2019 Emerging Trends in DB Survey

November 2019

Willis Towers Watson

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Executive summary

Top priorities

Top priorities are journey planning and 'GMP equalisation'. Concerns on market volatility are rising.

Journey plan

7 in 10 have a formal long-term journey plan in place, but only half have an agreed target date. Two thirds of those with a journey plan say it has strongly influenced funding – in the future, it will have to.

Brexit

16% say Brexit will weaken the sponsor's ability to support the scheme, but 82% report it will make no difference.

Governance

A significant number of trust boards are expected to be replaced either by a sole professional trustee or a DB master trust.

Risks

2 in 3 see data quality becoming a major challenge for DB schemes.

'GMP equalisation'

Most members who gain from 'GMP equalisation' are only expected to get small amounts; men are more likely to gain than women.

Long-term goals

Half of schemes expect to take at least 10 years to achieve their long-term objectives. Schemes expect to rely at least as heavily on investment returns as on cash from the sponsor to achieve them.

Funding

Most expect that employers will have to pay more to schemes in future, but few expect their deficit contributions to rise following next valuation.

Risk transfer

Around one third expect commercial consolidators to emerge as a big theme over the next 5 years, while c85% expect a large increase in buy-in/buyout activity.

Technology

A majority expect technology to fundamentally improve governance in the future. Online information for members and data quality are the main priorities.

Introduction

Whilst the number of open defined benefit schemes is a fraction of what it used to be, trustees and sponsors responsible for managing legacy benefits have full in-trays.

Rules governing how pensions are funded are set to be refreshed. The Pensions Regulator has begun to sketch out what a new scheme funding regime will look like: it wants statutory funding targets seen as stepping stones towards long-term objectives which are expected to involve, at most, a low level of reliance on the scheme sponsor. The Pension Schemes Bill would provide a statutory framework for this sort of approach. In the meantime, the Regulator has become more active in funding negotiations and has expressed concern about how deficit contributions paid to the pension scheme compare with dividends and other shareholder distributions.

Low interest rates have kept the present value of liabilities high. Concerns about prospects for the global economy in an era of trade disputes have made markets volatile; closer to home, so has uncertainty about the UK's future relationship with the European Union.

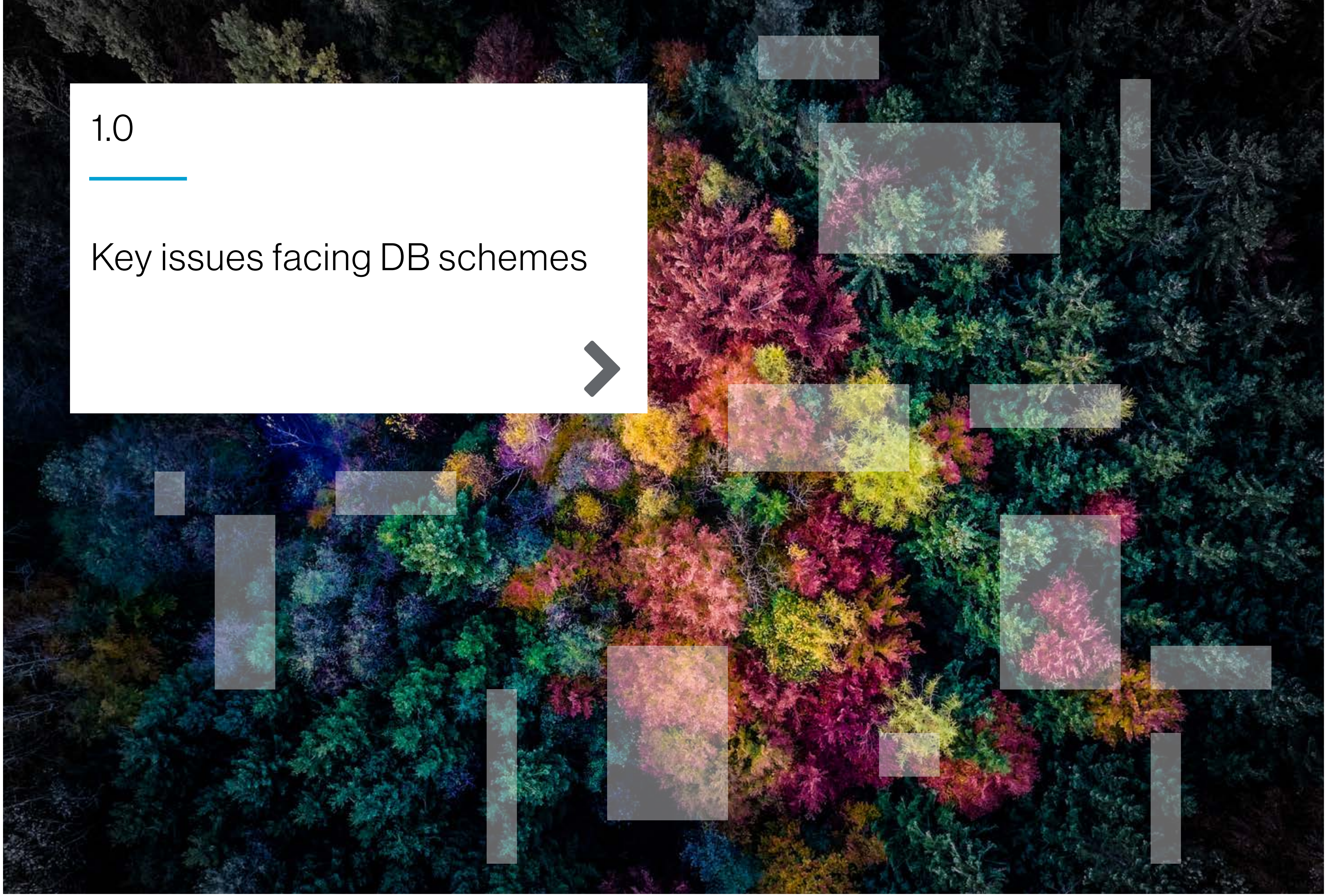
Pension risk is being transferred both to other institutions and to individuals. Attractive pricing and schemes' determination to de-risk have contributed to record volumes of bulk annuity business. A combination of high transfer values and 'pension freedom' has seen a surge in the number of members choosing to take liabilities off their schemes' hands, exchanging the lifetime income expected from their former employer for a pot of capital (though those doing so to date remain very much a minority). New commercial consolidators have emerged, targeting employers who want to pass their liabilities to a third party but for whom buying out benefits with an insurer does not look realistic, with policymakers still deciding how these vehicles should be regulated.

Nearly three decades after the original Barber case, the courts have clarified that schemes need to address inequalities between male and female pensions that result from statutory rules around the calculation of Guaranteed Minimum Pensions (GMPs).

How schemes are run is also changing – along with who is running them. The ongoing technological revolution has created opportunities to track funding levels and risk in real time, to improve administration, and to communicate with members about their options. More professional trustees are being appointed, sometimes as sole trustees replacing the traditional trust board comprising a mix of employer-nominated and member-nominated trustees.

Against this backdrop we sought the views of pension scheme decision-makers. What are the main issues on their agenda and how do they feel about these developments? The survey was conducted between June and July 2019 and includes 101 responses. 64 respondents had a trustee focus (comprising 49 trustees and 15 pension managers whose primary focus is on supporting the trustees) and 37 were corporate representatives.[1]

[1] In this survey pension managers whose main task is to support the trustees are termed as having a 'trustee focus' and their responses grouped with trustees. Otherwise pension managers are grouped with other corporate sponsor functions.



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Key issues facing DB schemes

> “Market conditions/volatility has become more important since 2018 and was ranked third amongst the most important issues facing DB schemes.”

Key issues

As schemes have become more mature, they are increasingly focussed on the end game. Asked to identify their top three priorities, two thirds of respondents reported long-term journey planning as a key issue for their scheme in 2019, a similar figure to last year (Figure 1).

Whilst journey planning remains an ongoing concern for schemes, our 2019 survey has seen ‘GMP equalisation’ come to the fore as an issue facing DB schemes. After 28 years of uncertainty, the Lloyds judgment on 26 October 2018 confirmed that schemes must equalise benefits between men and women where differences arise from the statutory calculation of Guaranteed Minimum Pensions. This was the second most important issue affecting schemes across respondents (and the first amongst those with a Trustee focus).

Market conditions/volatility has become more important since 2018 and was ranked third amongst the most important issues facing DB schemes. This is likely to reflect a more uncertain global economy and UK-specific factors with Brexit looming large.

Figure 1: Which are the most important issues that you see impacting your pension scheme over the next three years? *Respondents could select up to three options*

	2019	2018
Long-term journey planning	67%	65%
GMP issues	60%	N/A
Market conditions/volatility	37%	22%
Risk transfer transactions	24%	32%
Negotiating a funding agreement	23%	38%
Sponsor covenant	22%	37%
Quality of your scheme data	16%	20%
Members transferring out	13%	28%
Dealing with the Pensions Regulator	10%	13%
Possible changes to RPI	7%	N/A
Managing conflicts of interest	4%	N/A

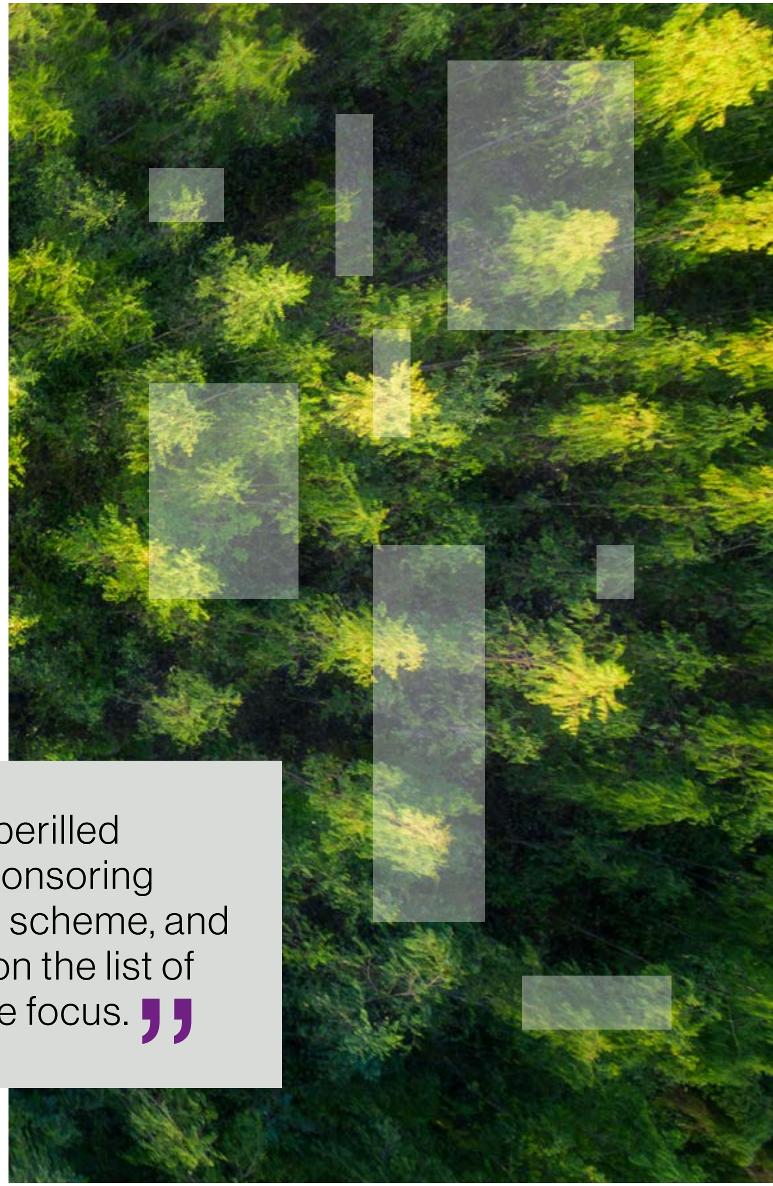
Given the new focus on 'GMP equalisation' in 2019, most other issues have declined in relative importance in 2019. Still, risk transfer transactions were seen as a key issue by around one in four respondents. However, there were marked differences in the importance placed on this issue amongst those with a Trustee focus (amongst whom the issue ranked only 7th) and those with a Corporate focus (where it ranked it 3rd). For Corporate sponsors de-risking their pension plan remains a key priority.

