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# Workplace pensions

Maximising the benefits

Speakers: Justin Corliss & Craig Muir



## Learning objectives

By the end of this session, you will be able to:

- Describe ways to maximise workplace pension accumulation
- Explain strategies to achieve best member outcomes
- Identify different methods of employee engagement in workplace pensions



# Challenges

71%

of employees say they don't know if they're saving enough for retirement or weren't saving enough.<sup>1</sup>

40%

of employees don't understand the tax relief that comes with a workplace pension.<sup>2</sup>

66%

of employees want more education about pensions from their employers.<sup>2</sup>

**Sources:** 1. Royal London workplace pension research 2024. 2. The 2024 Drewberry workplace pension survey.

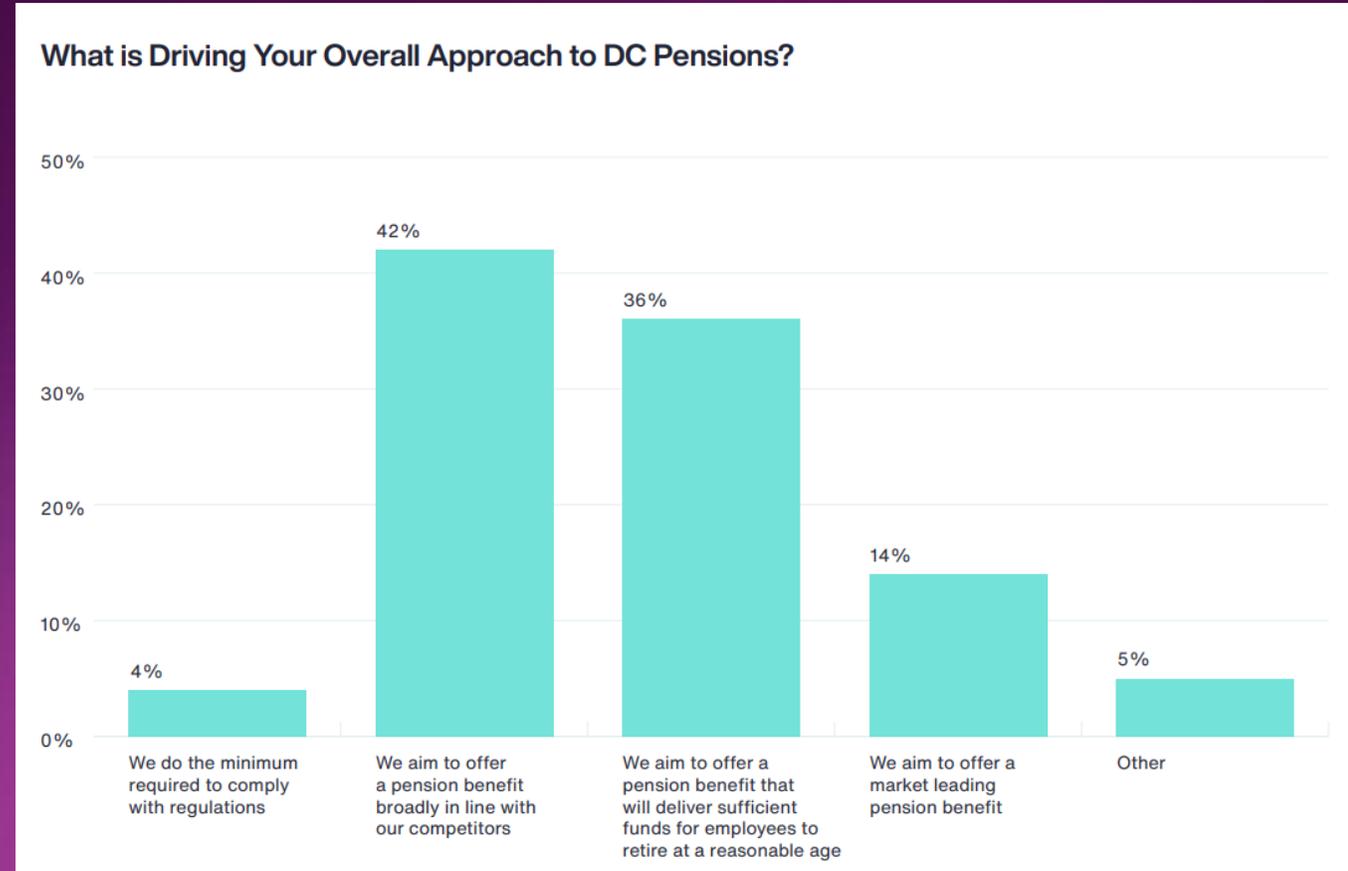
# Provider withdrawal functionality

	Partial withdrawals from age 55	Flexi-access drawdown	UFPLS	Partial UFPLS	Drip-feed drawdown (DFD)	Can DFD facilitate protected LTAs
Now Pensions	No	No	No	No	No	No
Nest	Yes	No	Yes	Yes	No	No
Aviva MT & GPP	Yes	Yes	Yes	Yes	No	No
L&G	Yes	Yes	Yes	Yes	No	No
People's Pension	Yes	Yes	Yes	Yes	No	No
Scot Wids	Yes	Yes	Yes	Yes	Yes	No
Royal London	Yes	Yes	Yes	Yes	Yes	Yes
Aegon	Yes	Yes	Yes	Yes	Yes	Yes
Mercer	Yes	Yes	Yes	Yes	Yes	Yes
Standard	Yes	Yes	Yes	Yes	Yes	Yes

**Source:** Corporate Adviser - Workplace pensions into retirement report, October 2024.

# Employer considerations

- Change of objective
- Increased focus on benefit to company
- Decreased focus on providing a pension scheme that benefits the member



# Key considerations



How well does the scheme help members achieve their retirement goals?



Is the default investment option suitable for the employer's workforce?



Does it help attract and retain talent?



What retirement options are available?



Is the scheme as cost effective as possible?

# Pensions UK



# Pensions UK – Retirement Living Standards

Two-person household (outside London)

