

Submitted [online](#)

Work & Pensions Committee

2 February 2022

Dear Work & Pensions Committee

SPP RESPONSE TO WORK & PENSIONS COMMITTEE CALL FOR EVIDENCE - PROTECTING PENSION SAVERS – FIVE YEARS ON FROM THE PENSION FREEDOMS: SAVING FOR LATER LIFE

We welcome the opportunity to respond to this call for evidence.

The Society of Pension Professionals wishes to draw your attention to the following observations:

1. DO HOUSEHOLDS IN THE UK HAVE ADEQUATE PENSION SAVINGS FOR RETIREMENT?

Auto-enrolment has successfully increased the number of active pension savers by 10 million, however we are yet to see the quality of retirement outcomes auto-enrolment will lead to.

The Pensions Policy Institute produced a report on 22 October 2013 answering the question ‘What level of pension contribution is needed to obtain an adequate retirement income?’ and we believe that this contains key relevant information to guide thinking when looking at the savings levels needed by those who would rely on automatic enrolment DC schemes (as well as the State pension) to have an adequate pension saving in retirement.

The report can be viewed [here](#).

What is particularly helpful in the report is that it looks at the contribution rates required for adequacy under different assumptions about the future increases of the State pension (triple locked or earnings linked) and how those rates would be affected if a worker takes a career break or starts saving later.

It would be appropriate for the PPI to be asked to produce an updated analysis in this area and for the Government to support and fund that work. However, further analysis must not be an excuse for further delay in taking the already recognised steps forward.

2. ARE CHANGES NEEDED TO AUTO-ENROLMENT TO PROVIDE AN ADEQUATE LEVEL OF PENSION SAVINGS FOR RETIREMENT?

Nobody is getting any younger and some of the essential first steps are in the 2017 Automatic Enrolment Review but have not been implemented. In the 26 January 2022 Westminster Hall debate the Minister confirmed that the “*Government have an unquestioned commitment to bring forward the 2017 review measures*” but admitted that timing is a decision still to be taken by “*people above my pay grade*”.

The Society of Pension Professionals

Kemp House, 152 – 160 City Road, London EC1V 2NX T: 020 7353 1688

E: info@the-spp.co.uk www.the-spp.co.uk

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The SPP believes that the time has now come for the Government to move to implement the 2017 AE review outcomes over the next two to three years. Plans for the further development of auto-enrolment over this decade should also be set out and consulted upon in 2022 with a view to achieving adequate pension contribution rates this decade to allow for adequate retirement thereafter.

The SPP has provided guidance and papers to the Department for Work and Pensions on steps to progress reform including:

- Amending the qualifying earnings band in accordance with the 2017 Review without waiting for primary legislation [here](#) and
- Simplifying Automatic Enrolment [here](#)

Yours faithfully

Mark Bondi

Chair, Legislation Committee, SPP

Fred Emden

Chief Executive, SPP

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