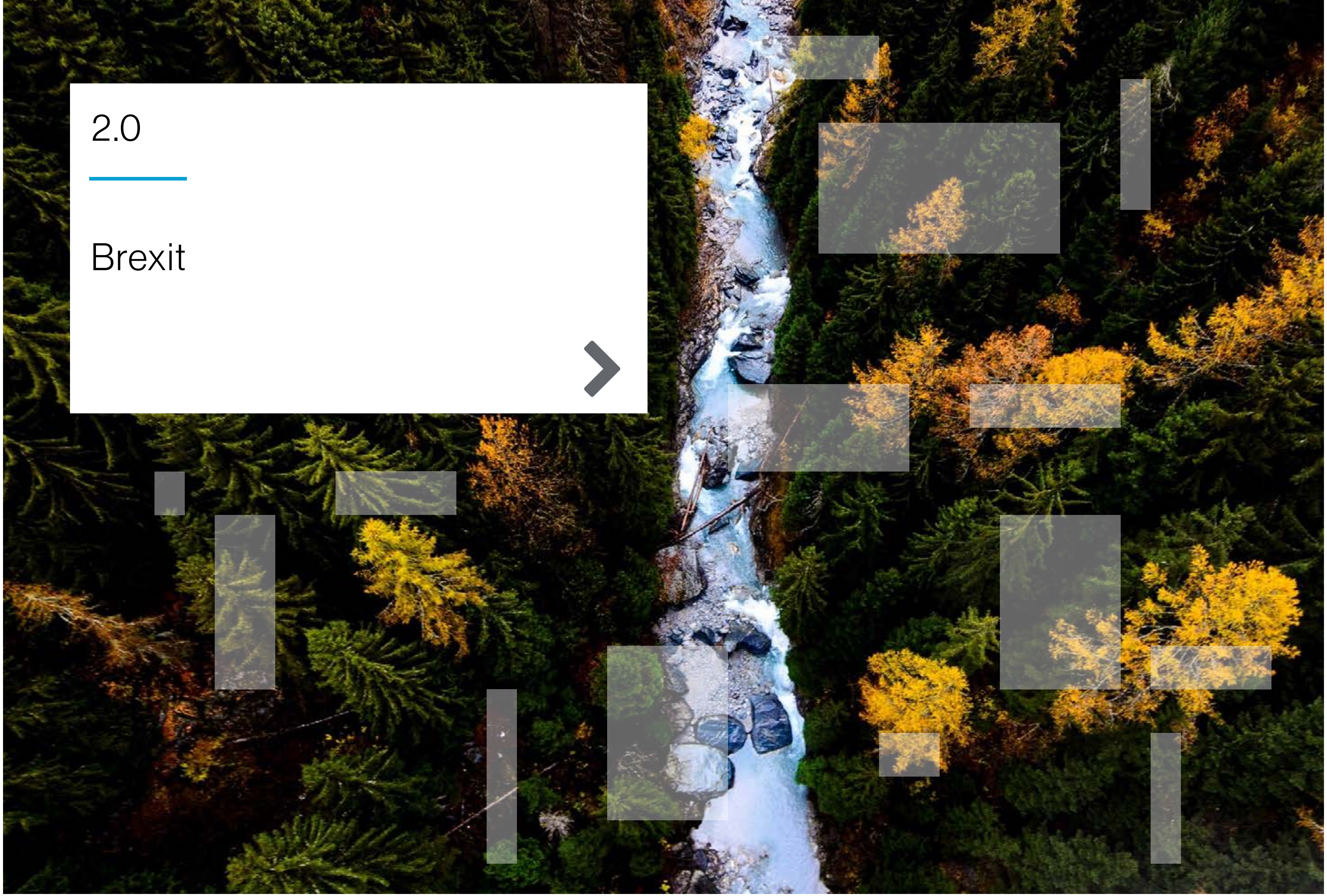
Most journey plans would be imperilled by a rapid deterioration in the sponsoring employer's ability to support the scheme, and sponsor covenant came fourth on the list of concerns for those with a Trustee focus.

The Pension Regulator (TPR) has recently increased the number of large schemes it engages with proactively ahead of a valuation, and in May 2018 it announced that it will also be focusing further on smaller schemes. However, only 10% of respondents listed dealing with TPR amongst their top three issues. Corporate sponsors were though much more likely to do so (7th most important issue compared to 10th most important issue for Trustees). Nevertheless, this could become a more important issue in the future.

One of the lowest ranked issues was 'Possible changes to the Retail Prices Index (RPI)'. This issue has been bubbling away for some time, but responses were submitted before 4 September 2019, when the Government and UK Statistics Authority (UKSA) published correspondence relating to potentially dramatic changes to RPI. The UKSA had proposed the abolition of RPI and an interim alignment with CPIH until legislation could be enacted to abolish RPI (expected to result in a lower measure of inflation by up to 1% pa). The Government was not prepared to countenance the disruption associated with ceasing the publication of RPI nor could it accept the alignment with CPIH any earlier than February 2025. However, the Government's consent to align RPI with CPIH is required only until 2030 and the UKSA has signalled that it is likely that it would make such a change from that point. A consultation promised for January 2020 will explore whether the Chancellor should consent to this happening up to five years earlier.

> "Most journey plans would be imperilled by a rapid deterioration in the sponsoring employer's ability to support the scheme, and sponsor covenant came fourth on the list of concerns for those with a trustee focus."





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Brexit

Asked how Brexit has affected the sponsor's ability to support their pension scheme, a large majority (82%) said it had not made much difference (Figure 2).

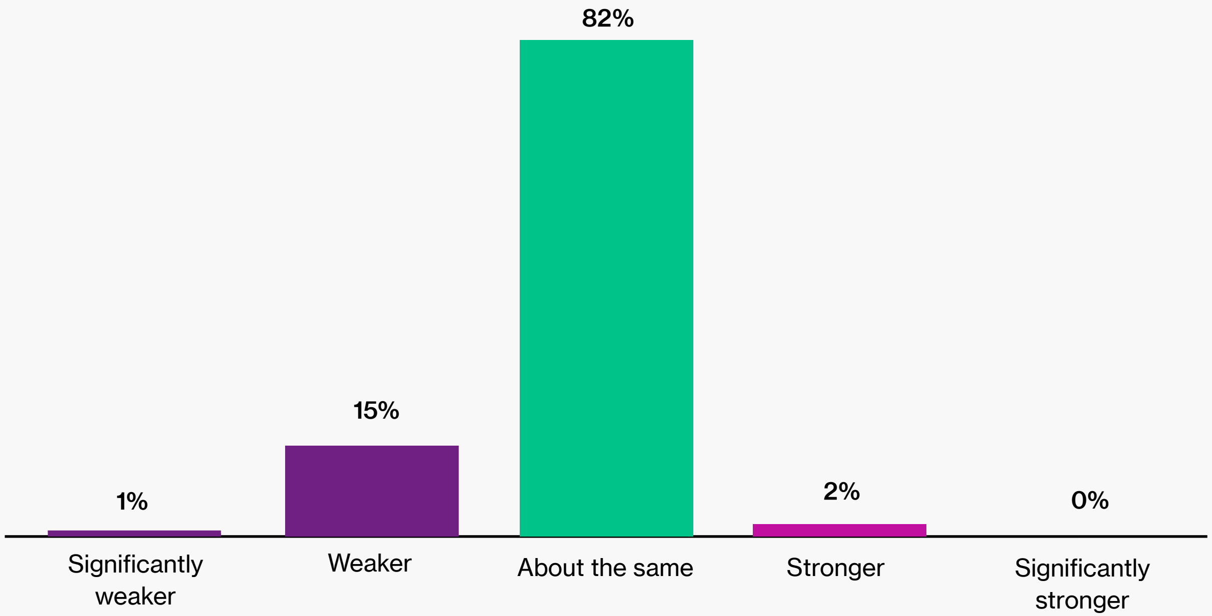
Those who think it has affected them were much more likely to be negative than positive; 15% said the sponsor covenant had moderately weakened and 1% said it had weakened significantly while only 2% said it had been moderately strengthened. Respondents in the industrial sector were more likely to perceive a negative impact (23%); conversely those in financial services were less likely to do so (5%)[2].

Shortly after that referendum, TPR issued a statement saying:

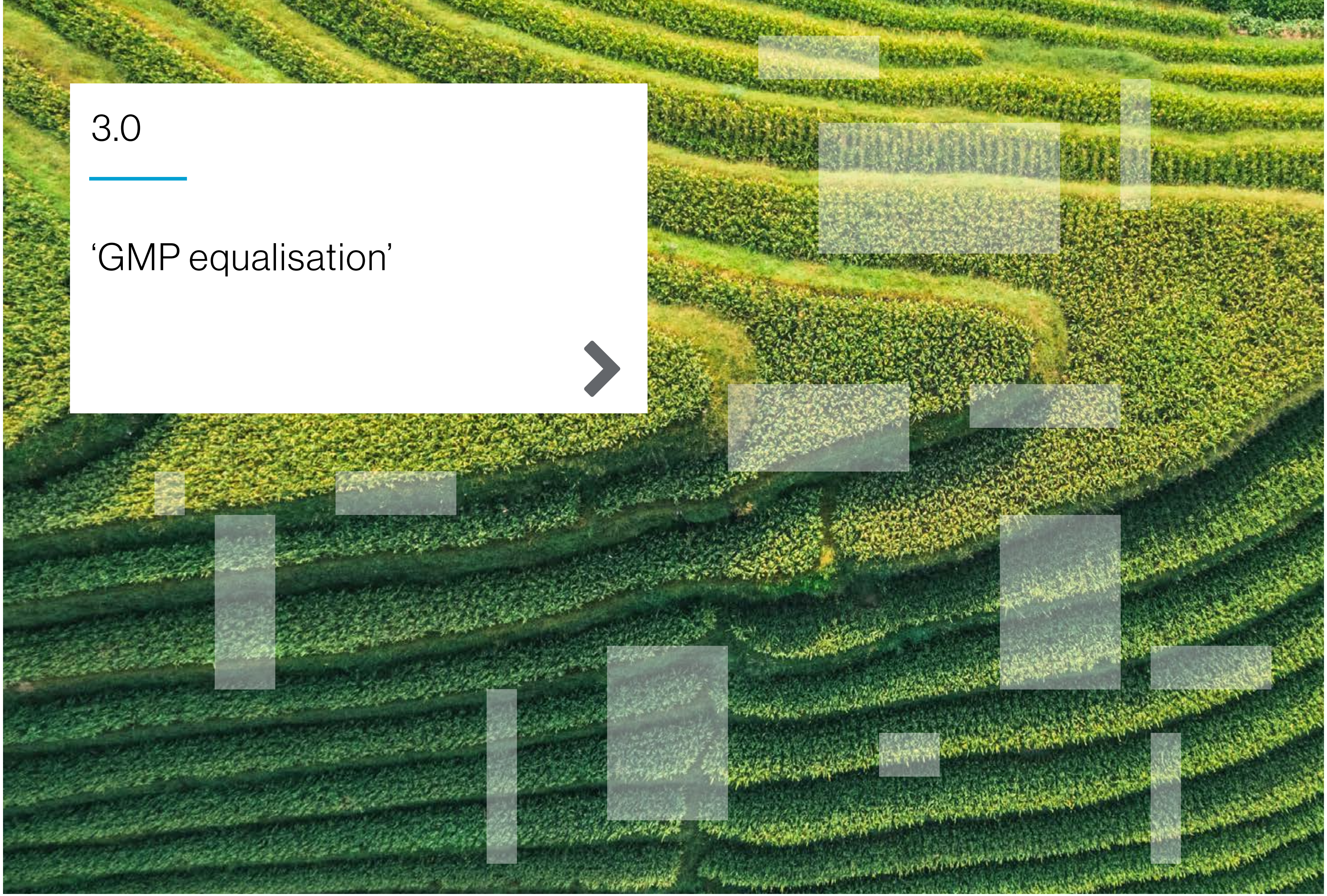
> "Trustees should consider how exposed their employer may be to the various risks and opportunities which may come with the transition of trading relationships and potential changes in economic fundamentals, for example in the strength of sterling ... Trustees should have an open and collaborative discussion with the employer to understand their views and position ..."[3]

However, only half of respondents agreed that the sponsor had actively shared information concerning how Brexit would affect their business, with one in five disagreeing. Around a third did not give a view either way – which might indicate that information has been shared but not as much as the trustees would like, or that the effect on the covenant is not thought to be strong enough to merit detailed information being shared.