	MINIMUM	MODERATE	COMFORTABLE
<b>TWO PERSON HOUSEHOLD</b>	£21,600 a year	£43,900 a year	£60,600 a year
<b>WHAT STANDARD OF LIVING COULD YOU HAVE?</b>	Covers all your needs, with some left over for fun	More financial security and flexibility	More financial freedom and some luxuries
 <b>HOUSE</b>	DIY £200 a year to maintain condition of your property.	£500 a year to maintain condition of your property, £300 contingency.	£600 a year to maintain condition of your property, £300 contingency.
 <b>FOOD</b>	Around £109 a week on groceries, £60 a month per household on food out of the home, £24 a month per household on takeaways.	Around £103 a week on groceries, £63 a week per household on food out of the home, £21 a week per household on takeaways, £106 a month to take others out for a monthly meal.	Around £134 a week on food, £85 a week per household on food out of the home, £32 a week per household on takeaways, £105 a month to take others out for a monthly meal.
 <b>TRANSPORT</b>	No car, free bus pass, £30 per month to cover two taxi trips, £180 per year per person to cover 3 rail fares.	3-year-old small car, replaced every 7 years, £22 a month on taxis per household, £104 a year on rail fares per person.	3-year-old small car, replaced every 5 years, £22 a month on taxis per household, £208 a year on rail fares per person.
 <b>HOLIDAYS &amp; LEISURE</b>	A week long UK holiday. TV license and broadband plus a streaming service with ads. £20 a week per person for activities.	A fortnight 3* all-inclusive holiday in the Med and a long weekend off-peak break in the UK with £321 spending money. TV license and broadband plus two streaming services. £43 a week per person for activities.	A fortnight 4* half board holiday in the Med with around £100 per person per day spending money and 3 long weekend breaks in the UK with £400 spending money per break. Extensive bundled broadband, movie and TV entertainment subscription. £54 a week per person for activities.
 <b>CLOTHING &amp; PERSONAL</b>	Up to £450 for clothing and footwear each year per person.	Up to £1,548 for clothing and footwear each year per person.	Up to £1,548 per person for clothing and footwear each year.
 <b>HELPING OTHERS</b>	Twelve gifts of £20 for birthdays and the same amount for 12 Xmas presents.	Twelve gifts of £30 for each birthday and the same amount for 12 Xmas presents, £200 per household a year for charity donations. £1,000 for supporting family members e.g. paying for grandchildren activities, treats, trips etc.	Twelve gifts of £50 for each birthday and the same amount for 12 Xmas presents, £300 per household a year for charity donations. £1,000 for supporting family members e.g. paying for grandchildren activities, treats, trips etc.

Source: Pensions UK, June 2025. <https://www.retirementlivingstandards.org.uk/>

# Pensions UK – Retirement Living Standards

One-person household (outside London)

	MINIMUM	MODERATE	COMFORTABLE
<b>ONE PERSON HOUSEHOLD</b>	£13,400 a year	£31,700 a year	£43,900 a year
<b>WHAT STANDARD OF LIVING COULD YOU HAVE?</b>	Covers all your needs, with some left over for fun	More financial security and flexibility	More financial freedom and some luxuries
 <b>HOUSE</b>	DIY £200 a year to maintain condition of your property.	£500 a year to maintain condition of your property, £300 contingency.	£600 a year to maintain condition of your property, £300 contingency.
 <b>FOOD</b>	Around £55 a week on groceries, £30 a month on food out of the home, £12 per month on takeaways.	Around £56 a week on groceries, £32 a week on food out of the home, £11 a week on takeaways, £106 a month to take others out for a monthly meal.	Around £75 a week on food, £42 a week on food out of the home, £21 a week on takeaways, £106 a month to take others out for a monthly meal.
 <b>TRANSPORT</b>	No car, free bus pass, £30 per month for two taxi trips, £180 per year to cover 3 rail journeys.	3-year-old small car, replaced every 7 years, £22 a month on taxis, £104 per year on rail fares.	3-year-old small car, replaced every 5 years, £22 a month on taxis, £208 per year on rail fares.
 <b>HOLIDAYS &amp; LEISURE</b>	A week long UK holiday. TV license and broadband plus a streaming service with ads. £20 per week for activities.	A fortnight 3* all-inclusive holiday in the Med and a long weekend off peak break in the UK. TV license and broadband plus two streaming services. £43 per week for activities.	A fortnight 4* holiday in the Med with around £100 per person spending money and 3 long weekend breaks in the UK with £400 spending money per break. Extensive bundled broadband, streaming and TV entertainment subscription. £54 a week for activities.
 <b>CLOTHING &amp; PERSONAL</b>	Up to £450 for clothing and footwear.	Up to £1,548 for clothing and footwear.	Up to £1,548 for clothing and footwear.
 <b>HELPING OTHERS</b>	£20 for each birthday and Xmas present.	£30 for each birthday and Xmas present, £200 a year charity donation, £1,000 for supporting family members e.g. paying for grandchildren activities.	£50 for each birthday and Xmas present, £300 per year charity donation, £1,000 family support.

# Pensions UK – Retirement living standards

One-person household



Level	Location	Amount (net)	State Pension	Shortfall	Fund Required
Minimum	Ex – London	£13,400	£12,014.12	£1,385.88	£28,448
	London	£15,800	£12,014.12	£3,785.88	£82,010
Moderate	Ex – London	£31,700	£12,014.12	£19,685.88	£436,857
	London	£33,000	£12,014.12	£20,985.88	£465,870
Comfortable	Ex – London	£43,900	£12,014.12	£31,885.88	£709,130
	London	£45,700	£12,014.12	£33,685.88	£749,302

