TISA

Initial response by TISA to: Pensions 2050: Evidence and Future Priorities

Renny Biggins
Head of Policy: Products & Long-Term Savings

July2026

About TISA

Supporting the financial journey through life

The Investing and Saving Alliance (TISA) is committed to improving the financial wellbeing of all UK consumers by working collectively with the financial services industry to deliver solutions and champion innovation, for the benefit of people, our industry, and the nation.

We do this by working with our member firms to deliver practical solutions and devise innovative, evidence-based strategic proposals for government, policy makers and regulators that address major consumer issues.

We care about the entire financial life of consumers: from their first savings account opened to ensuring people can age and retire with dignity. TISA believes that savings and investments play a significant role in the lives of people and small businesses. Consumers benefit when they put aside money for their future. Saving and investing can provide a buffer for emergencies; help people achieve big and small goals throughout their lifetime; and give people quality of life in later years.

TISA is a not-for-profit membership organisation and a trusted partner of key industry stakeholders in helping shape the future of the UK financial services and the environment in which we operate. We have approximately 270-member firms involved in the supply and distribution of savings and investment products and associated services. Our members include the UK's major investment managers, retail banks, online platforms, insurance companies, pension providers, distributors, building societies, wealth managers, third party administrators, FinTechs, financial consultants, financial advisers, industry infrastructure providers and stockbrokers.

Our work, your influence

With a focus on four key workstreams that best support the consumer and UK financial services, TISA has become a leading industry voice and ally for delivering consumer focused initiatives.

Our policy work reflects TISA's broad scope of interests and aims on meeting the needs of UK consumers, members and our industry. From improving financial education, inclusion and accessibility, right through to savings, investments and retirement planning, the work we do with our members to **influence policy** is crucial in enhancing the industry we operate in and driving positive change.

As part of our commitment to delivering focused and impactful consumer outcomes, TISA's policy working groups have been structured into **three distinct workstreams**:

1. **Consumer Protection**
   Protecting the best interests of UK consumers in their financial journeys.

2. **Consumer Access**
   Considering issues that could directly impact access to financial products.

3. **Effective Products**
   Examining key considerations and legislation relating to products across the investing and saving landscape.

All groups focus on both strategic and technical elements of policy/regulation. Key outputs from our workstreams can include recommendations to government and regulators on developing a financial services framework that protects and benefits UK consumers, finding solutions to operational/infrastructure challenges and developing standards of good practice on the interpretation and implementation of new regulation.

We provide a channel for firms to have their say on the policy we develop and present, contribute to our technical and regulatory interpretation work and, importantly, gain insights from other TISA members, policy makers, government and regulators.

Find out **more about TISA here:** https://www.tisa.uk.com/about-tisa/

Executive Summary

TISA welcomes the Commission's work to assess the long-term sustainability, adequacy and fairness of the UK pensions system.

Automatic Enrolment (AE) has been a significant success in expanding participation. However, the UK now faces a more complex challenge: ensuring that savers accumulate sufficient assets and are supported in converting those assets into sustainable retirement income.

Improving consumer outcomes will require a system that works more effectively as a whole—aligning policy, regulation and market innovation to support consumers throughout their savings and retirement journey.

This includes a strong focus on adequacy, engagement, consolidation, and effective decumulation and how these integrate into an ever changing world with rapid advancements with AI.

We note that the Easy Read version of the report lists out the perceived main problems that need to be addressed, however, conspicuous in its absence is the issue that **'Most groups do not save enough.'** We cannot afford to keep seeing this moving down the priority list. A significant issue is being stored up for future retirees and the longer it is delayed, the more peoples will retire with inadequate retirement savings – many of whom will become reliant on state support.

It is in everyone's interests to solve this challenge today and given the Commission's support for robust defaults and inertia, we strongly suggest that recommendations relating to future minimum contribution rises are included in the final report.

Technological and regulatory developments are evolving rapidly. As highlighted in the Mills Review, advances in artificial intelligence continue at pace, while the DC pensions landscape is simultaneously undergoing significant regulatory reform. Key initiatives include Guided Retirement, Value for Money (VfM), Mega-Funds, Pension Dashboards, and Small Pots Consolidation. The final recommendations should take account of these emerging developments and ensure they remain relevant and align to the evolving policy and regulatory environment.

This response marks the beginning of further work we will be undertaking to support your objectives in the coming months and we look forward to ongoing engagement with you as our thinking in key areas continues to evolve.

We would like to draw your attention to two pieces of research that is being conducted for us over the summer by the Universities of Aston and Loughborough, which we would like to share with you when complete in early Autumn.

UK Household Saving and Spending Behaviour Analysis

Across the UK, there is growing concern around whether individuals are saving enough to support themselves in later life. While pension participation has improved in recent years, the wider financial environment in which consumers are making saving decisions has become significantly more complex. Rising housing costs, increased levels of student debt, evolving employment patterns and changing attitudes towards long-term financial planning mean that individuals, particularly younger cohorts - are often required to balance competing financial priorities. As a result, pension saving is increasingly taking place within a broader ecosystem of financial trade-offs, where disposable income is being allocated across multiple competing objectives such as housing deposits, debt repayment, investment in alternative assets, or short-term financial security.

