People respond far better to simple, cash based illustrations, such as “expected retirement income per £100 saved”, than to complex fee tables or risk descriptions. Making future predicted outcomes clearer and more comparable would help savers understand the real impact of differences in performance and charges.
- > Limit the use of short term performance in marketing. Short term returns can easily mislead savers when presented in a striking way. Requiring providers to highlight long term, risk adjusted results would reduce the chance of people being steered by short term noise rather than genuine, long term value.

By focusing on what people notice first, and making sure those features reflect what truly matters, the next phase of VfM can strengthen trust, encourage better choices, and ultimately improve retirement outcomes.

Guided Retirement and Decumulation

Decumulation decisions are complex, and the solutions that are right for each member will depend heavily on their individual circumstances and priorities. The guided retirement obligations being introduced by the Government alongside the proposed VfM framework are likely to result in a wider range of decumulation options being made available to scheme members at retirement, both within their existing scheme and from other providers.

This broadened menu of decumulation options should be a good thing for members, and we can see an important role for an expanded consumer-facing VfM framework in helping members to navigate these choices. Expanding the VfM framework to decumulation products could also support employer decisions concerning workplace pensions arrangements, enabling them to better understand long-term value, and assess this in light of the characteristics of their workforce.

² IFCA, April 2013: <https://www.fca.org.uk/publication/occasional-papers/occasional-paper-1.pdf>

What will be critical, however, is to recognise that different decumulation solutions may be aiming at quite different objectives and/or apply to different tranches of retirement: for example, one solution might strongly prioritise stability of retirement income over time and managing longevity risk (particularly in the latter phases of retirement), whereas another solution may place greater weight on maximising long-term risk-adjusted returns throughout retirement, with members prepared to accept potentially higher volatility of income particularly during earlier phases of retirement (for example because they have regular income from other sources). This fundamental diversity of objectives may well be more significant when comparing the range of different decumulation products than in the accumulation phase.

Different decumulation solutions may also require additional services (e.g. communication strategies which reflect the greater risk of cognitive decline in later retirement, or additional support for consumers to encourage a sustainable approach to drawdown) which would need to be evaluated in Step 2 of the VfM assessment process.

Given this context, any VfM framework that is extended to apply to decumulation products in due course should consider the particular set of goals that the products are intended to achieve and assess their effectiveness at doing so, rather than attempting to apply a "one size fits all" set of metrics across all decumulation products. At the very least, there should be sufficient scope for trustee boards to weight any VfM metrics based on how relevant they are to the priorities of the particular solution being assessed. Potential metrics for inclusion in such a framework could include probability of income sustainability to a specified age (e.g. age 90), volatility of income during retirement, expected degree of inflation-proofing and longevity protection provided by the product, and the cost of the drawdown product.

An extended VfM framework might then attempt to broadly categorise decumulation solutions based on the objectives they are prioritising, as this could enable employers (and ultimately consumers) to make more of an "apples to apples" comparison of different products available to them in the market.

Pension dashboards

The link between VfM and pensions dashboards is critical to ensuring that savers can access clear, consistent and decision-relevant information about their pension savings. The pensions dashboards ecosystem, led by the Pension Dashboards Programme, has the potential to become the primary entry point for individuals seeking to understand their retirement savings. If designed effectively, it could move beyond being a simple aggregation tool and become a trusted interface through which savers can assess not only where their pensions are held, but how well those pensions are performing.

At present, pensions dashboards are primarily focused on helping individuals locate and view their pension pots in one place. Once savers can see all their pension pots together, they are more likely to consider consolidating or transferring their savings. This creates both an opportunity and a risk. On the one hand, improved visibility can drive engagement and encourage better retirement planning. On the other, without clear, standardised measures of value, there is a risk that individuals make poorly informed decisions, potentially moving savings from higher-performing, low-cost schemes into products that are more expensive or deliver weaker long-term outcomes.

While many savers are likely to be open to using a single online platform to manage and potentially transfer their pensions, a substantial proportion are unlikely to feel confident interpreting the information they would be presented with. In particular, there is limited understanding of how charges, investment performance and risk interact over time. This means that simply increasing transparency is not enough; the information must be translated into formats that support meaningful comparison and reduce the cognitive burden on users – perhaps utilising the suggestion detailed below to express VfM outputs in terms of expected retirement income, rather than abstract measures of performance or cost.