Source: Pensions UK – June 2025. <https://www.retirementlivingstandards.org.uk/>

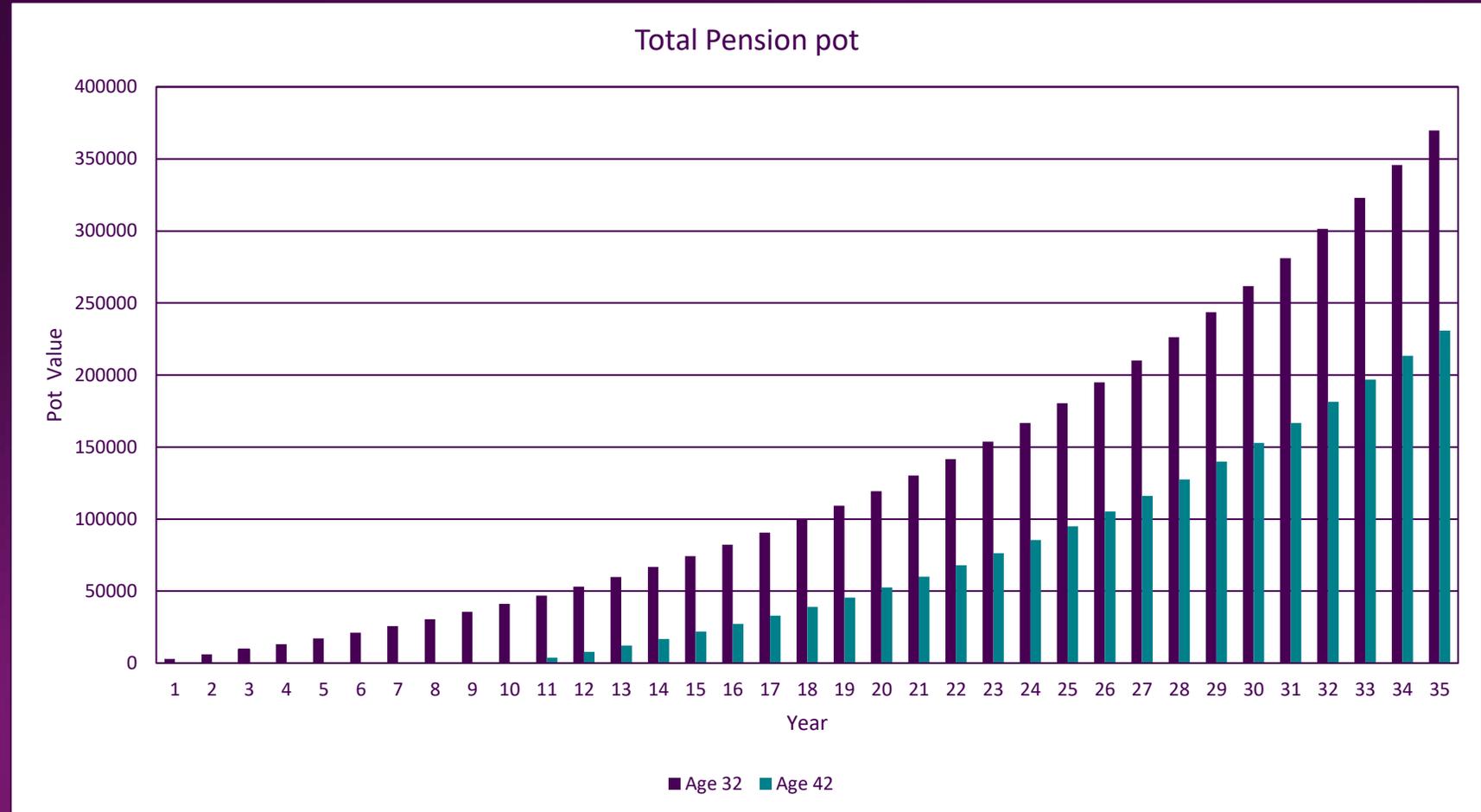
## Case study

- Meet Jane
- 32 years old
- Lives in Birmingham
- Earning £35,000 p.a.
- Hoping to retire at state pension age (67)
- No pension savings so far
- Has just joined her workplace pension scheme



# Start early

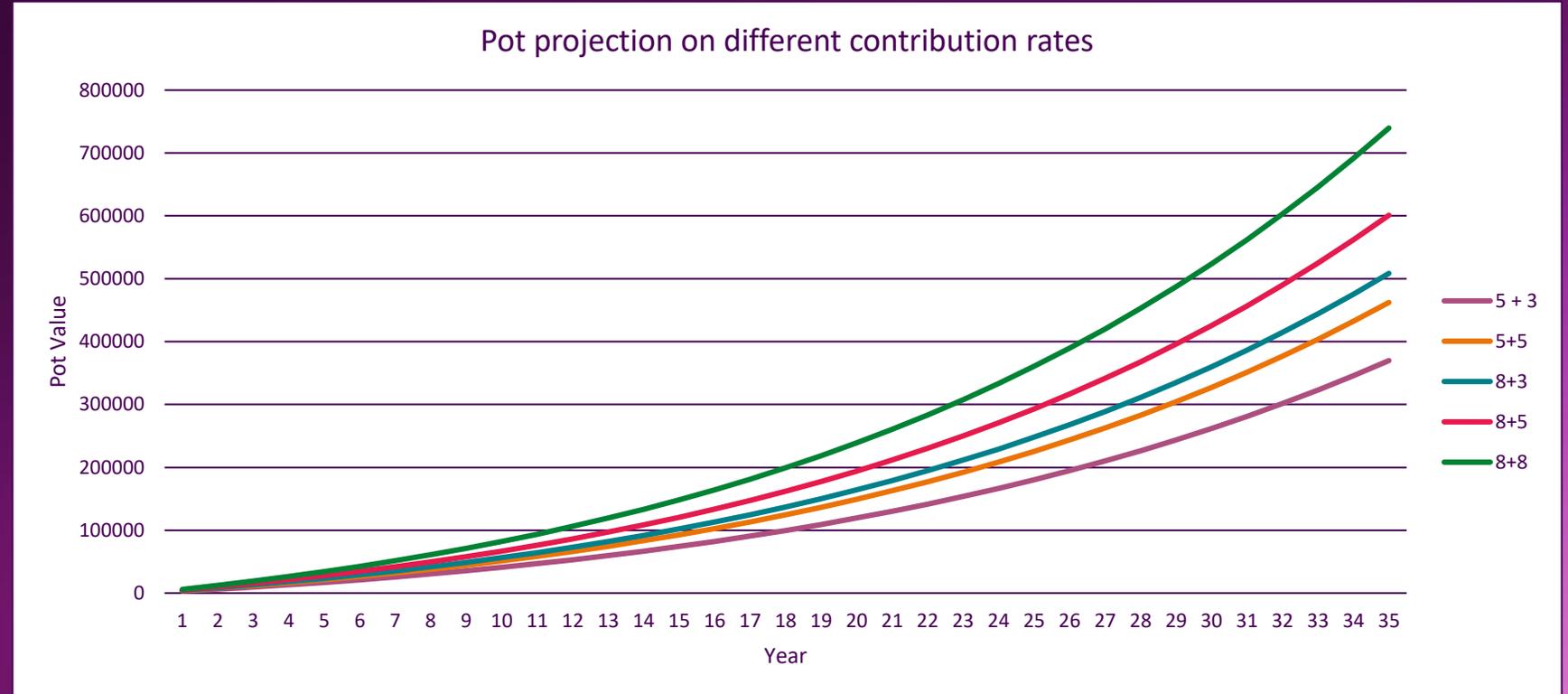
- Start today
- AE legislation changes
- Contributions for children



**Assumptions:** Client 32 years. Salary £35,000 p.a. increasing by 2.5% p.a. 5% investment growth p.a. after charges.

# Employer contribution matching

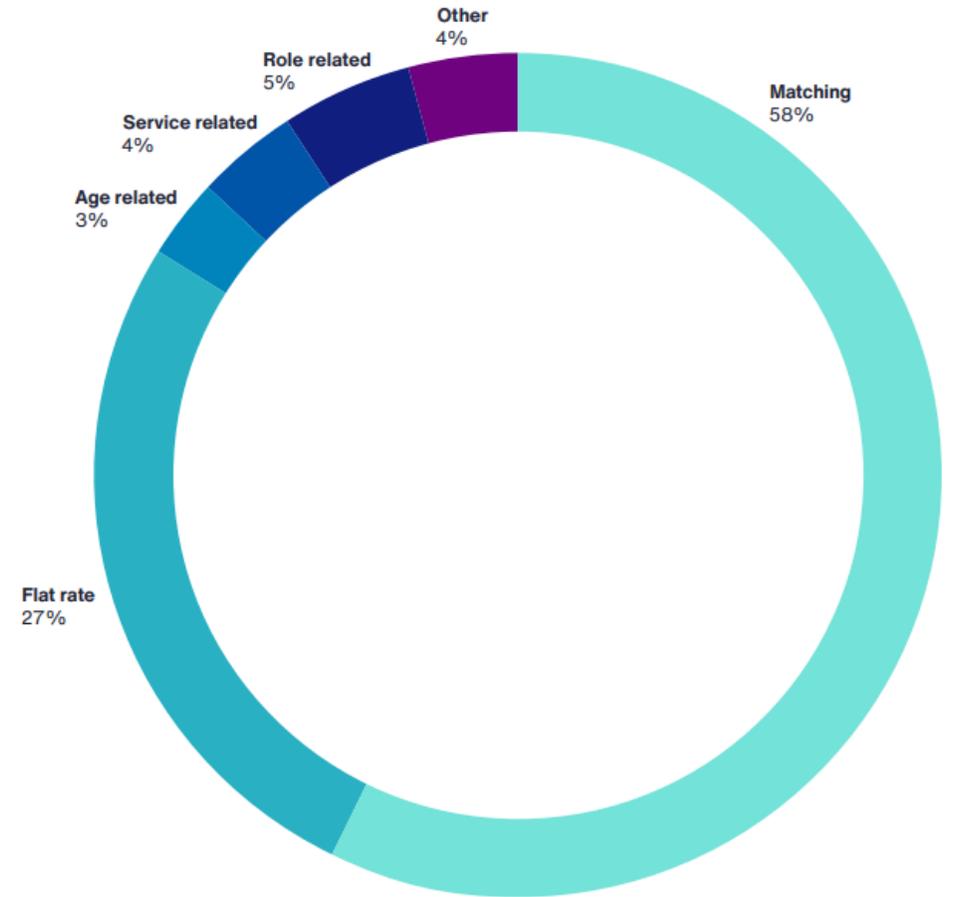
- FREE MONEY!
- Matching
- Doubling
- Employer appetite?
- Real retention tool