Figure 2: What difference do you think "Brexit" has made to the sponsor's ability to support the scheme? +



[2] Survey data was collected in June and July 2019. Opinions on Brexit are fast moving, and results may not reflect current views or opinions.
[3] https://www.thepensionsregulator.gov.uk/en/document-library/statements/market-volatility-following-the-eu-referendum,-c-,-guidance-statement-from-tpr-



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‘GMP equalisation’

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Most respondents
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(56% Trustee, 68%
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vast majority of the
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Although 'GMP eq
facing schemes to
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payments to typica
expected to be ver
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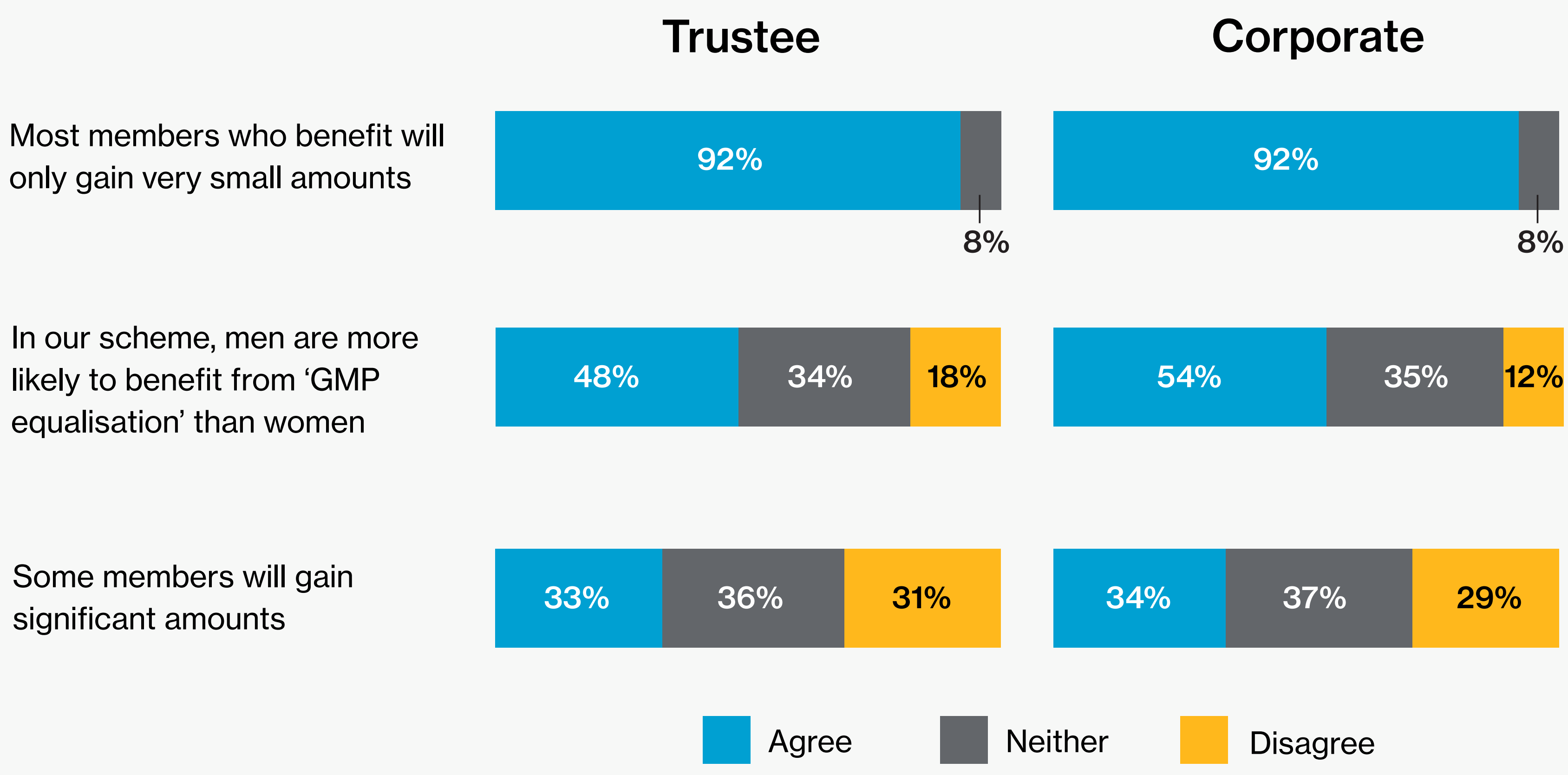
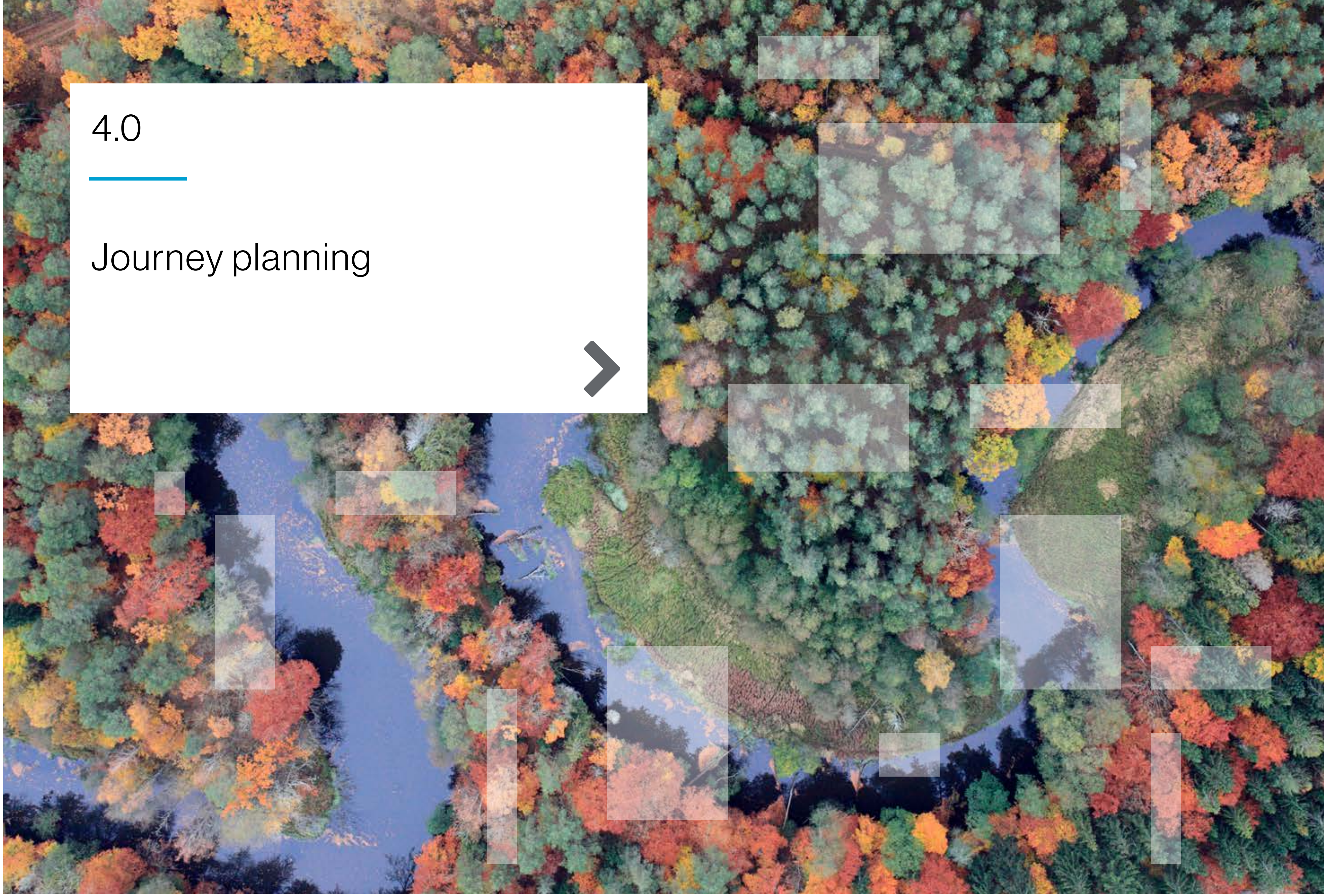
will gain significant amounts (rising to over half in financial services). We have seen a number of cases where the difference that 'GMP equalisation' makes to

beneficiaries of the resulting equalisation. Men are expected to be more likely to benefit in around half of schemes.

Figure 3: To what extent do you agree or disagree with the following statements about 'GMP equalisation'?



*Note: Percentages may not sum to 100% due to rounding.



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Journey planning

Formal Journey plans

The Pensions Regulator (TPR) has recently shown an increased focus on schemes having a formal journey plan, with explicit objectives and targets in place. In January 2019, TPR stated schemes should "have a long-term funding objective which is clear, measurable and time-based" and that there should be an "explicit link between long-term objective and technical provisions".[4]

The Pension Schemes Bill, which is currently before Parliament, would put this framework into statute.[5] It provides for schemes to be required to determine a "funding and investment strategy" for ensuring that "benefits can be provided over the long term". This strategy would have to be agreed by the employer, with regulations potentially prescribing methods and assumptions. The technical provisions would then have to be "calculated in a way that is consistent with the scheme's funding and investment strategy". Details of what this would mean in practice are expected in a forthcoming update to TPR's Code of Practice on funding DB pensions.

Most schemes already have a formal journey plan in place. As of summer 2019, we see that nearly three quarters (71%) of schemes have a formal long-term journey plan in place, compared to 64% in 2018. A further 21% report that their journey plan is in development.

For those schemes with a formal journey plan:

70%

of schemes with a journey plan (50% of all schemes) have a target date

68%

of schemes with a journey plan (48% of all schemes) have reviewed their journey plan in the last year

64%

of schemes with a journey plan (45% of all schemes) report the journey plan has strongly influenced funding agreements

The proposed legislation could therefore mark a major shift for many schemes, with a majority seeing a much tighter link between the journey plan and funding.

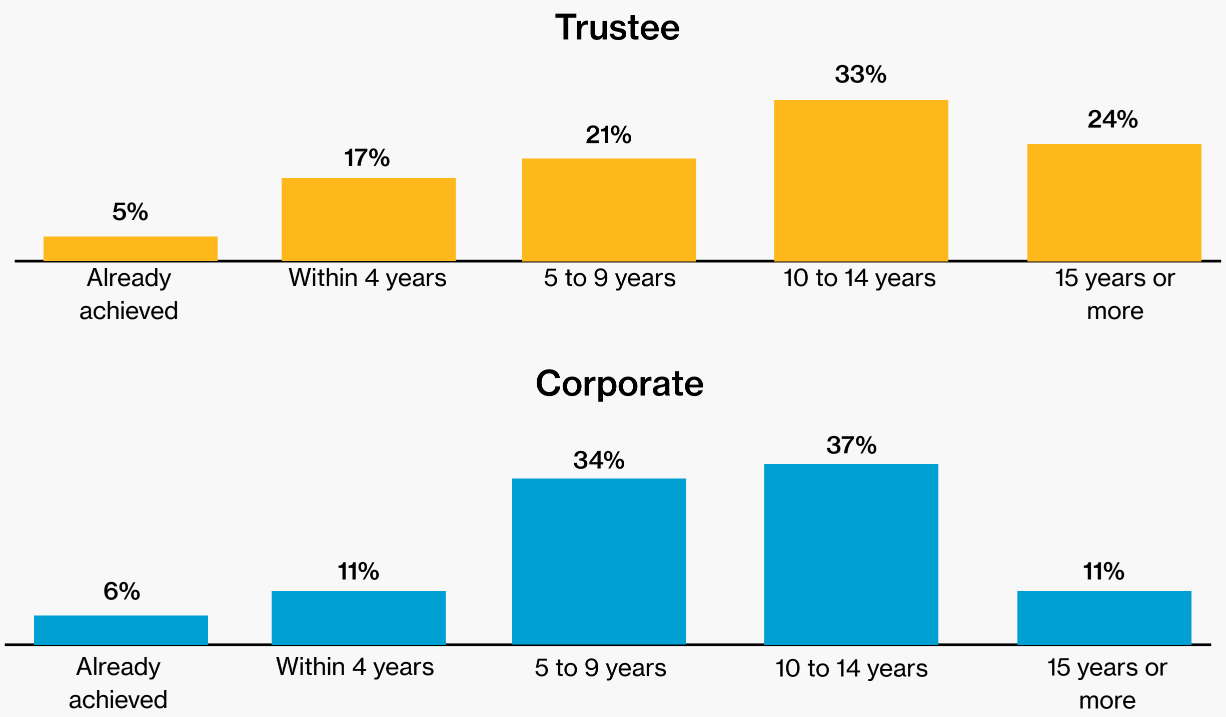
[4] https://www.thepensionsregulator.gov.uk/en/media-hub/speeches-and-speakers/fiona-frobishers-presentation-at-the-aca-gatwick-conference
[5] https://publications.parliament.uk/pa/bills/lbill/2019-2020/0005/20005.pdf

