PRESS COMMENTARY

4th June 2020

Renny Biggins, Retirement Policy Manager, commented on today's Pensionbee's deferred research:"PensionBee's research predicts that deferred pension pots will increase 48% this year from 10.2 million to 15.1 million. This is a consequence of significant job losses, which we are bound to see in the aftermath of the pandemic. Whilst pensions will likely be low down on the list of priorities for those who are made redundant, it would be prudent to assess their finances and to compare the charges they are paying if they have multiple pension pots to see if it makes sense to consolidate or transfer to a lower charging plan.

"Those who are redundant may find it hard to get back into employment which is a concern for their retirement savings – the longer they go without an employee and employer pension contribution and tax relief, the higher the impact on pot size. Other pension limiting factors include getting back to work but only on a part time basis and not qualifying for Auto Enrolment or moving into self-employed work, so again not qualifying for AE as there is no workplace pension framework in place for this group at the moment.

"For the pension providers, Master Trusts, who may shortly experience managing more deferred pots than active, may consider changing their charging structures to reflect that a high number of inactive smaller pots are being managed without new money coming in. This could mean an increase in charges within the permitted cap.

"The increase in deferred pots also highlights the increasing need for Pension Dashboards, which will in part, enable consumers to keep track of their separate pension entitlements."

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