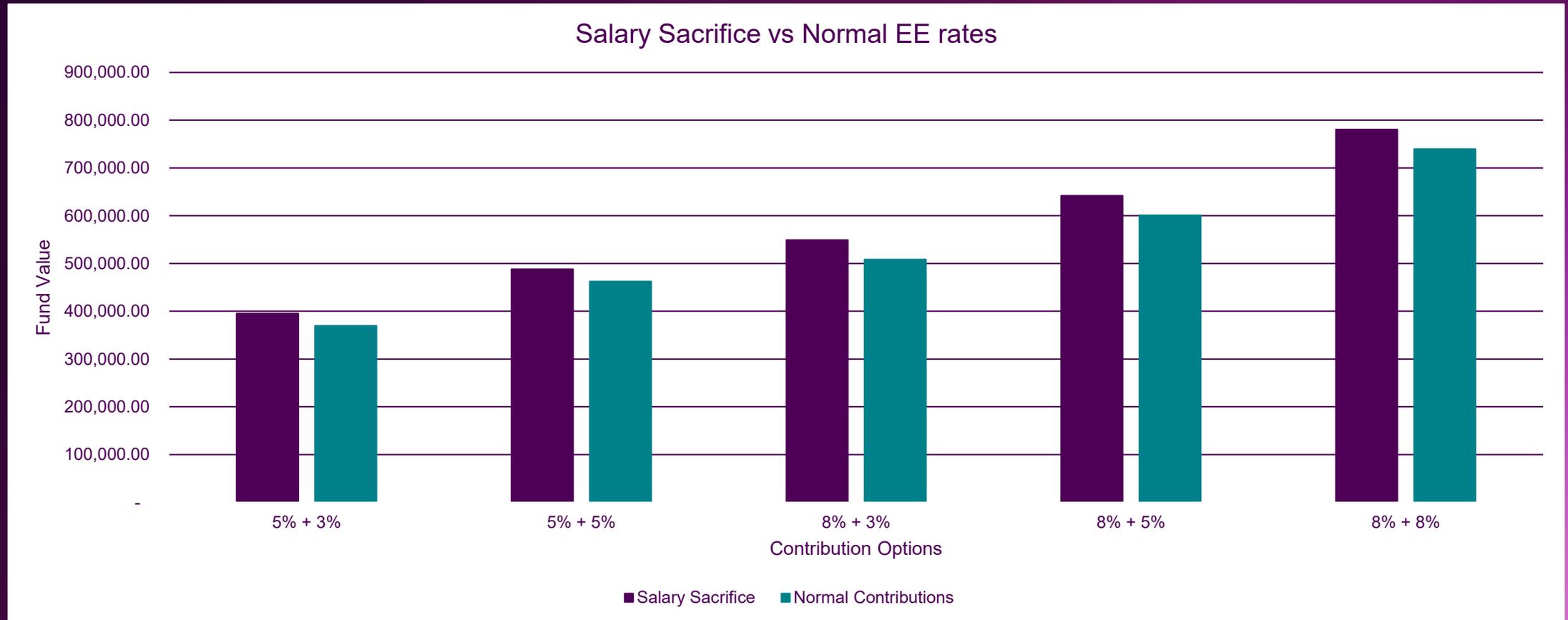
**Assumptions:** Client 32 years. Salary £35,000 p.a. increasing by 2.5% p.a. 5% investment growth p.a. after charges.

# Employer contribution matching

- Almost 6 in 10 of employers say they contribution match
- Encourages increased contributions
- Helps achieve retirement income pots which enable employees to achieve their goals