Long-term goals

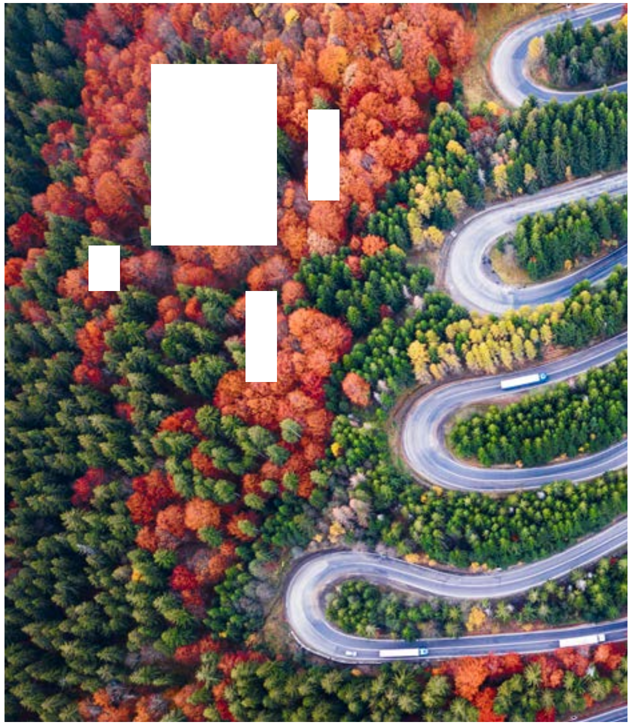
In Figure 4, we report the time frame over which schemes expect to be able to achieve their long-term goals.

Around 5% of schemes say they have already achieved their long-term goals, with a further 15% on track to achieve their goals within four years. Hence, around one in five schemes expect to be on a short-term path to reach their long-term goals. By contrast, around half of schemes (57% of Trustees, 48% of Corporate sponsors) expect to take at least 10 years to achieve their long-term objectives. However, currently long-term objectives can vary significantly from scheme to scheme, and in practice these timescales may extend as more schemes adopt a long-term objective, or schemes strengthen these depending on what is included in regulations and in the Code of Practice on Funding.

Figure 4: When do you expect your scheme to be in a position to achieve its long-term goals? +



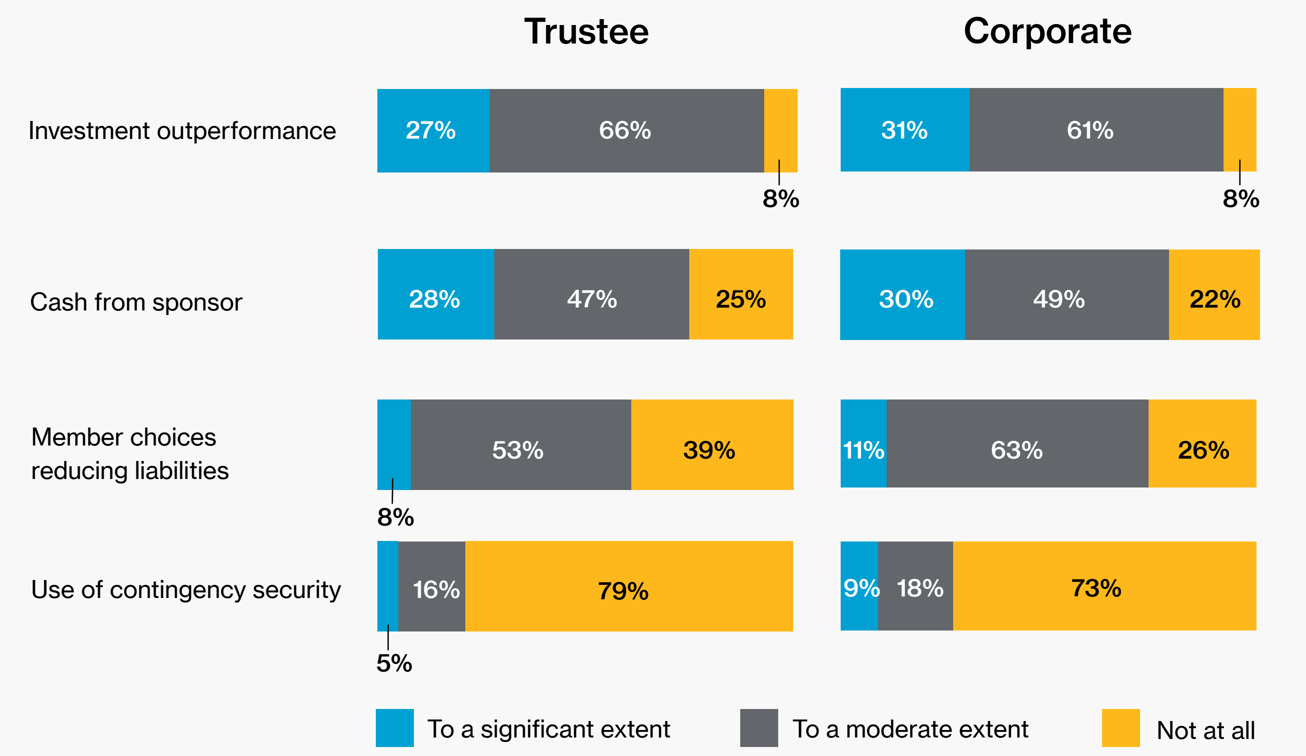
*Note: Percentages may not sum to 100% due to rounding



For two in three schemes this long-term objective implies running off the scheme and paying benefits as they fall due, rather than winding it up (27% target run-off supported by sponsor covenant, 39% target self-sufficiency but not full buyout). The remaining third target risk transfer to a third party (either full buyout with an insurer or paying a consolidator to take over responsibility for the scheme).

In delivering the long-term objective schemes expect to rely primarily on investment outperformance, followed closely by cash from sponsors (Figure 5). If the investment outperformance does not materialise, cash demands on sponsors could intensify.

Figure 5: To what extent do you expect your scheme to rely on the following to achieve its long-term goals?



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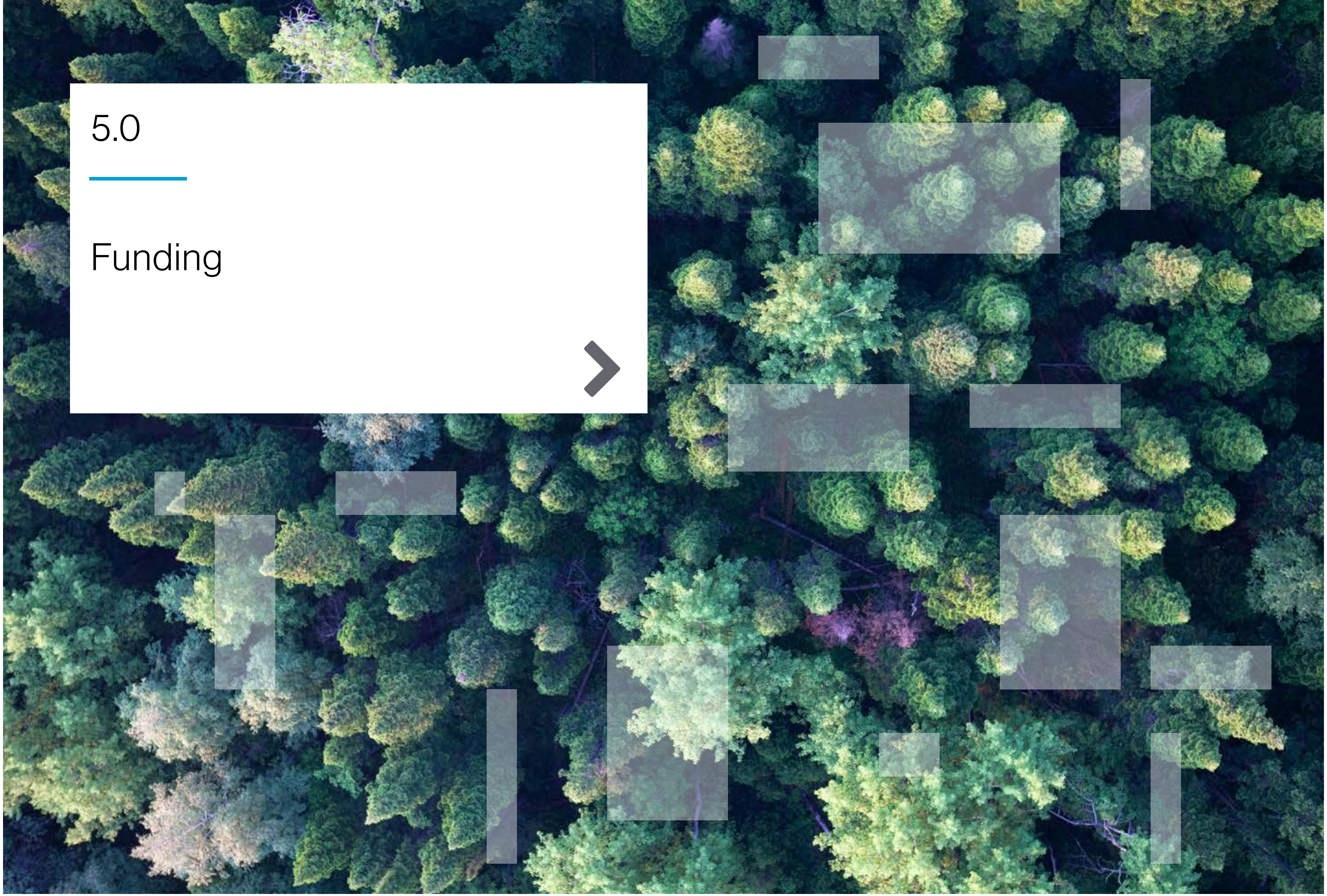
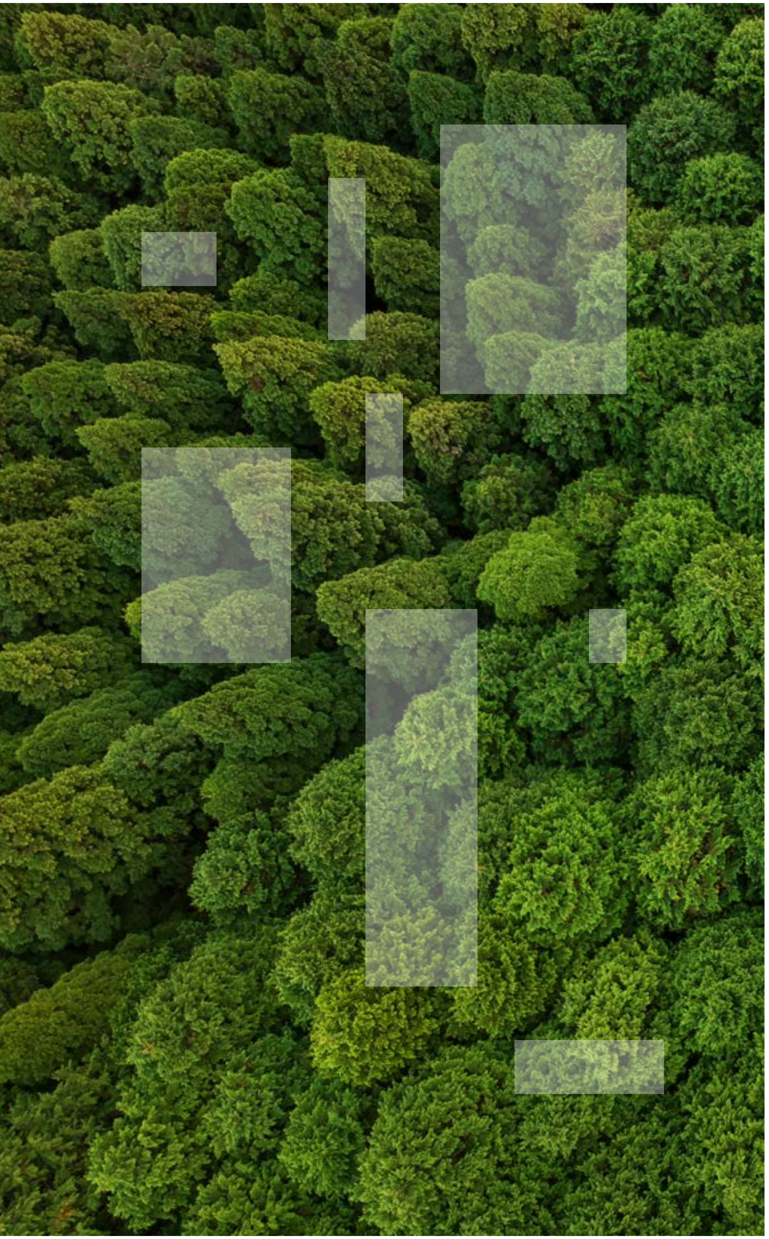
5.0

