

Member outcomes under freedom and choice

At a glance

It has been well documented that pension scheme transfer activity has sky-rocketed since April 2015, when the *freedom and choice* flexibilities were introduced.

In order to understand what impact this increased transfer activity is having on member outcomes, we have analysed data on 6,000 transfers from schemes we administer.

£36.8bn

ONS estimate of transfers out of occupational pension schemes in 2017

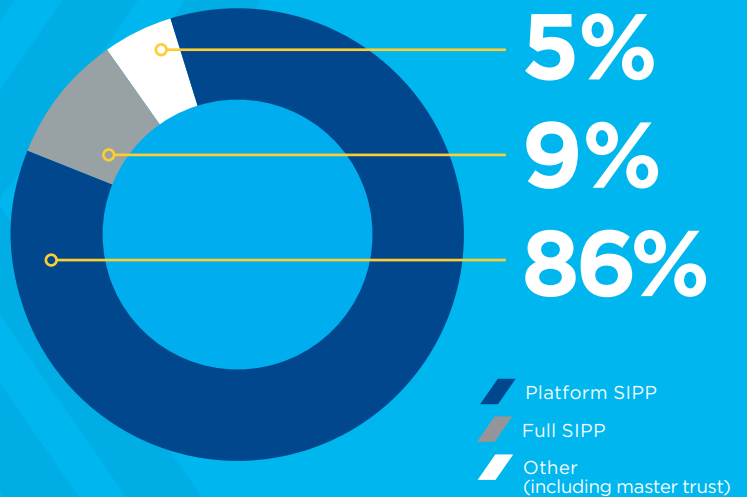
1.5%

variation of annual charges between drawdown products

£230,000

average transfer size

Destination of transfers



When transferring benefits, the choice of retirement product can have a big impact on member outcomes:

7 years less

running out of money seven years earlier, in a 28-year retirement



£2,600 lower

a quarter less annual income in retirement



£340,000 less

over a third less to leave to children's inheritance



£4,000 less

one fifth less in annuity payment from age 75



How pension schemes can help members

- ▶ Ensure education and support is provided alongside transfer values
- ▶ Consider offering partial transfers to help members avoid making all or nothing decisions on transferring their benefits
- ▶ Highlight low cost transfer options for appropriate scheme members
- ▶ Provide access to unbiased financial advice




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▶ For further information

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