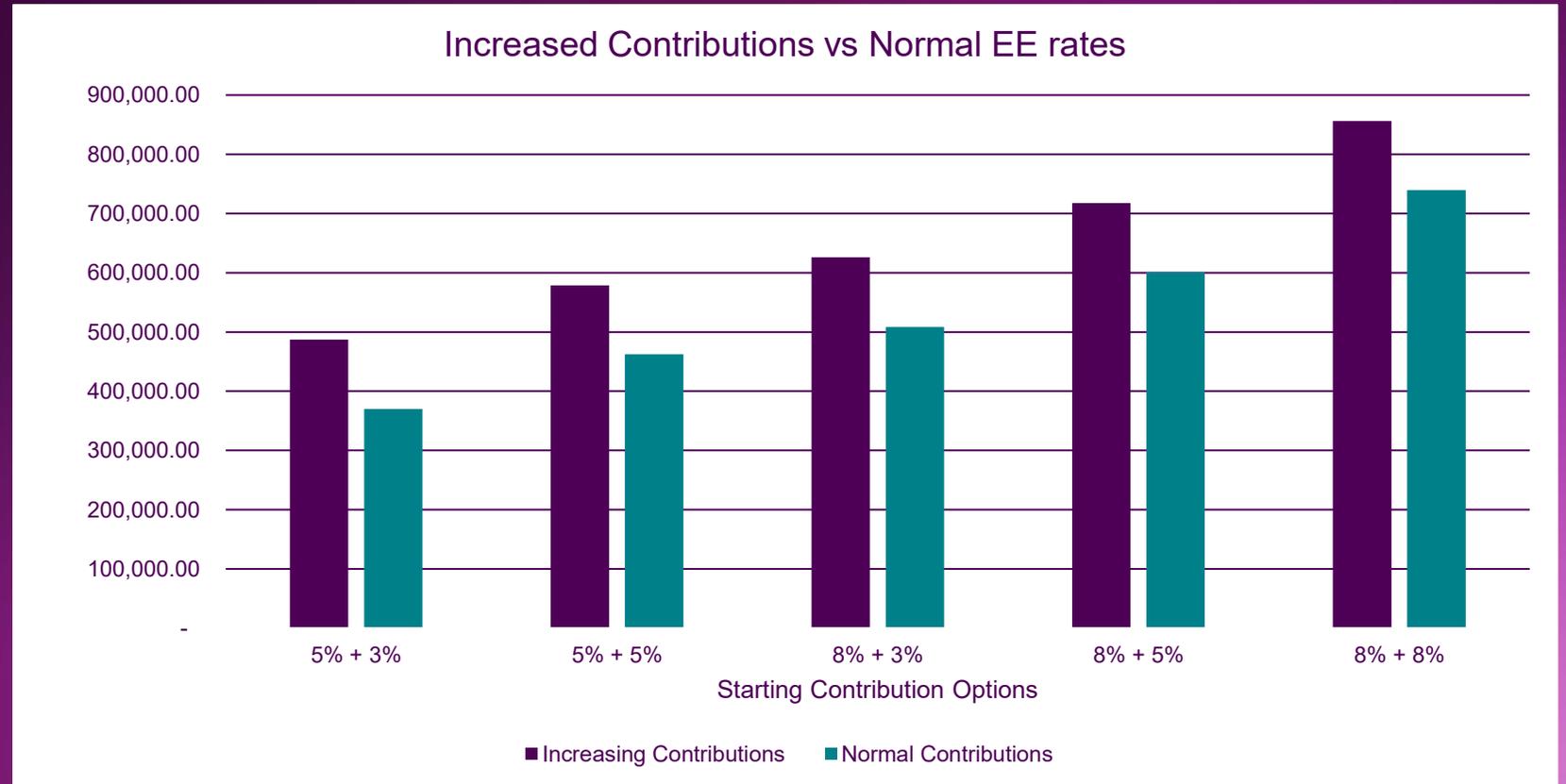
# Salary exchange



**Assumptions:** Client 32 years. Salary £35,000 p.a. increasing by 2.5% p.a. 5% investment growth p.a. after charges.

# Escalating contributions with pay rises

- Percentage of salary contribution structure is a partial inflation hedge
- Increase with pay rises
- Employers need to engage more here



**Assumptions:** Client 32 years. Salary £35,000 p.a. increasing by 2.5% p.a. 5% investment growth p.a. after charges.

# Pulling it all together

- It is achievable, even starting later
- Investigate options
- Non-advised need help with this
- Real value add

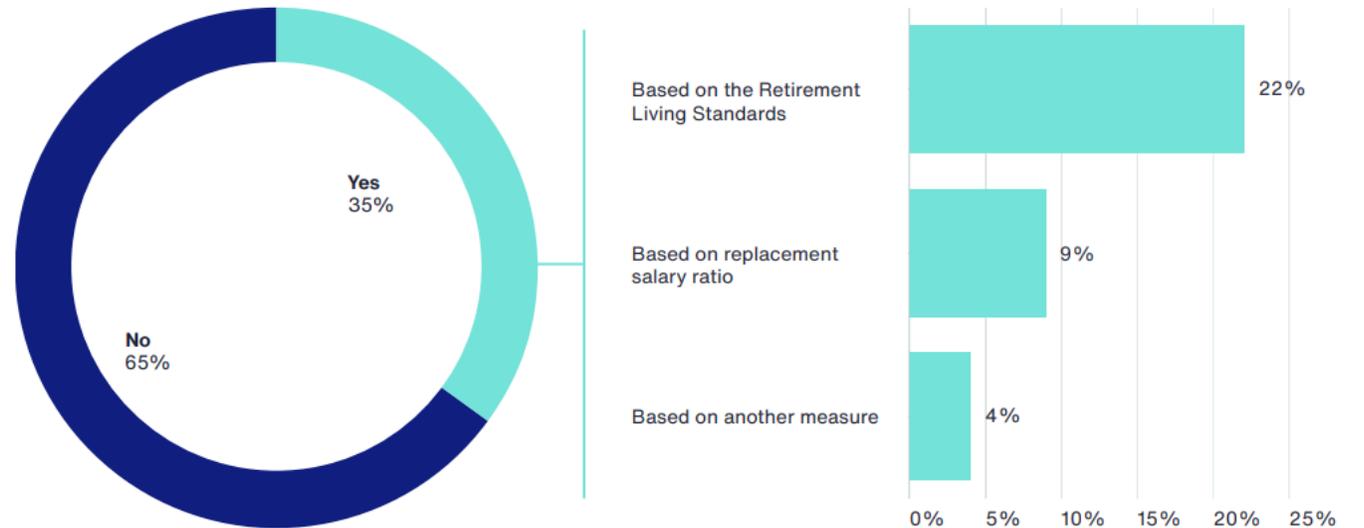


**Assumptions:** Client 32 years. Salary £35,000 p.a. increasing by 2.5% p.a. 5% investment growth p.a. after charges.

# Pulling it all together



## Do You Know the Expected Outcome for a Typical Lifetime Member of your DC Plan?



Source: AON 5 steps to better workplace pensions 2024.

# Employee engagement and financial wellbeing



# Employee engagement – Facts and figures



**50% of employees** say financial stress affects their focus at work



Managers are **5.2x more likely** to take time off due to money worries



**53% of single parents** feel unsupported at work regarding money struggles



**67% of top earners** say they need financial support but stay silent



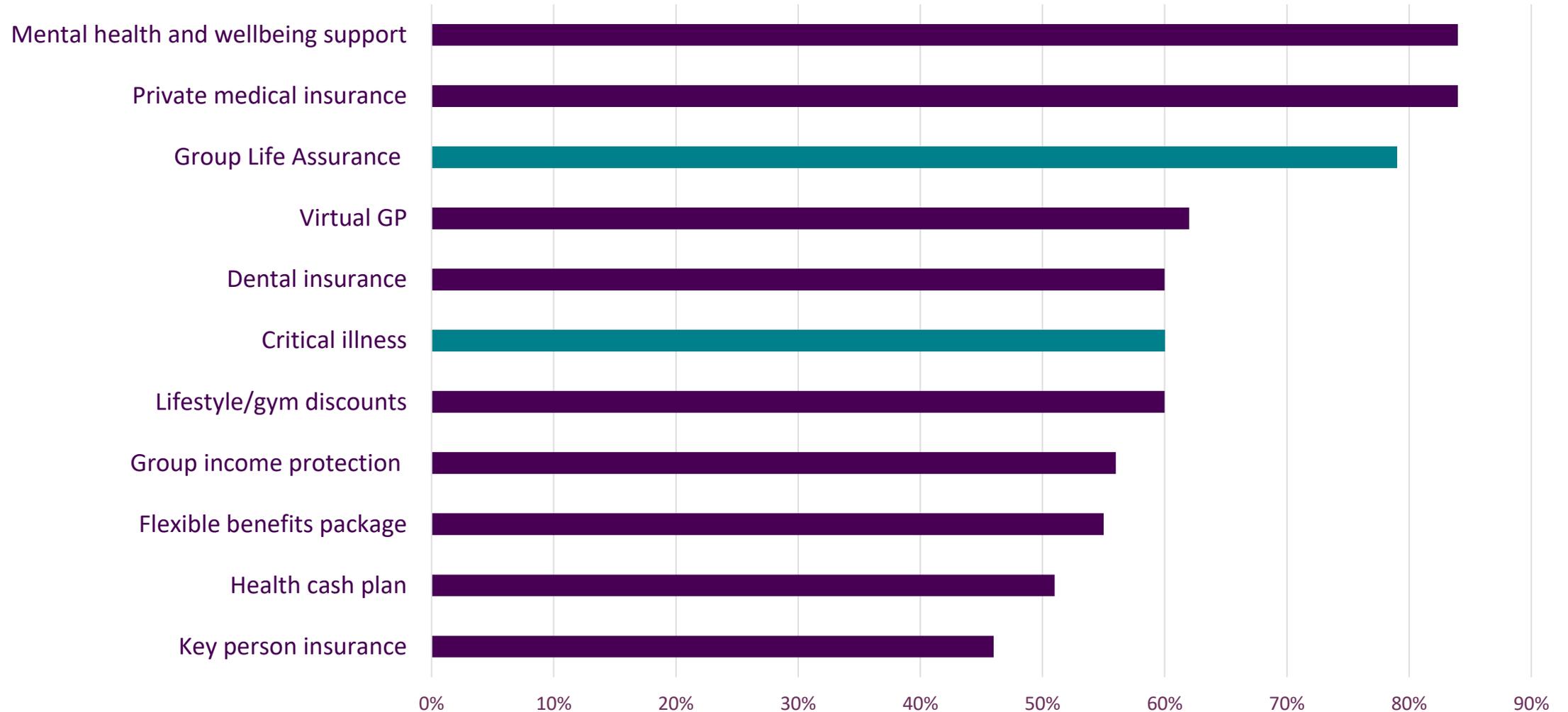
Costing employers **£10.3bn a year** <sup>1</sup>

**Source:** Bippit – Money at Work 2025 HR Report, <sup>1</sup> Aegon -Our insight into the nation's financial wellbeing 2024.