Funding





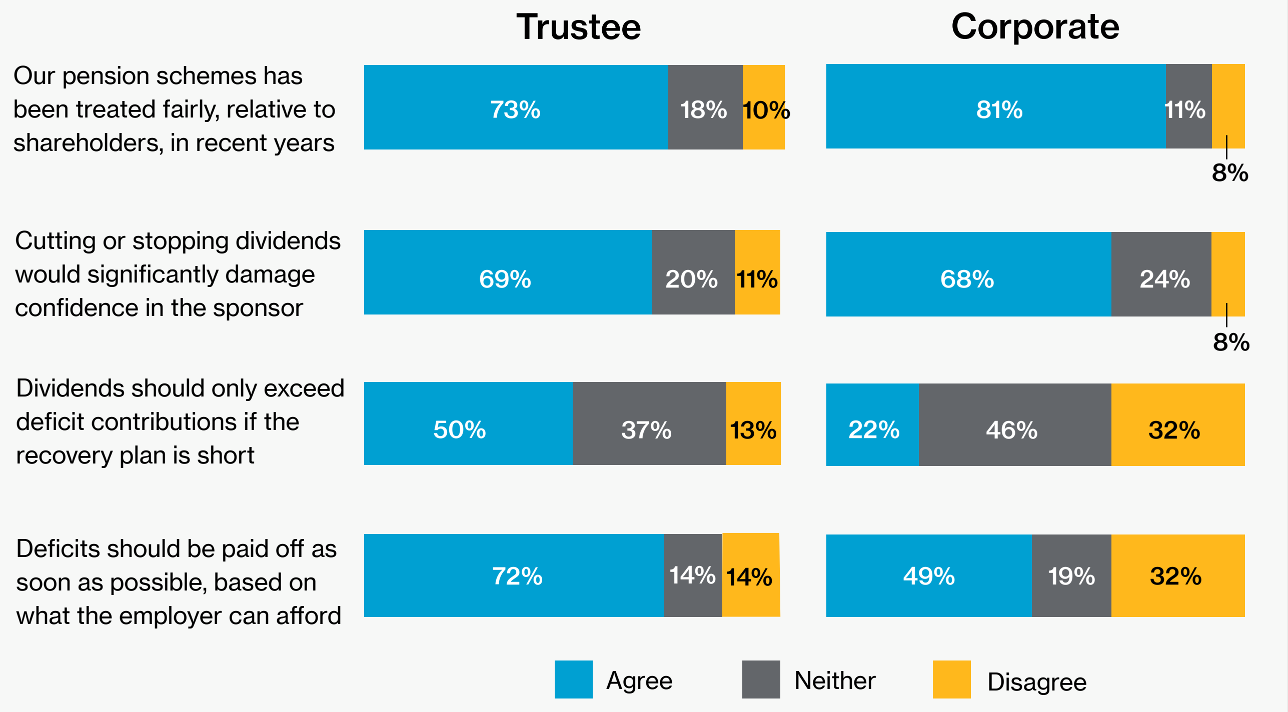
Following the collapse of the construction and outsourcing firm Carillion, resulting in the biggest ever claim on the Pension Protection Fund, a joint inquiry by two House of Commons select committees concluded that trustees were “outgunned in negotiations with directors intent on paying as little as possible into the pension schemes” and criticised The Pensions Regulator (TPR) for its “feeble response”, noting that the Regulator had never used its powers to impose funding targets or deficit reduction plans.

In March 2018, the Department for Work and Pensions (DWP) issued a White Paper entitled ‘Protecting Defined Benefit Pension Schemes’. This argued that a lack of definition around legislative requirements to choose assumptions “prudently” and to ensure that recovery plans are “appropriate” made it difficult for TPR to prove that the funding rules were not being followed. The Government said it would “strengthen the Regulator’s ability to enforce defined benefit scheme funding standards, through a revised Code [of Practice], focussing on: how prudence is demonstrated when assessing scheme liabilities; what factors are appropriate when considering recovery plans; and ensuring a long-term view is considered when setting the statutory funding objective”. Around half of respondents said that their scheme would benefit from TPR defining what is “prudent” and “appropriate” (with only around a quarter opposing this idea).

After the survey responses were submitted, the Government published the Pension Schemes Bill and explained that it would be taking a slightly different approach. Instead of TPR using a more enforceable Code of Practice to set out what is meant by assumptions being “chosen prudently” and by recovery plans being “appropriate having regard to the nature and circumstances of the scheme”, technical provisions will have to be “consistent” with new long-term targets (which might be set in a more prescriptive manner) and regulations can prescribe what is “appropriate”.

It will take time for this legislation to be enacted. In the meantime, and as part of an approach that it describes as being “clearer, quicker, tougher”, TPR sought to clarify its expectations on funding. Its 2019 Annual Funding Statement said: “Where dividends and other shareholder distributions exceed Deficit Reduction Contributions (DRCs), we expect a strong funding target and recovery plans to be relatively short”, though adding that, “in practice, TPR’s response will be proportionate having taken into account the relative size of the sponsor and the scheme deficit”. In this area, we find that trustees are much more likely to be aligned with the views of TPR as half agree that dividends should only exceed deficit contributions if recovery plans are short (while only 13% disagree); corporates are more likely to disagree (32%) than agree (22%). Trustees did, however, tend to agree (73%) that their schemes had been treated fairly relative to shareholders in recent years (Figure 6).

Figure 6: It has been suggested that companies should increase deficit payments at the expense of dividends. How strongly do you agree or disagree with the following statements?



*Note: Percentages may not sum to 100% due to rounding.

Still, the majority of both Corporates and Trustees agree that deficits should be paid off as soon as possible, based on what the employer can afford, a principle that TPR had signalled would feature in the Code.

Against this backdrop, with a marked change in tone and focus from TPR, around half of respondents expect trustees to have significantly more negotiating power in the future (Figure 7). As a result, and also possibly due to changing market conditions, over two thirds expect employers to pay significantly more into underfunded schemes in the future. Nevertheless, only a minority (a third of trustee respondents and a fifth of corporate respondents) think the Select Committee's activities have fundamentally changed directors' perceptions of what they need to pay into their DB schemes.

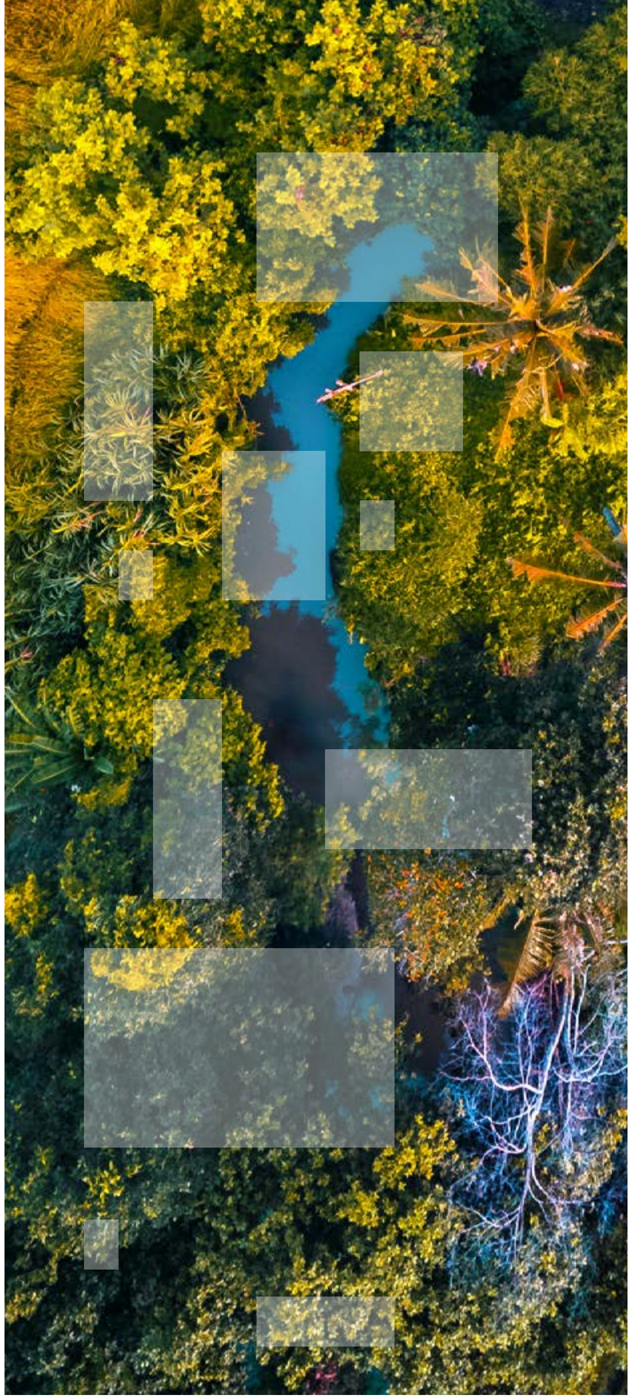


Figure 7: To what extent do you agree or disagree with the following statements?

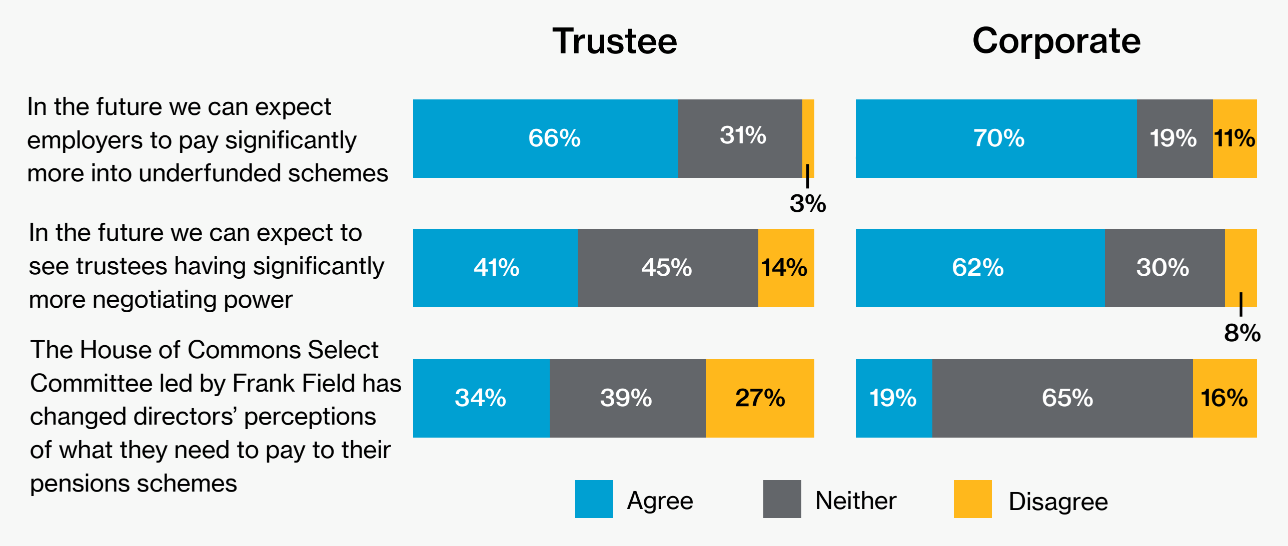
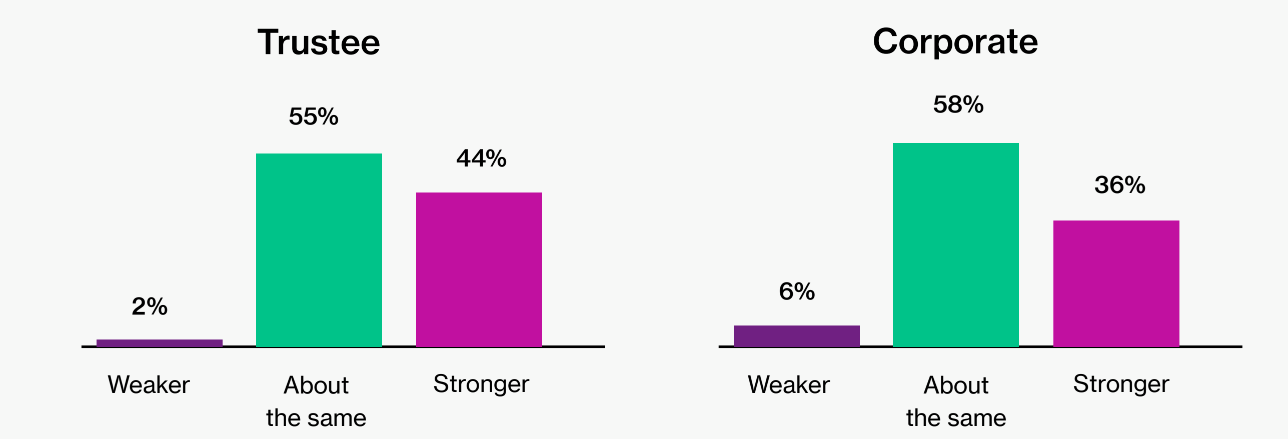


