

Financial wellbeing briefing, September 2024

Pension Awareness Week

Monday 9 September sees the start of Pension Awareness Week and the launch of the 2024 Pension Awareness campaign.

The campaign aims to inspire people to make the most of their retirement savings and improve their long-term outlook. In this briefing you can read about why it's important, what employers and other organisations can do to support individuals, and the resources available to help.



What is the Pension Awareness campaign?

The Pension Awareness campaign was started by an organisation called Pension Geeks back in 2014. Its aim is to help individuals improve their prospects for retirement by engaging with their pensions and long-term financial planning.

Starting initially as a single day focusing on pension awareness, this annual campaign is now a week long, with free events, videos and a promotional toolkit for employers to use when engaging with their employees.

First Actuarial is proud to be an official supporter of the campaign. We recognise how daunting saving for retirement can be for individuals without adequate support.

Why is pension awareness important?

The challenge to help individuals to save for an adequate retirement is greater than ever.

The rise of Defined Contribution (DC) and the decline of Defined Benefit (DB) pension provision, in the private sector, has seen more responsibility placed on individuals to manage their own retirement provision.

Simply being a member of an occupational pension scheme isn't enough. People also need to:

- Think about how much retirement income they might need
- Work out whether they're paying enough to reach that target; if not
- Make sure they save more when they can afford to.

What adds to people's difficulties is recent increases in the State Pension age, which means waiting longer for their State Pension to kick in. This has led to a situation where many people now want to plan to stop work *before* they reach State Pension age. So they're even more reliant on their employers' pension schemes to provide retirement income during that period.

Pension adequacy

50% of savers will fail to meet retirement targets set out by the 2005 Pensions Commission Research, according to the [Pension and Lifetime Savings Association](#). And [89% of people are set to fall short of 'moderate' retirement living standards](#), according to the Pensions Policy Institute.

Again and again, research shows that individuals are struggling to rise to the challenge of adequate retirement planning.

Why is this happening?

First Actuarial's financial wellbeing team spend a lot of time talking to individuals about a variety of financial topics – and retirement provision is always a key concern. So it's simply not true to say that individuals aren't aware of the issue.

What we do find though is that people don't understand their pension provision. They may see monthly deductions from their pay for a pension, but many consider it to be just one more necessary cost, without realising that they may need to pay more to have the retirement they want.

For today's generation of pension savers, understanding how their pension contributions work is only part of what they need to know.

They're expected to understand what kind of pension they have – is it DB or DC? – and if it's a DC pension, how their savings are invested, the charges applied, any alternative investment options, and whether their investment strategy should change as they approach retirement age.

Their employer may offer matching contributions, and if they're not aware of this, they may miss out on money available for their retirement saving.

Fundamentally, without support, they won't know whether they're saving enough.

It's also much more common for younger generations of pension savers to have several jobs over their lifetime. The research varies, but what's known as a *portfolio career* seems to encompass 6–12 jobs! These individuals are building up several pensions across various providers.

Although the industry has discussed automatic *pot-follows-member* arrangements and pensions dashboards for individuals to see all their pensions in one place, neither has yet to materialise.

It's not surprising then that people are losing track of their pension savings. Pension pots amounting to a worrying £26.6 billion were 'lost' in 2022, according to a [Pensions Policy Institute briefing](#).

On top of all that, individuals are expected to grapple with the choices they have at retirement – tax-free cash, early and late retirement, the range of options offered by DC pensions, all with varying financial impacts, and what happens to their pension when they die.

Simply put, people don't know where to start when it comes to engaging with their pension savings, and there is a lot to understand.

What can organisations do to support individuals?

Auto-enrolment already requires employers to contribute towards their employees' pensions.

However, if employees don't understand the basics of retirement finance, they're less likely to value what their employer is doing for them.

Organisations can help their employees and scheme members in a variety of ways, including:

- Appointing a pensions champion to direct people towards available information and support
- Providing clear communications in a timely and regular manner
- Supporting individuals at every stage of their working lives, and reviewing their pension provision to make sure it remains suitable and fit for purpose.

How First Actuarial can help

This year, First Actuarial is helping organisations to support their employees and scheme members by providing a free video to share with individuals.

The video sets out a few key questions that people can ask themselves to help them understand their retirement provision and make sure it's on track, whilst avoiding scammers.



Find out more about the free resources available to help your people on [our dedicated Pension Awareness page](#).

Get in touch with our experts

We would love to hear how you are helping your employees with pension awareness!

For further information about pension awareness, and how we can work with you to improve financial wellbeing in your workplace, [get in touch with our Financial Wellbeing team](#).