# Non-pension engagement options



# What benefits do larger SMEs offer?

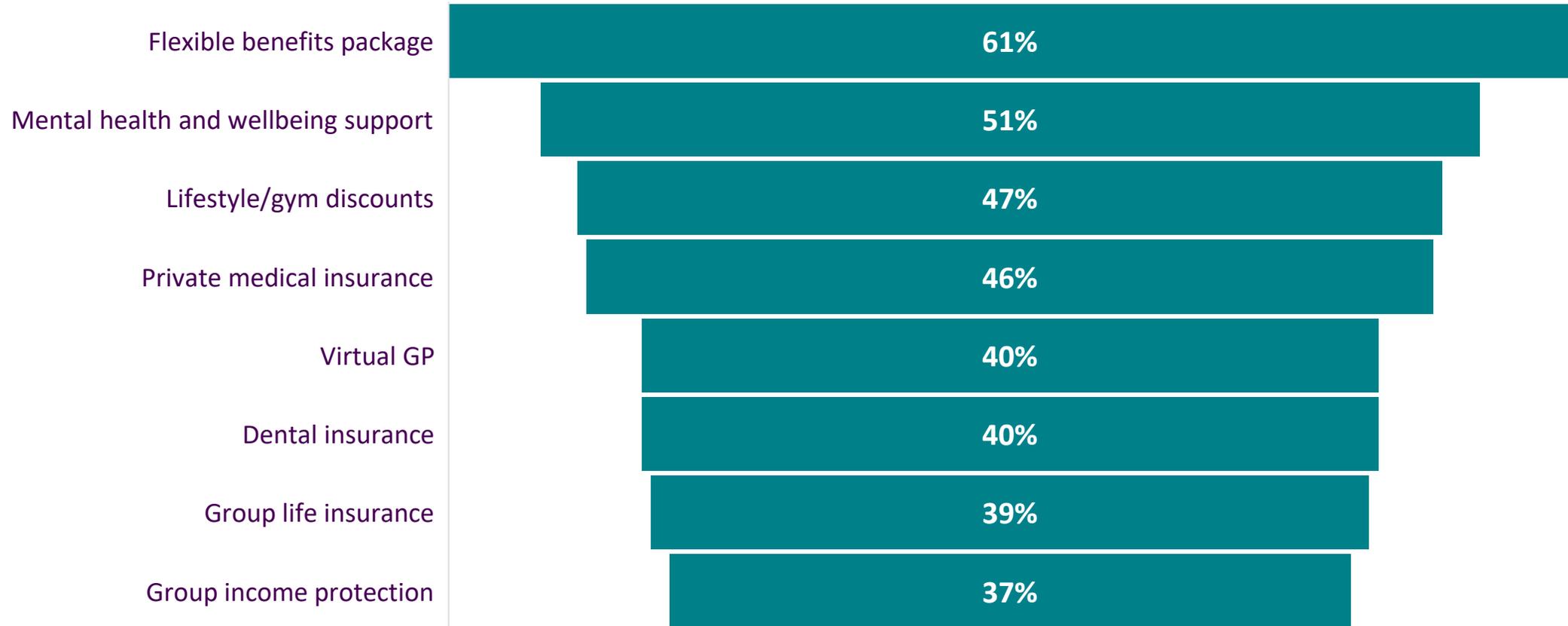


**Source:** Howden Employee Benefits -From Insights to Impact – Exploring the employee benefits trends shaping UK SMEs June 2024.

# Non-pension engagement options



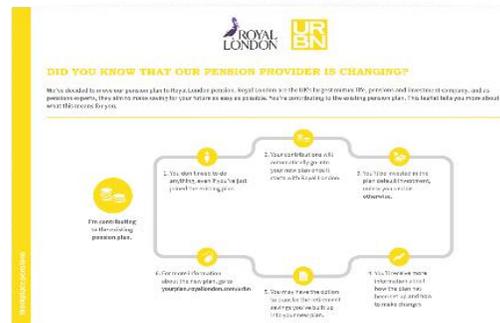
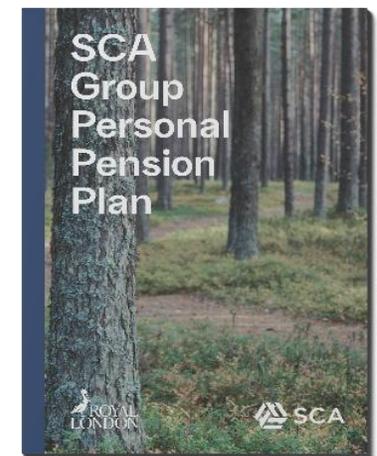
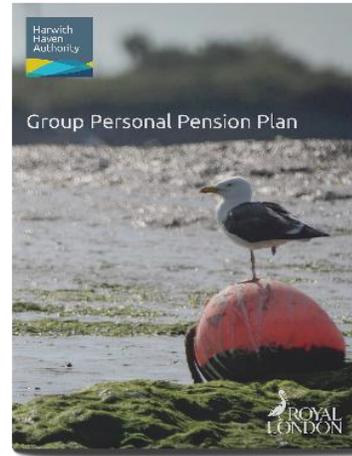
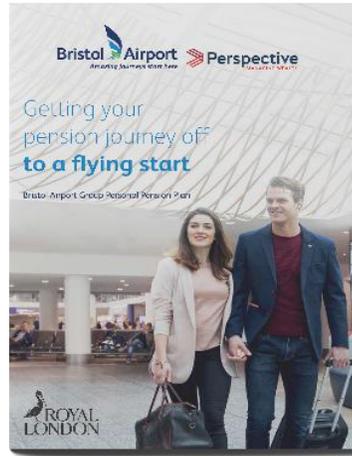
# What benefits do larger SMEs plan to offer or change in the near future?