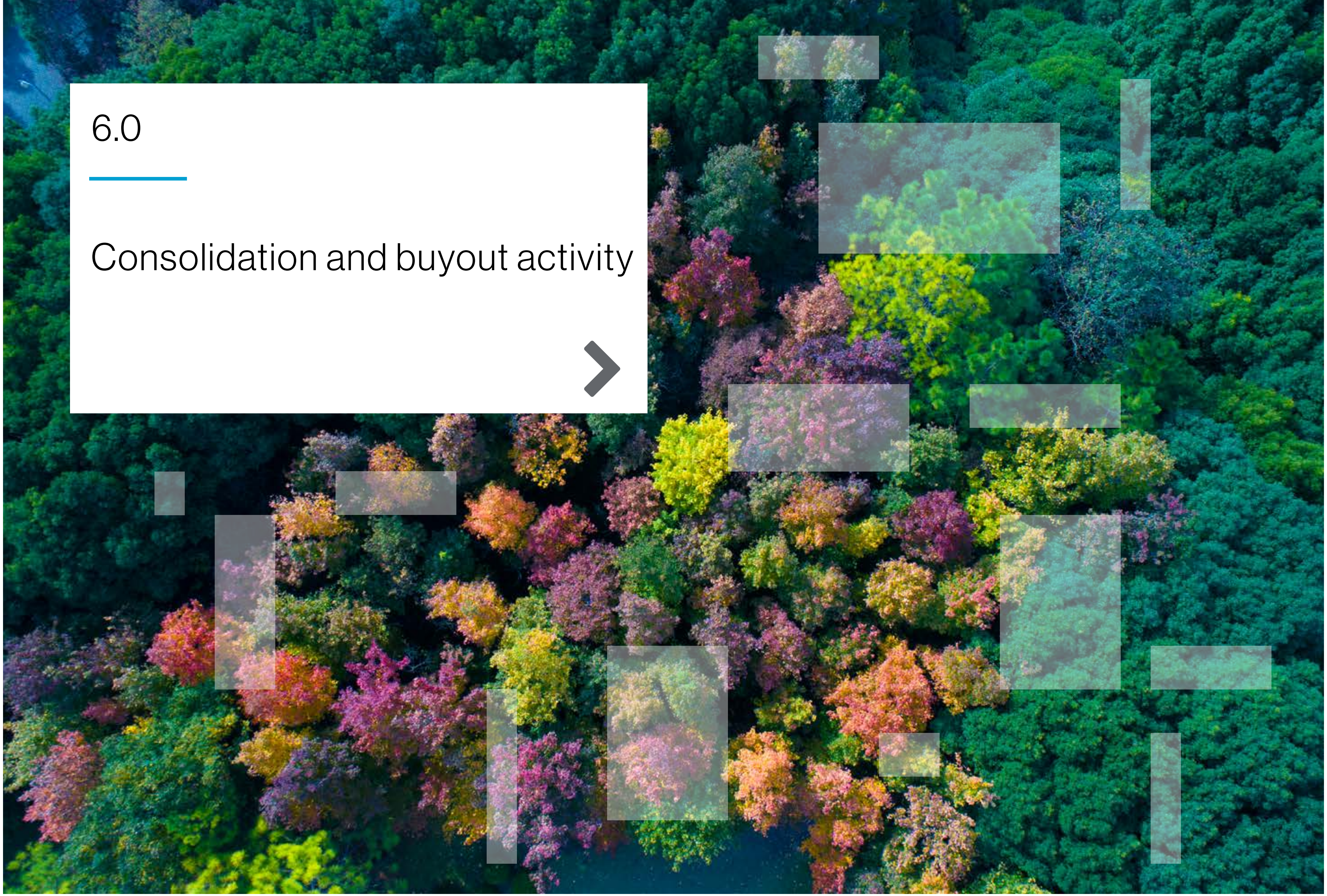
Figure 8: How would you expect technical provision to change at the next actuarial valuation?



*Note: Percentages may not sum to 100% due to rounding.

Consistent with negotiating power shifting to trustees, at the next actuarial valuation four in 10 respondents expect their scheme's technical provisions to be stronger (Figure 8) and very few expect them to be weaker. And around a third expect recovery plan end dates to be shorter.

Nevertheless, only 13% of those with a trustee role and 24% of those with a corporate role expect annual deficit reduction contributions to increase and higher numbers expect them to fall (22% and 29% respectively). This may reflect how, for their schemes, funding has improved. Yet, 2019 has seen markets worsen and trying to strengthen technical provisions and bring forward recovery plan end dates without increasing DRCs may often be a forlorn hope.



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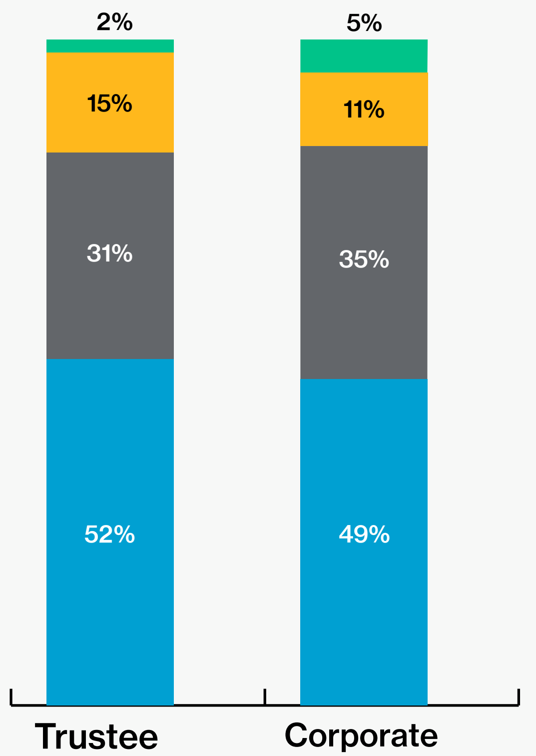
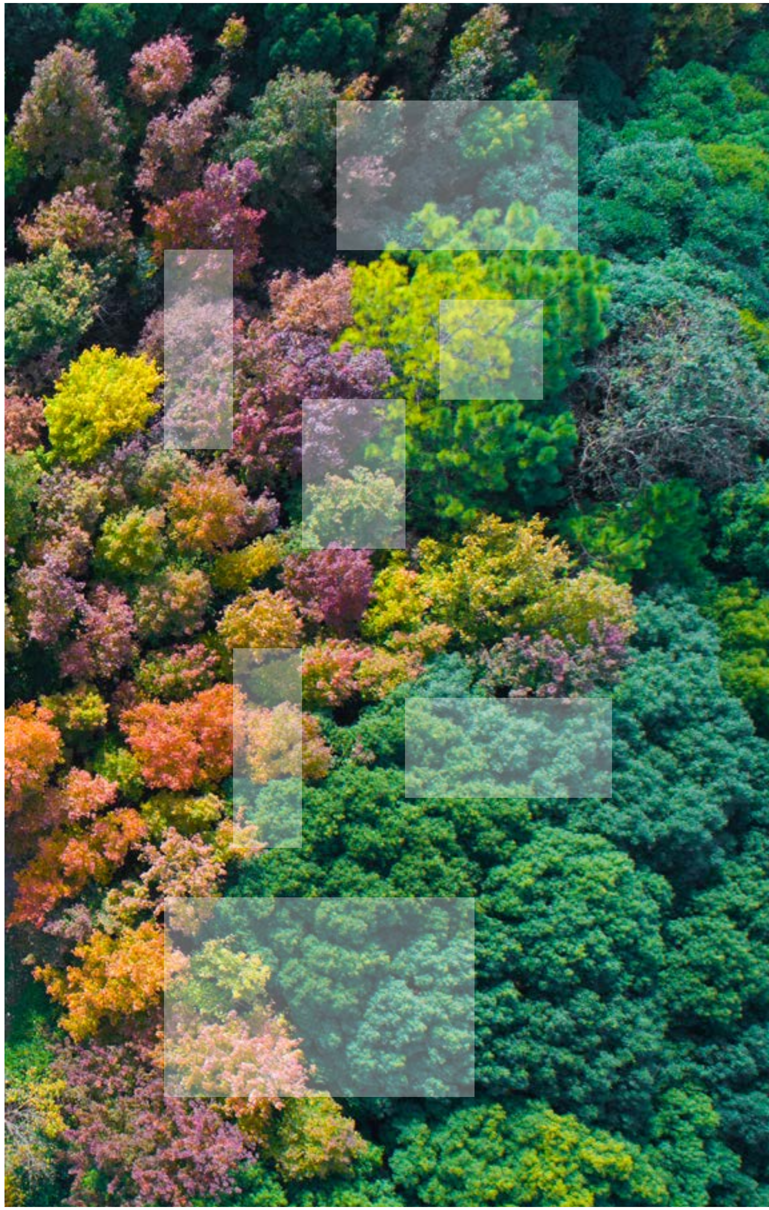
Consolidation and buyout activity

With many pension schemes now moving closer to their long-term objectives we are seeing a heighted interest amongst corporate sponsors in reducing their DB pension risks. 2018 was a record year for the bulk annuity market and 2019 has already surpassed that. Pension professionals expect this trend to continue in the future. Over eight in 10 survey participants expect a major increase in buy-in/buyout activity in the next five years (Figure 9) and less than one in 20 think such a trend is unlikely to take place.

Looking at schemes' own plans, around four in 10 are considering or planning a bulk annuity transaction in the next three years, and around two in 10 are considering or planning a longevity swap/insurance transaction over the same period. The short-term horizon then suggests significant activity to reduce pension risks and a major increase in the buyout market. Yet, whether the bulk annuity market has sufficient capacity to cover the potential demand from schemes and sponsors remains unclear.

Figure 9: How likely do you think it is that there will be a major increase in buy-in/buyout activity?



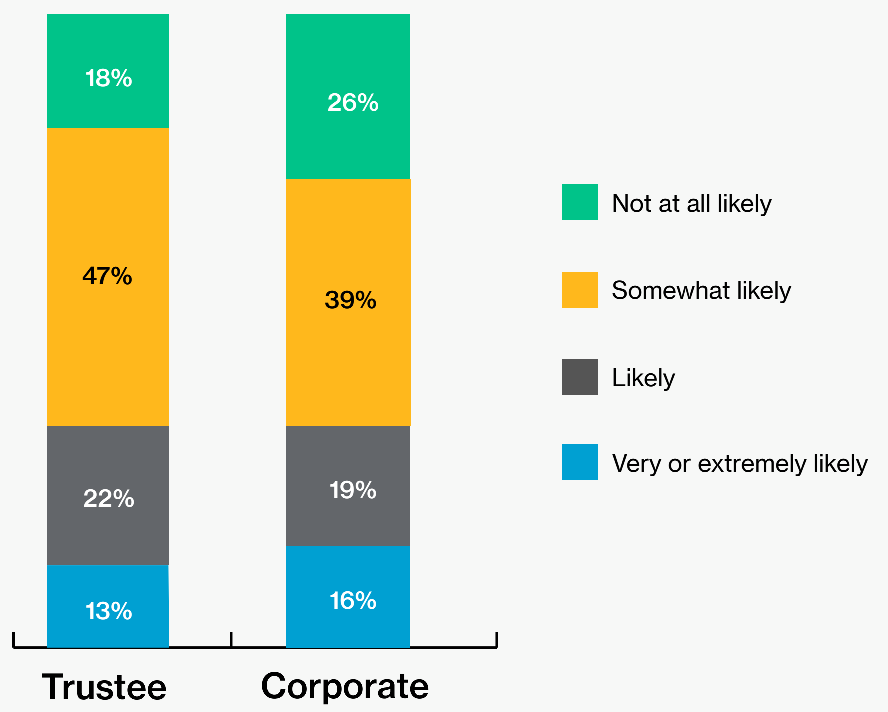


Where buyout is not considered achievable for the foreseeable future, some schemes may consider transferring responsibility for paying pensions to a so-called 'commercial consolidator'. These can be conceptualised as exchanging the employer covenant for a capital buffer (and often an improved funding level, which the sponsor would pay for as part of its negotiated exit). The security would be lower than under a buyout (and hence more easily affordable) but, in some circumstances, trustees might judge that the balance of risks is more favourable than if they hope the employer will be able to support the scheme in future.