... there is limited understanding of how charges, investment performance and risk interact over time.



A proposed approach

Integrating VfM information directly into pension dashboards could help bridge this gap. Rather than presenting raw data alone, dashboards could display a consumer-facing VfM rating alongside each pension pot, allowing users to see at a glance how each scheme compares on a consistent, regulator-backed basis. This would enable savers to distinguish between schemes not only by size or provider, but by the underlying value they are delivering relative to the market.

To be effective, this information needs to be both intuitive and consistent. A consumer-facing VfM indicator embedded within dashboards could provide a high-level signal (as examined in greater detail later on in this paper), supported by the ability to drill down into underlying metrics such as net returns, charges and service indicators for more engaged users. This layered approach would allow dashboards to serve both disengaged users, who need simple prompts, and more engaged users, who want to explore the detail.

Crucially, VfM information within dashboards should not exist in isolation. It should be embedded within key user journeys, particularly transfer and consolidation pathways. Where a user considers combining pots or moving to a new provider, dashboards could present a side-by-side comparison of VfM ratings and expected long-term outcomes under consistent assumptions. This would help ensure that decisions are informed not only by convenience or branding, but by relative long-term value.

There is also a strong case for incorporating safeguards into dashboard-enabled transactions. As engagement increases, so too does the potential for “harmful switching,” where savers move away from good-value schemes due to short-term perceptions or marketing influence. Simple interventions, such as clear VfM warnings when moving from a higher-rated to a lower-rated scheme, or brief cooling-off periods for significant detriment cases, could help mitigate this risk without restricting legitimate choice.

In time, pensions dashboards should evolve into a central mechanism for embedding VfM into everyday decision-making. By combining aggregation, comparison and behavioural prompts in a single interface, they offer a unique opportunity to improve both understanding and outcomes. However, this will only be achieved if VfM data is presented in a way that is simple, consistent and anchored in what matters most to savers: the long-term income their pension is likely to provide.

In this way, dashboards should not just show savers what they have but help them understand what it is worth.

Preventing harmful switching

Making VfM information more visible carries a risk of “harmful switching,” with savers moving into schemes with poorer outcomes. As the framework evolves, it will need to support clearer, more meaningful signals for savers; in the interim, there is a case for putting proportionate safeguards in place around how VfM signals are acted on by savers, without unduly constraining legitimate choice or consolidation.

The below considers switching and transferring between providers in general, before looking in more detail at switching from a workplace provider to a non-workplace product. Many of the proposed measures could apply in both contexts, however as things stand, the VfM framework would need to be extended to non-workplace products for these metrics to be used.

> Cooling off periods for certain transfers

A short, targeted cooling off period could apply where a saver initiates a transfer from a “good” or “high” VfM scheme into a “low” or “poor” one. The instruction would be logged but not executed for a brief period (e.g. 14 days), with a reminder that the saver can cancel and a simple summary of the VfM differences. Cooling off periods are already familiar in financial services; the question is whether a similar, VfM targeted mechanism is appropriate where a transfer appears likely to do more harm than good.

> A standard VfM comparison step

A second lever is to make more active use of VfM assessments at the point of decision. Rather than confining VfM information to annual reports. A future phase could require a simple, standardised VfM comparison as part of the transfer process, showing side by side ratings, medium to long term net returns, charges and a high level service indicator in a consistent visual format. Savers would acknowledge having seen this before confirming a transfer. The goal is not to prescribe outcomes but to ensure that those leaving stronger rated schemes understand how the destination scheme compares.



As the framework evolves, it will need to support clearer, more meaningful signals for savers...



> **Warnings when moving from higher to lower rated schemes**

Explicit warnings could be triggered where a saver moves from a “good” or “high” VfM scheme into a “low” or “poor” one. Before completion, the saver would see a short, plain English message explaining that their current scheme is rated more highly and setting out the options to proceed, cancel, or seek advice. These warnings should be used sparingly, and only where VfM differences are meaningful, to avoid “warning fatigue,” but they could help savers interpret VfM signals without unduly constraining legitimate switching.

