

Flexibilities survey

May 2015

Summary of findings

We asked more than 50 of the UK's top pension schemes how they are dealing with the new flexibilities which came into force on 6 April 2015.

When asked whether they will be offering any of the new flexibilities, just over 66% of respondents, who include chairs of trustees, pension managers and scheme secretaries, said they will be offering one or more. Of those who said no, the majority said they would possibly do so at some point in the future.

Flexibilities

The most popular flexibility being offered is the uncrystallised funds pension lump sum (UFPLS), with more than 94% of respondents who are offering any of the flexibilities stating that their scheme is offering this to members.

Challenges

More than 85% of respondents, of a variety of defined contribution (DC), defined benefit (DB) and hybrid schemes, stated that they see member communications as the greatest challenge for their schemes in 2015.

Other challenges include scheme administration (48%), funding (37%), dealing with transfer requests (35%) and choosing investment options (25%).



85%
member
communications



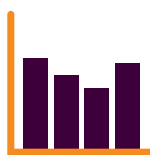
48%
scheme
administration



37%
funding



35%
dealing with
transfer requests



26%
choosing investment
options



9%
dealing with
advisers



9%
the guidance
guarantee



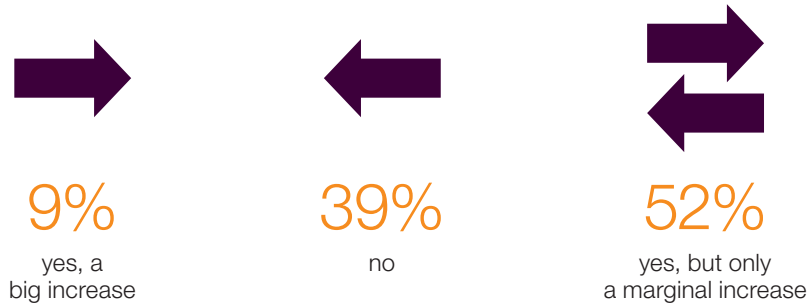
9%
other

Summary of findings cont.

Transfer requests

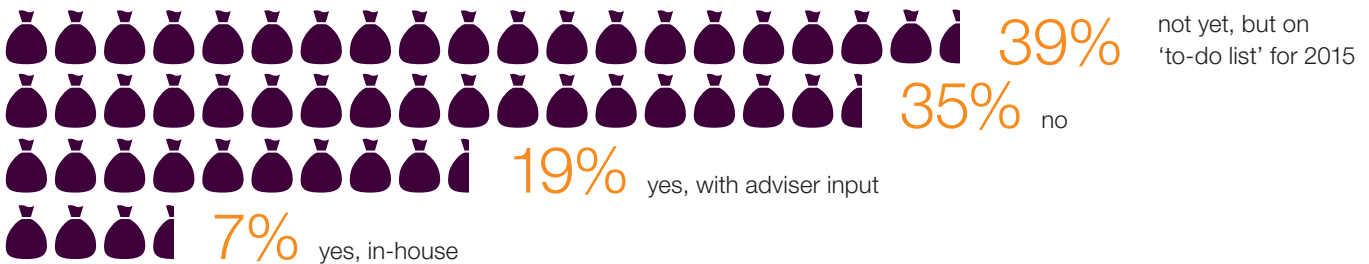
In terms of transfer requests, only 9% of schemes reported a big increase, although 52% said they had received an increase in requests. Of those increased requests, more than 25% of respondents stated the purpose was to access flexible benefits, with nearly 43% giving this as a possible reason for the request.

Reassuringly, approximately two thirds of respondents reported that their administrators had taken the necessary steps to update member communications and over half reported that they had taken steps to handle the increase in transfer requests.



Value for money

Just over 26% of schemes surveyed have so far carried out a value for money assessment, with nearly 39% reporting that they intend to do so in 2015.



To conclude

Given the complexity of the recent changes to the disclosure requirements for occupational pension schemes and the speed with which the industry has had to react to the Budget changes, it is unsurprising that schemes consider member communications to be their greatest current challenge. Getting the right message across, to the right people at the right time has been never easy and, with most schemes offering members the opportunity to take their benefits in one go, member engagement has never been more important.

For advice on any of the new flexibilities and how they affect your scheme, please contact Helen Ball, helen.ball@sackers.com or speak to your usual Sackers contact.