The Government sounded enthusiastic about consolidation in its 2018 White Paper but has yet to settle on a regime for regulating them. There is nothing in the Pension Schemes Bill, as introduced, and the Secretary of State for Work and Pensions has said that "the Government have not yet come to a collective view on the best way to take this forward".[6]

In our survey, we find that 1 in 3 respondents think it is likely that 'commercial consolidators' will emerge as a significant trend within DB pension schemes (Figure 10). If this does occur, alongside the ongoing increase in pension de-risking, then the DB pension landscape could begin to look very different in the future.

Figure 10: How likely do you think it is that a significant number of schemes will be absorbed by 'commercial consolidators' in the next five years?



[6] http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/the-work-of-the-secretary-of-state-for-work-and-pensions/oral/106392.pdf

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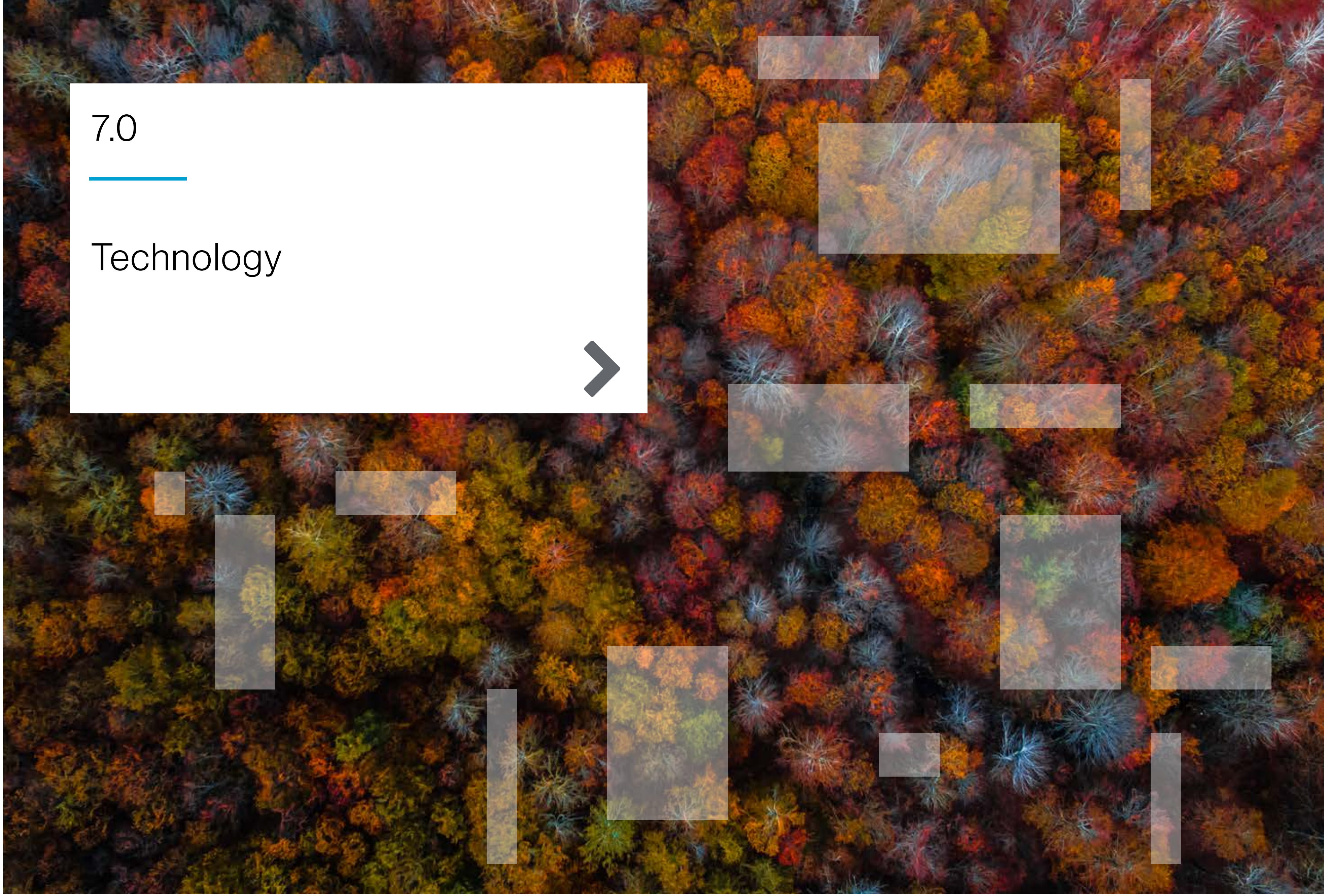
Technology



DB pension schemes are not necessarily renowned for being at the forefront of technological advancement. Yet, our survey suggests that schemes are increasingly seeing the potential of technology to improve governance and oversight. More than half of trustees expect technology to fundamentally improve governance of their scheme in the next 5 years.

We are seeing new tools develop to facilitate the governance of the pension plan. For example, an online portal with access to real-time information on the pension scheme's financial position, investment performance, scheme demographics and the status of projects allows trustees to consider their risks as a whole, rather than separately. In this way technology can enhance the governance, moving beyond the provision of more management information.

In our survey we can also see that 24% of schemes already have triggers for automatic investment changes based on market prices/funding level in place and a further 30% are planning or considering adopting them. Such pre-determined triggers can be set up so that stakeholders are notified when a funding target is met with strategic investment decisions made in real-time, meaning that schemes can respond swiftly to positive market conditions and transact when it's right for them.

Figure 11 suggests that the foremost technological priority for schemes is enabling online information for members. Clearly, there is a demand side to this, as pension scheme members now want to be able to access their retirement plan information quickly online (as they do with other aspects of their finances); this demand accelerated with the introduction of pension freedoms and choice in 2015, after which schemes saw a sharp increase in the number of transfer values requested and taken, and heightened member interest in the pension available from their DB schemes. In response 36% of schemes are considering or planning 'putting transfer values and retirement quotations online' in the next three years (with 21% already having taken steps to do so).

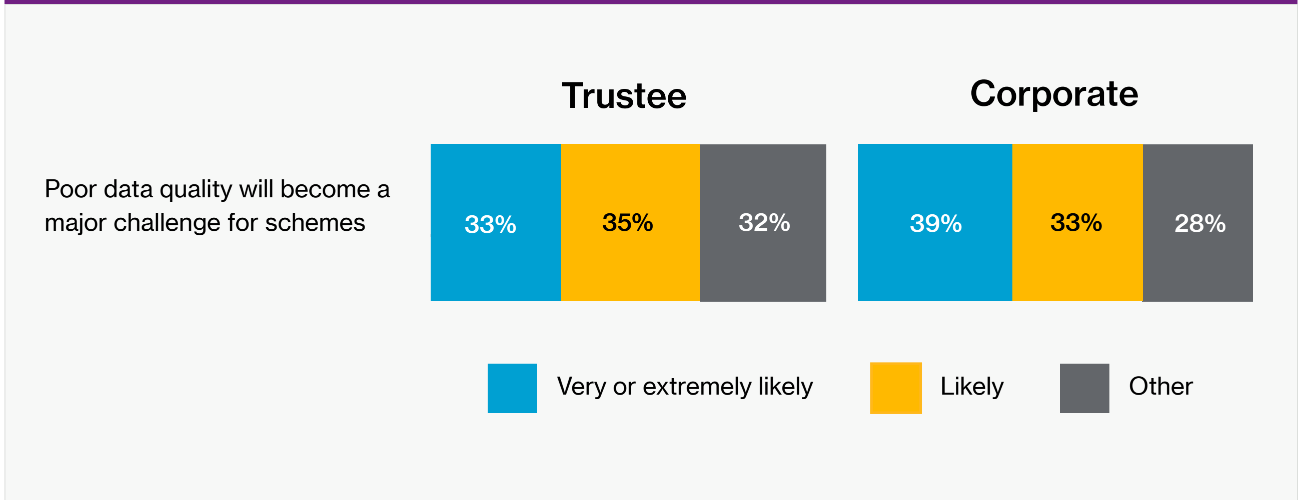
Figure 11: In which area is improving/introducing technology a top priority for your scheme?
Respondents could select multiple options

Online information for members	52%
Quality/accuracy of data	40%
Move to online communication	25%
Management information on scheme activity	20%
Support scheme governance	19%
Faster valuation	16%
Other	4%
None of the above	9%

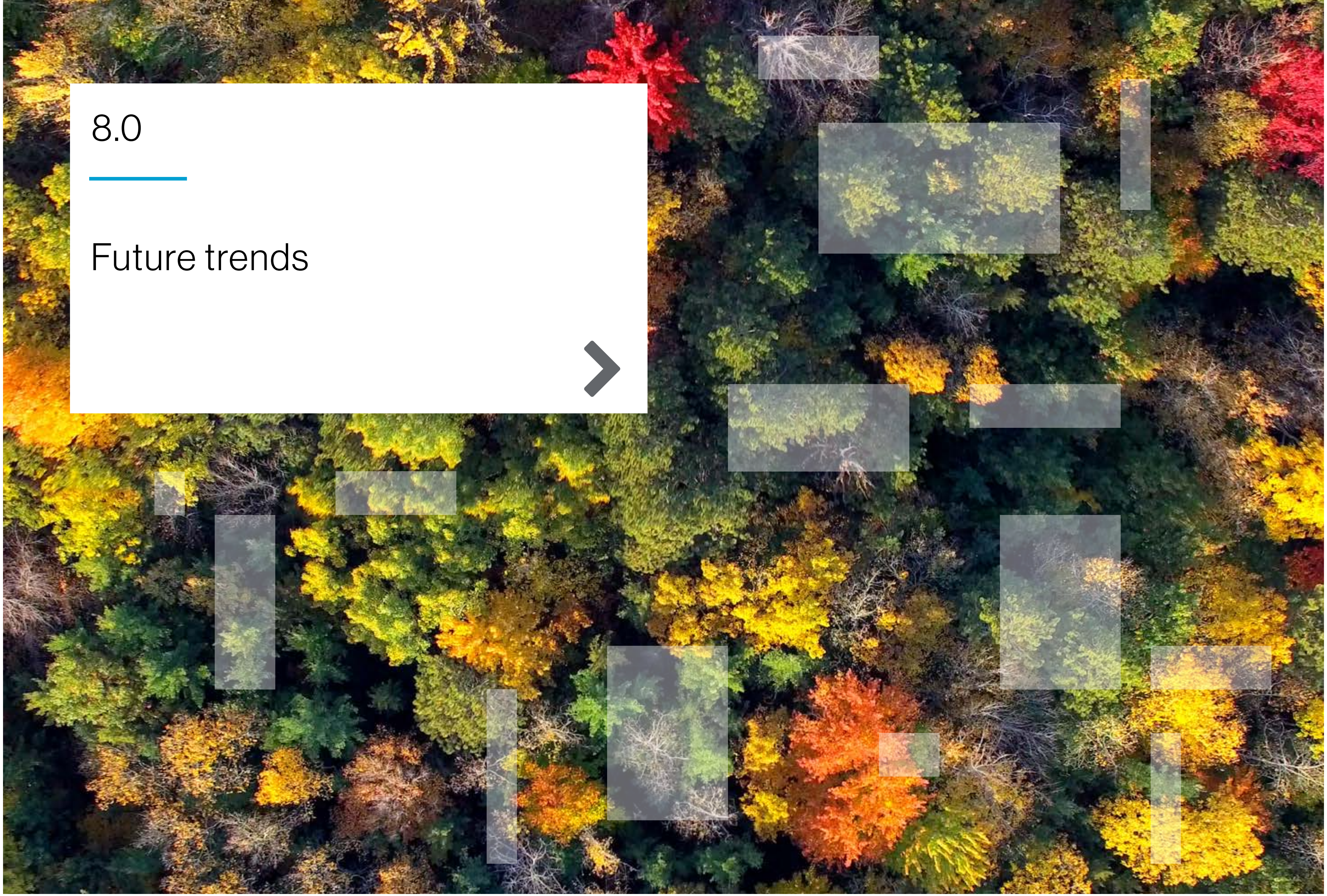
The second priority for schemes with respect to technology is data quality, with 40% of schemes looking to prioritise improving the quality and accuracy of their schemes data (Figure 11). Various forces are driving this focus on data: work around GMPs (including the need for schemes to have reconciled their records with HMRC's, as well as the new focus on 'GMP equalisation') has shone a light on the quality of scheme data; TPR has placed more focus on data with the introduction of common and scheme-specific (conditional) data scores; and the introduction of GDPR and the proposed introduction of Pensions Dashboards (where individuals can see all of their pension savings in one place, and for which the Pension Schemes Bill makes provision) are placing additional requirements on schemes.