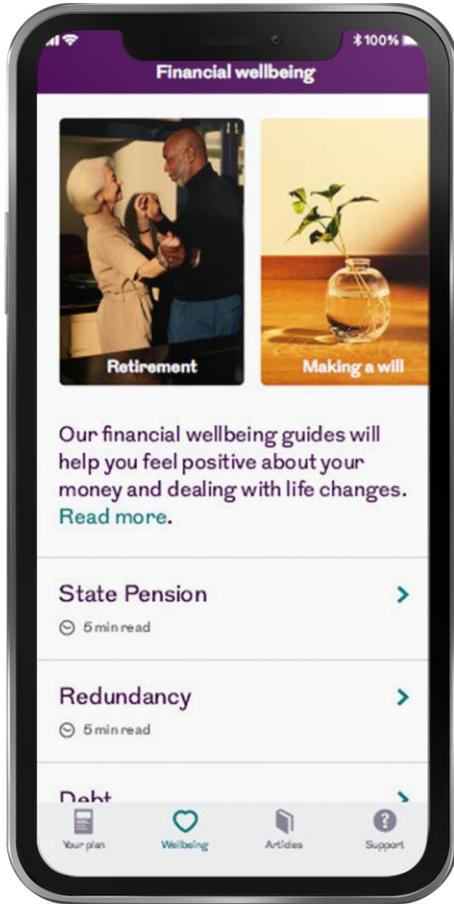
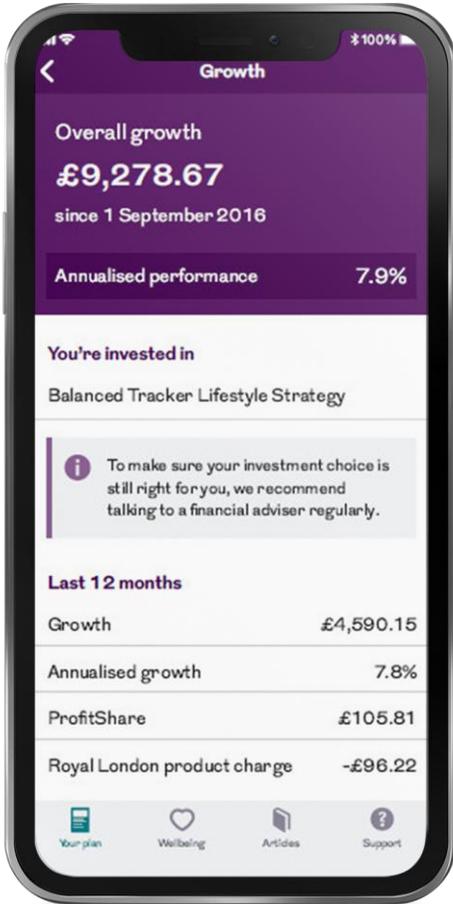
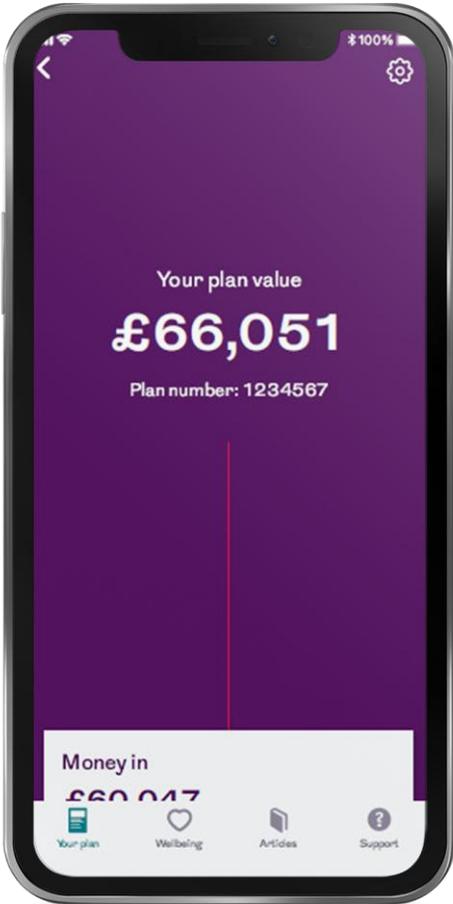
# Creating engagement – Bespoke communications



## How a pension works leaflet



# Active engagement – Mobile app



# Scheme governance report

A comprehensive report which lets you know how your scheme is performing over a set period.

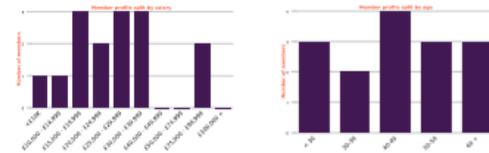
## SCHEME GOVERNANCE REPORT FOR Scheme name 1

Scheme number: 40000  
Date report produced: 03 December 2019  
Review period: 01 January 2019 to 01 November 2019



### Current membership profile

Something you'll want to consider when reviewing the suitability of your pension scheme is whether your membership profile is changing. Here you can see how the membership is split by salary and age.



### Are your workers saving enough for retirement?

Many people still don't know how much retirement savings they need to meet their expected standard of living. To help with this, Royal London has projected your scheme members' income in retirement, including the current State Pension of £8,767.20 each year. They've also assumed that members will take their retirement savings at their chosen retirement age.

- The projected retirement income for all active scheme members is between 16% and 90% of salary.
- For active members under age 50, this figure is between 16% and 46% of salary.
- For active members over age 50, this figure is between 20% and 90% of salary.

These figures only take into account members' retirement savings within the Royal London pension scheme. They could have other pension pots elsewhere.

### Key considerations

No.	Consideration
1	Seven members haven't nominated a beneficiary.
2	Three members are within five years of their chosen retirement age.
3	No members have extended their retirement age.
4	No members have changed their investments.
5	No members have taken a cash lump sum from their pension.
6	No members have accessed their retirement savings.

Actively engaging members at key points and helping them understand the benefits of their pension plan is key to achieving good outcomes. It's also an area in which Royal London places a great deal of importance. You'll find out more about this in the improving customer outcomes later in this report, and in the appendices.

You'll find a list of members who may benefit from financial advice in the appendices.

12 | Review period: 01 January 2019 until 01 November 2019

### How does actual investment growth compare to assumed growth?

	Employees with 15 years or more to chosen retirement age	Employees with exactly 10 years to chosen retirement age	Employees with exactly 5 years to chosen retirement age
What is the long term expected growth each year?*	5.06%	4.65%	3.87%
What is the actual growth rate this year?†	4.44%	5.45%	6.88%
What is the actual growth rate over 3 years?†	7.89%	6.94%	5.88%

\*1% growth rate. The investment growth rates shown do not include an allowance for future inflation. Inflation reduces the worth of all savings and investments for a member's plan. This means that by buying cover you'll get as the assets they can buy with their plan will reduce.

†Source: Lipper, Royal London as at 30 September 2018. All performance figures shown include the effect of the scheme category management charge. Past performance is not a guide to the future. Prices can fall as well as rise meaning a member may not get back the full amount of capital originally invested. Investment returns may fluctuate and are not guaranteed.

### How has the investment performed against the benchmark?

One of the measures used to track whether an investment is performing well is to compare it to the performance of a comparable benchmark: a gauge against which the performance of the investment can be compared, usually a published market index.

Time period from chosen retirement age	Employees with 15 years or more to chosen retirement age	Employees with exactly 10 years to chosen retirement age	Employees with exactly 5 years to chosen retirement age
Actual 1 year performance	4.34%	3.43%	8.83%
Actual 1 year benchmark performance	4.30%	3.33%	8.83%
Actual 3 year performance*	7.89%	6.94%	5.88%
Actual 3 year benchmark performance*	7.19%	6.47%	3.33%

\*Source: Lipper, Royal London, as at 30 September 2018. All performance figures shown include the effect of the scheme category management charge. Past performance is not a guide to the future. Prices can fall as well as rise meaning a member may not get back the full amount of capital originally invested. Investment returns may fluctuate and are not guaranteed.