> **Standardised expected retirement outcome comparisons**

Building on existing projection methodologies, adopting a common, simplified way of showing expected retirement outcomes across workplace and non-workplace pensions. For example, a small number of scenario based projections (e.g. “central,” “lower,” “higher”) over the same time horizon, expressed as an income and on a like for like basis across the schemes being compared. This would allow consumers to see more clearly whether higher charge retail propositions are likely to leave them better or worse off than remaining in an institutional default, under consistent assumptions.

The underlying policy question is how to balance giving savers clearer, more meaningful signals about the value of their pensions with avoiding undue intervention in individual decisions. The options below are intended to inform that debate and help shape how the VfM framework might evolve.

> **Harmful switching (especially into non-workplace pensions)**

Whilst over 80% of employees save into a workplace pension³, a significant proportion invests in personal pensions including SIPPs. Many savers actively transfer pots from workplace schemes into these arrangements, and an increasing number direct new contributions to retail platforms rather than to an employer sponsored scheme.

In many cases this involves moving from low charge, institutionally managed default funds into higher charge retail propositions. The switch may deliver features that some consumers value, such as a wider fund range, more frequent trading, or a single view across multiple products, but it can also result in materially higher costs and, in some instances, lower net outcomes over time.

> **Employer subsidies**

The proposed treatment of employer subsidies, something that the SPP has warned about in recent consultation responses, also risks understating the true value members receive, which can distort comparisons and decision-making. Although it does not reduce actual member value, it can make that value harder to see and compare, which in practice can be just as damaging.

> **Current Transfer Patterns and Risks**

Detriment from poorly informed pension transfers has risen sharply in recent years, driven by an expanding transfer market and limited understanding of charges and investment outcomes.

Whilst unadvised transfer activity continues to increase, modelling suggests that repeatedly consolidating low-charge workplace pots into products with higher fees could reduce pension wealth by at least 20%, potentially requiring several extra years of work to compensate for the shortfall.

Last year the FCA stated, that they “...are concerned that some consumers may be deciding to transfer based only on the prospect of immediate or near-term reward, such as cashback...and so may not be considering the full financial implications of their decision. Our review showed that firms in our sample shared this view.”⁴

Behavioural factors also play a significant role in driving transfers. Many savers transfer primarily for financial simplification, while others do so because they worry about losing track of their pots. This is all in stark contrast to investment performance, which is the driver for only a small minority of transfers, with many transferring with no knowledge of how their destination scheme is performing.



The underlying policy question is how to balance giving savers clearer, more meaningful signals about the value of their pensions with avoiding undue intervention in individual decisions.



³ DWP, Workplace pension participation and savings trends of eligible employees: 2009 to 2024, 2025: <https://www.gov.uk/government/statistics/workplace-pension-participation-and-savings-trends-2009-to-2024/workplace-pension-participation-and-savings-trends-of-eligible-employees-2009-to-2024>

⁴ FCA, Pension Transfer Review, August 2025: <https://www.fca.org.uk/publications/multi-firm-reviews/life-insurers-pension-transfer-process>

How VfM can improve transfer decisions

Choosing and comparing pension providers is difficult, and a lack of clear, comparable information adds to the risk of poor decisions. Research from SPP member Barnett Waddingham found that around half of people are worried about making a bad choice of provider⁵. Features which could improve individuals' ability to assess schemes include many of the proposals above regarding transfers more generally. We recommend that government and regulators consider:

- > Clearer like-for-like comparisons - savers currently lack simple, comparable information about how their existing scheme performs relative to the one they are moving to. VfM provides a standardised basis for comparison, making cost differentials - such as the jump from a 0.4% workplace fee to a 0.75–0.8% retail fee - far more visible. Given that such differences can translate into tens of thousands of pounds in lost retirement income, embedding these metrics in the transfer journey is essential.
- > Mandatory VfM disclosures during the transfer process – similar display of the information above – regarding destination schemes - could be required of platforms, advisers, and dashboards before a member completes a transfer. This would prevent savers from unknowingly switching out of a high-performing, low-cost scheme into a weaker product.
- > Highlighting long-term outcomes rather than short-term convenience - most savers underestimate the cumulative impact of higher charges over time. The framework's focus on net outcomes gives members a clearer sense of how their retirement pot might change after transferring. It reinforces the principle that what matters is not the attractiveness of an app or a marketing offer, but the long-term value delivered by investment performance and cost efficiency.
- > Improving trust and reducing behavioural bias - many transfers are triggered by perceived flaws in workplace schemes. Use transparent, regulator backed VfM assessments to counter misconceptions about workplace schemes and reduce the influence of incentives and brand led nudges
- > Standardised "expected retirement outcome" projections – require schemes and platforms to provide side-by-side illustrations showing how a transfer would affect the member's retirement income, which can guard against decisions driven by short-term aesthetics or incentives.
 - Stronger dashboard protections – ensure dashboards incorporate VfM scores, cost comparisons, and risk flags, with simple prompts (e.g. "stop/go" signal) which could steer members away from transfers likely to cause long-term detriment.