Many participants see data quality as a potential risk for their schemes and the industry as a whole, with over two thirds of respondents foreseeing poor data quality becoming a major challenge for DB schemes over the next five years (Figure 12). In response we can see schemes taking action: 41% have completed a data cleansing exercise and 36% are planning or considering one.

Figure 12: How likely do you think the following is in the next five years?



> Many participants see data quality as a potential risk for their schemes and the industry as a whole, with over two thirds of respondents foreseeing poor data quality becoming a major challenge for DB schemes over the next five years.



8.0

Future trends

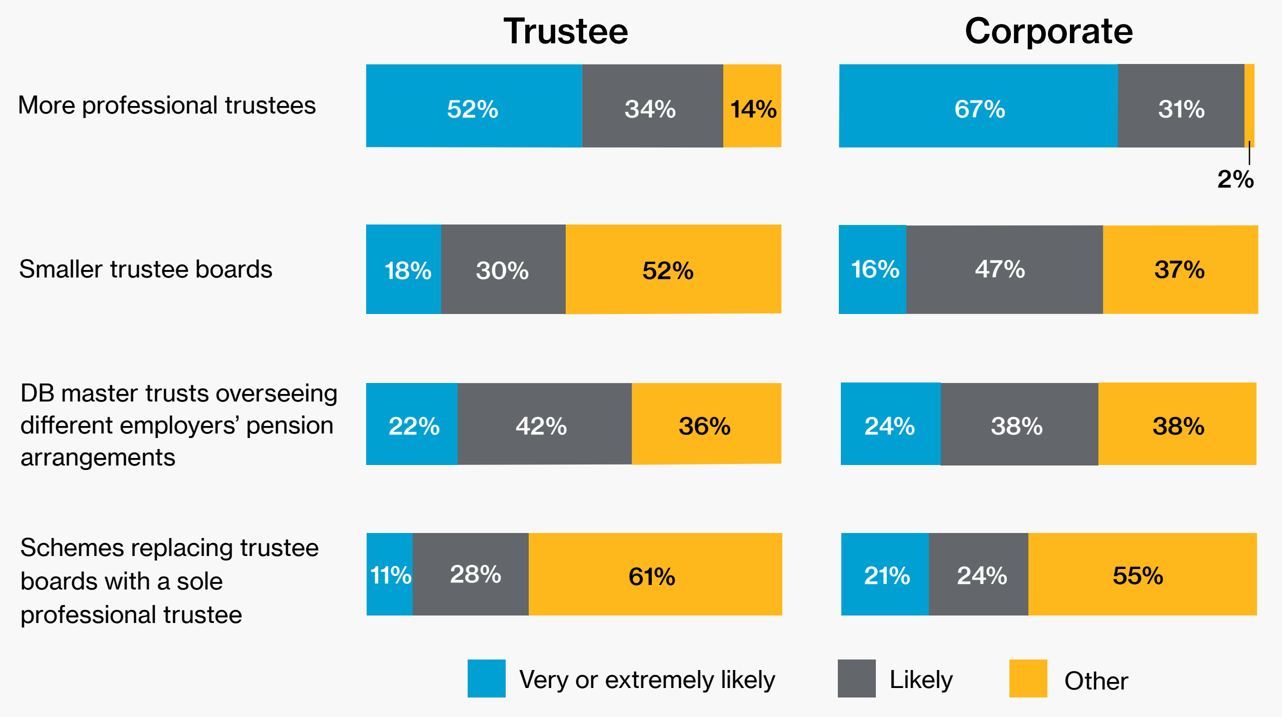
Professionalisation of trusteeship expected to continue

In our 2018 survey, against the backdrop of increased scrutiny of pension schemes, a greater regulatory and reporting burden, the impact of pension transfers and a heightened focus on integrated risk management, we found trustees felt their role was becoming more complex and more onerous. And half reported that it was becoming harder to find members to act as trustees.

In this year's survey, we find that existing trends to 'professionalise' trusteeship are expected to continue, with both more professional trustees and smaller trustee boards expected (Figure 13). TPR recently consulted on proposals for every trust board to include a professional trustee but has signalled that it did not find support for this as a blanket approach.

More than six in 10 of respondents expect a significant number of trust boards to be replaced by DB master trusts and around four in 10 expect many schemes to replace a trustee board with a sole professional trustee. However, TPR recently reported "anecdotal evidenceof a small number of employers appointing soletrustees in the belief that a sole trustee arrangementwill enable them to negotiate an employer-friendlyfunding agreement" and expressed concern that "a soletrustee will also struggle to replicate the advantages ofrobust decision-making based on a diversity of views".The governance of DB schemes and the shape ofpension trusts would, under such circumstances, look significantly different to today's.

Figure 13: How likely do you think the following are in the governance of DB pensions schemes in the next five years?



6 in 10
of respondents expect a significant number of trust boards to be replaced by DB master trusts

4 in 10
expect many schemes to replace a trustee board with a sole professional trustee

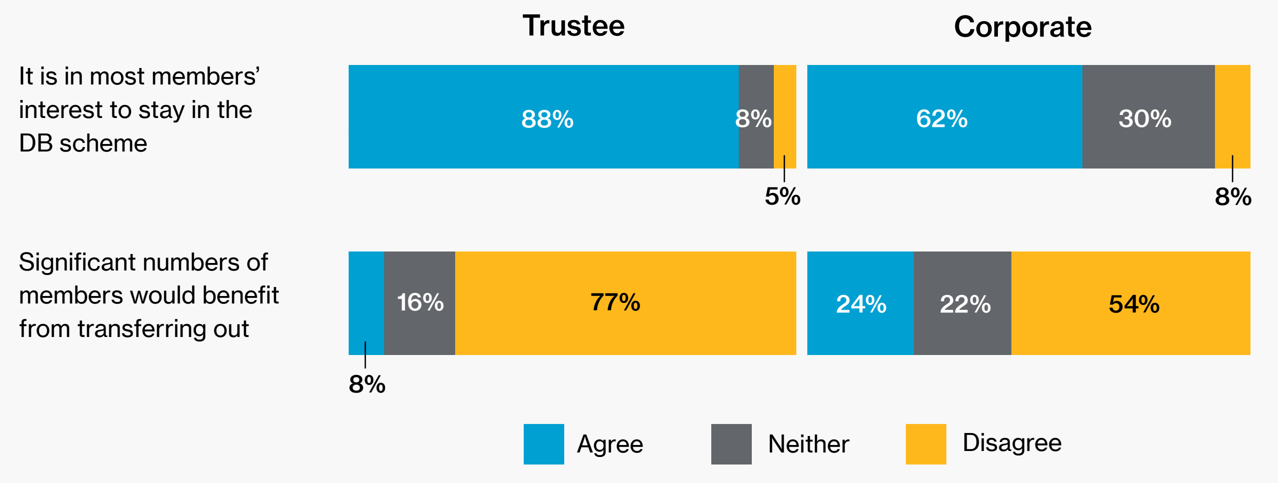
DB Transfers

"Pension freedom" has confronted DB scheme members with one of the biggest financial decisions they will ever face: keep the lifetime income they had been expecting or exchange it for a DC pot that they can access as they wish. As pension schemes have de-risked and as gilt yields have fallen, the transfer values available to members willing to contemplate giving up their secure lifetime incomes have increased.

After a surge in transfer activity, there have been growing concerns regarding whether members are making appropriate choices and the suitability of the advice they receive. In the summer of 2019, the FCA concluded that too much of the advice it had seen was "still not of an acceptable standard".[7] Starting from a presumption that remaining in the DB scheme was the correct course of action for most members, the FCA questioned the volume of transfers they observed.

The assumption that most members should remain in their DB scheme is shared by the large majority of our respondents in Figure 14 (88% of those with trustee roles, 62% of those with corporate roles). However, a minority think 'significant numbers of members would benefit from transferring out' (around one in 12 with a trustee focus and one in four with a corporate focus). And around one in three schemes indicate concerns on suitability of at least some of their transfer activity in their scheme.

Figure 14: To what extent do you agree or disagree with the following statements?



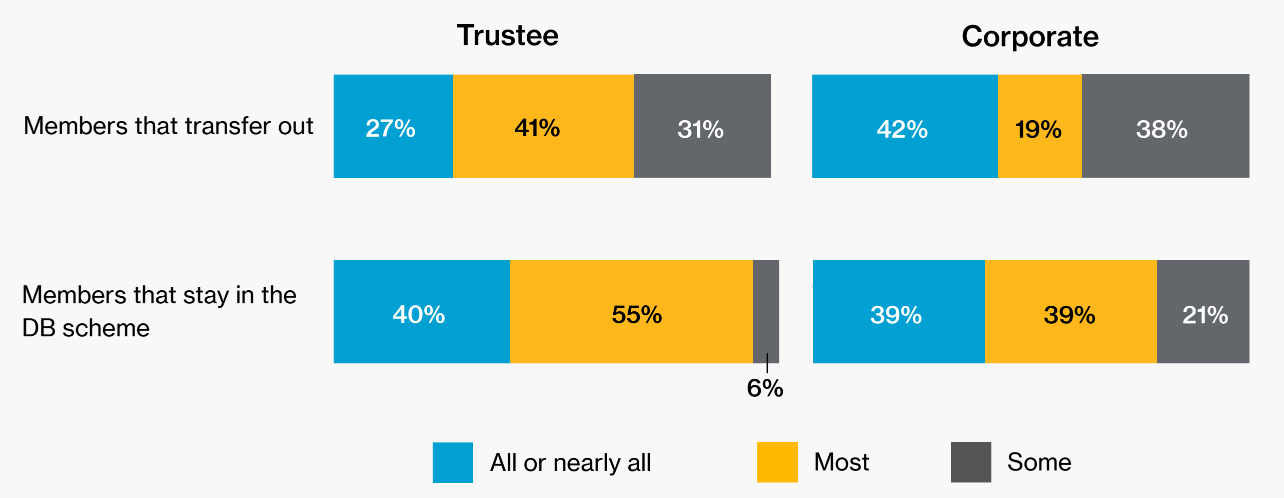
*Note: Percentages may not sum to 100% due to rounding.

Most respondents think a major scandal in relation to inappropriate DB transfers is likely in the next five years (around two thirds of those with a trustee focus and almost half with a corporate focus). This may reflect concerns about the wider landscape rather than their own schemes: around two thirds of respondents believed that most/all members who had transferred out of their schemes had made appropriate decisions, including one third who thought that all or nearly all transferring members had done so (Figure 15).

> "Most respondents think a major scandal in relation to inappropriate DB transfers is likely in the next five years (around two thirds of those with a trustee focus and half with a corporate focus)."

[7] https://www.fca.org.uk/news/press-releases/fca-announces-future-action-defined-benefit-transfers

Figure 15: Do you think members are making appropriate transfer decisions?



*Note: Percentages may not sum to 100% due to rounding.

However, trustees and sponsors will want to ensure that members are well-informed about the risks as well as the opportunities, and that exercises designed to make members aware of their options, or to offer them independent financial advice at the employer's expense, are beyond reproach. The decision to exercise what is usually a statutory right to transfer ultimately rests with the member, heeding the recommendations of their financial adviser.

Schemes are taking steps to help equip members better as they reach retirement. Nearly half of schemes are looking to provide online portals with education material and plan options to provide more information to members as they reach retirement. A quarter have already appointed IFAs to help members at retirement and a further one in three are planning or considering doing so.

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