### What governance is in place to protect the investment?

Royal London has a stringent governance framework in place. Their Investment Advisory Committee regularly reviews:

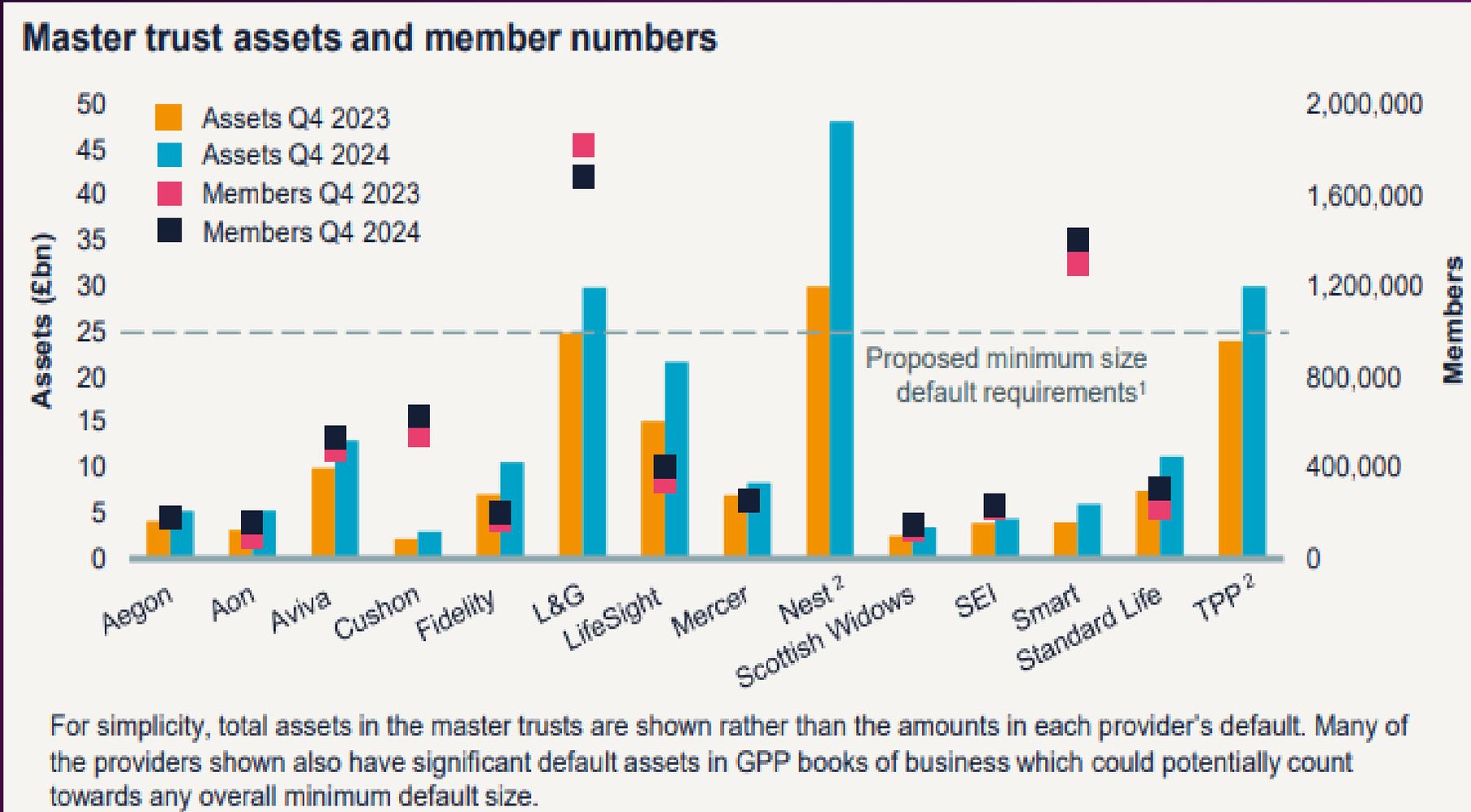
- the portfolios to ensure they maintain the best mix of assets for the investor's risk category
- the structure of the benchmark to make sure it remains relevant to the investment it's compared to
- if the portfolio's volatility is within the target range and make any necessary adjustments to the strategic asset allocation.

7 | Review period: 01 January 2018 until 01 November 2018

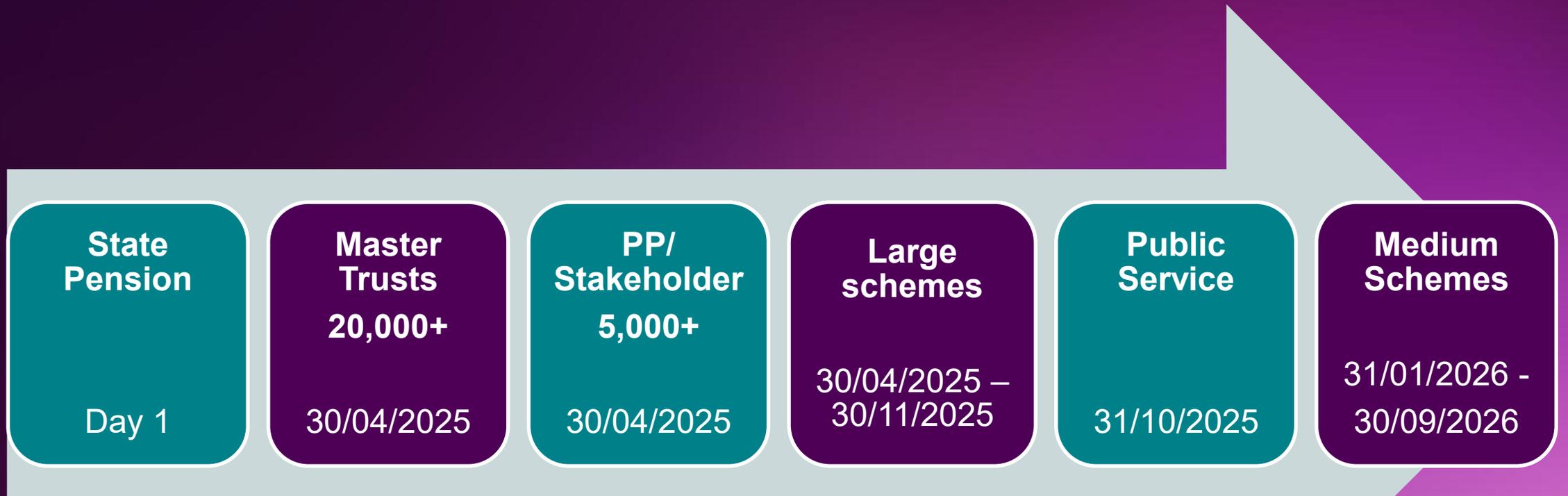
# Future considerations



# Consideration of master trusts



# The future – Pension dashboard timeline



## Learning outcomes

By the end of this session, you will be able to:

- Describe ways to maximise workplace pension accumulation
- Explain strategies to achieve best member outcomes
- Identify different methods of employee engagement in workplace pensions





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