Consumer Testing of the Framework

The key objective of a VfM framework is that it should give employers, trustees and members an objective, transparent and consistent way to assess the performance of their scheme relative to different providers, in a similar manner to what has already been established in Australia.

Simplicity and clarity

Simplicity is always welcome, but it matters in this market more given the general lack of deep engagement by members with their pension savings, which, in turn, are often held in many separate pots/accounts.

As discussed elsewhere in this paper, VfM can mean different things to different audiences, particularly to members. The current debate has focused on the applicability in terms of investment returns of backward-looking metrics, how to incorporate forward-looking metrics, and whether the framework should use three traffic-light colours or four. But it is further complicated by proposals to combine service quality which can be a subjective measure, with objective measures such as performance and net returns. The former adds complexity which could do more harm than good.

Understanding

Any VfM measure must also recognise that, with limited exceptions, members rarely engage with their pensions. And to date, VfM discussions have largely stayed within the financial services echo chamber. The industry risks not understanding the needs of the end user – members who rely on the UK's DC system for their financial security who may have a limited understanding of how this all works.

The SPP's recent response to the 2026 VfM consultation, stated, *"There also needs to be a practical transition i.e. a phased implementation and reasonable lead times, recognising current reporting burdens and system development timelines across the industry."*⁶

The same is absolutely true for any consumer facing VfM framework.

A key aspect of which would be testing with real savers to establish the extent to which they understand ratings if ratings change behaviour and if they reduce poor transfers.

This would enable an understanding of any results or expectations from behavioural/user testing (e.g. "members understood X, were confused by Y." There should also be a role for experiments, focus groups, survey work, dashboards pilots, and so on to validate that the metrics and presentations are usable.

⁵ Barnett Waddingham, July 2024:

https://www.barnett-waddingham.co.uk/comment-insight/blog/pots-for-life-welcomed-but-crisis-of-confidence-looms/?utm_source=chatgpt.com

⁶ (SPP) response to the FCA & TPR's consultation on The Value for Money Framework, March 2026:

<https://the-spp.co.uk/wp-content/uploads/FINAL-Value-for-Money-Framework-Consultation-Response-March-2026.pdf>

Service metrics

The 2024 VfM consultation proposed five service metrics that cover areas including member satisfaction, support provided in both retirement decision-making and engagement and transaction efficiency. Although the proposals are being scaled back, these requirements will impose a material compliance burden which will hit smaller schemes and so may accelerate consolidation. The metrics should be objective as far as possible and so reduce the ability for schemes to “mark their own homework” and thus allow for a clear comparison to help members make an informed decision. It should also be acknowledged that pensions is not an “efficient” market where a scheme that offers excellent service automatically results in the attraction of new members – as described above, member inertia and a lack of engagement function as barriers to this.

Is there a VfM metric that has already been proved effective elsewhere that could be applied in the UK? One that is objective, transparent and consistent? There is such a metric. It is called the “Net Benefit to Members” and is utilised by the Australian Superannuation System. This is the investment return delivered by the fund minus the administration costs, investment fees and costs, and transaction costs. The higher the Net Benefit the bigger the balance.

The “Net Benefit to Members” approach is widely acknowledged as the most comprehensive way to measure the value of a DC choice because it ties directly to the balance that a scheme member ultimately receives. It is a reasonably intuitive measure, akin to “miles per gallon” for petrol-engined cars, and so will help members compare offerings and make more informed choices.

A clear drawback of this measure is that it is backward-looking. That works in Australia, where private markets have been a significant allocation for over two decades. In the UK, where private markets have generally been less prominent, and where the stated objective is to increase their use across the widest set of members and pensioners, an adjustment is needed. The obvious adjustment is to include forward-looking return projections that incorporate private market investments and their higher fees, but also their higher expected returns and their diversification benefits. While this makes the model inputs more complex than in Australia, it should not reduce the clarity or comparability of the output. Usefully, the “net-benefit-to-members” metric has been tried and tested with members in Australia, which should help reduce the complexity of member engagement in the UK.

Risks

The risk of herding of providers’ investment strategies exists for a consumer-facing VfM framework just as much, if not more than for an industry-facing VfM framework (see our comments in our response to FCA’s recent VfM consultation). Although we consider the risk could actually be greater because consumers are less likely to have the knowledge required to look beyond a headline “RAG” (or “RAGG”) rating and understand what that rating means and how it was reached. Instead, consumers may just pick the provider that has the highest VfM rating at the time of their choice.

Therefore, the downside for a provider of following an investment strategy that may ultimately deliver better outcomes for savers, even with greater short-term volatility, could be greater than a lower-risk, more conservative strategy.

This could lead to innovation in the investment space being deemed too risky for providers to implement and hence lead to similar investment strategies. And a corollary of this could be that all providers end up with the same VfM rating (e.g. all providers are “green”) which would defeat the point of a VfM rating system.

Further, if the “middle” VfM ratings were to have too severe consequences then providers might have reason to “game” the system to make sure they achieve a positive VfM rating.

Ultimately, the worst case would be that if all providers are reported as having the same VfM rating, will this lead to consumers making long-term financial choices based on a flashy TV advert, or sponsorship of a football team?



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Next steps

The development of a consumer-facing VfM framework should be seen as a phased process, evolving from a governance and regulatory tool into something that actively supports better consumer decisions and improved outcomes for savers.

Establish robust VfM data (short term)

The immediate priority must be the consistent implementation of the proposed VfM framework across the pensions industry. As set out earlier in this paper, the current framework is primarily designed to support trustees, Independent Governance Committees and regulators in assessing schemes on a comparable basis. Ensuring that data definitions are aligned, metrics are applied consistently, and reporting is reliable will be critical to building confidence in the framework.

At this stage, VfM should be understood as an industry and oversight tool, helping to identify poor value, drive consolidation where appropriate, and raise standards across the market. Without this robust foundation, any attempt to translate VfM into consumer-facing outputs risks undermining trust and creating confusion.

Translating VfM into consumer-facing formats (medium term)

Once the framework is established and bedded in, the focus should shift to how VfM information can be presented in ways that consumers can realistically use. As explored throughout this paper, there is a clear gap between the complexity of existing VfM disclosures and the needs of ordinary savers.

Key steps in this phase could include:

- > Conducting behavioural testing with savers to understand how different VfM indicators influence decision-making in practice.
- > Developing simple, standardised summary measures, such as ratings, bands or traffic-light style indicators, which allow for quick comparison.
- > Testing how VfM information can be embedded into key decision points, particularly pension transfers and consolidation journeys.
- > Exploring how VfM indicators could be integrated into emerging pensions dashboards, enabling savers to view value alongside their pension balances.

The objective should not be to increase the volume of disclosure, but to improve its effectiveness. Any consumer-facing measures must demonstrably support better decisions, rather than adding further complexity or noise.

Integrating VfM into consumer decision-making (longer term)

Over time, VfM indicators have the potential to become a central component of how consumers engage with their pensions. At this stage, the framework would move beyond transparency and begin to shape behaviour across both the demand and supply sides of the market.

Potential developments could include:

- > Displaying simple VfM ratings alongside pension pots within dashboards and annual statements.
- > Introducing standardised VfM comparisons at the point of transfer, particularly where savers are moving from higher-value to lower-value arrangements.
- > Highlighting persistently poor-value schemes, encouraging consolidation into better-performing options.
- > Using VfM measures to support guided retirement pathways, helping savers compare decumulation products based on the outcomes they are designed to deliver.

If implemented carefully, these steps would help ensure that VfM becomes not just a measure of value, but a mechanism for improving it. By grounding decisions in clear, consistent and outcome-focused information, the framework can support a more effective pensions market - a market where competition is driven by long-term value, and where savers are better equipped to secure improved retirement outcomes.



As explored throughout this paper, there is a clear gap between the complexity of existing VfM disclosures and the needs of ordinary savers.



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Further information

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