Through this project, we are looking to better understand how consumers are using their disposable income today, how saving behaviours have evolved over the past two decades, and what emerging themes may influence the propensity to save over the coming years. This includes examining how different demographic groups engage with long-term savings vehicles compared to alternative forms of investment, and how wider economic and social trends - such as declining home ownership, intergenerational wealth transfer, or changing employment stability - may impact future saving patterns.

By developing a clearer, data-driven picture of how financial decision-making is evolving at a household level, we aim to build a more comprehensive understanding of the structural barriers and behavioural drivers that shape long-term financial resilience.

Behavioural Drivers of Pension Withdrawal Decisions in Retirement

As individuals approach retirement, many are choosing to access their pension savings at the earliest opportunity - often withdrawing tax-free cash from the point of eligibility (NMPA) without a clear understanding of how these decisions may affect their long-term financial resilience. While pension freedoms have created greater flexibility and personal choice in retirement planning, they have also introduced new financial risks, particularly where withdrawal decisions are driven by short-term liquidity needs or spending preferences rather than sustainable long-term income planning.

Through this project, we are seeking to better understand how individuals actually use their pension savings once they reach retirement access age, and how financial decision-making behaviour evolves throughout the decumulation phase. The student will analyse observable patterns of pension access, spending behaviour, and asset drawdown across different demographic groups using publicly available financial and household datasets. These real-world financial outcomes will then be compared against established lifecycle finance and optimal consumption models to identify where retirement behaviour appears to deviate from financially sustainable drawdown pathways.

Rather than attempting to directly measure behavioural bias, the project will adopt a behavioural finance interpretive lens to explore how observed withdrawal patterns may be influenced by factors such as liquidity preference, present bias, or mental accounting in retirement decision-making.

Under-saving and Inequality

At-risk groups

Despite Auto Enrolment's success, under-saving for retirement through pensions remains a significant issue, particularly for certain groups. The gender pensions gap becomes evident as early as age 28, driven by career breaks and part-time working:

- Only 8% of women prioritise retirement saving at age 28 compared to 22% of men
- Women receive approximately £7,600 less per year in retirement income

We strongly support the work undertaken by the Pensions Equity Group in this space and would recommend their recent report is factored into your thinking for final recommendations. [1]

System design also contributes to inequality:

- Around 3 million individuals earning under £10,000 are excluded from AE, 79% of whom are women
- Multi-jobbers and low earners are disproportionately affected

Older workers and ethnic minorities are also more likely to be in low-paid roles, increasing the risk of inadequate savings.

System-wide under-saving

We are particularly concerned by the persistence of under-saving across the system and this is where we need to move the dial to improve outcomes for the masses.

The 2017 AE review set out clear recommendations to expand coverage and increase contributions, but these remain unimplemented with no confirmed timetable. This longer this delay, the more we are embedding lower retirement outcomes for millions of savers.

The success of AE has been built on inertia. Voluntary approaches (such as Stakeholder pensions) have historically failed to drive sufficient engagement. As such, any future reforms must continue to harness the power of intertia with rises to minimum contributions crucial. A recommended timetable and suggested appropriate increases should feature in the Commissions final recommendations.

It is widely acknowledged that for most auto enrolled members, they should be contributing a minimum of 12% in order to get closer to achieving an adequate retirement. We recommend a timetable for future change is introduced as soon as possible to provide certainty for employees and employers. We recommend this should be phased over a period of 6 years with the first 4 years being 0.5% increases to employer contributions to reach 10% on a matched basis, with further employer and employee 0.5% increases for the next 2 years. The longer we delay implementing these changes, the greater the number of employees who will be enrolled or continue on an inadequate retirement trajectory.

[1] Pensions Equity Group: Pension Adequacy - June 2026

However, this change should not impact all members and the adequacy issue runs deeper than this. The wealth spectrum of employees who are Auto Enrolled is vast, ranging from £10,000 p.a. to well into six figures. A single minimum contribution rate cannot generate adequate outcomes for all. Flexibility will be required to recognise these differences and to ensure groups are not oversaving and compromising living standards to a degree that this becomes a real problem.

While structural reform may not begin until the 2030s, action is needed now to encourage higher voluntary saving. International evidence shows that auto-escalation, particularly when combined with employer matching, can be highly effective. TISA believes there is a strong case for promoting these mechanisms within the UK.

Intergenerational considerations

All generations experience intergenerational differences, which can manifest themselves in different ways.

Generation X aka the 'sandwich generation' faces a unique challenge, having had limited access to defined benefit provision and incomplete coverage from Auto Enrolment. Although, a generational advantage for this group compared to later generations has been the ability to access the housing ladder easier and at an earlier age. Younger generations face very different circumstances and while potentially benefitting from a whole career within Auto Enrolment, are on a trajectory to experience lower home ownership rates and greater reliance on renting. This has a profound impact on retirement outcomes.

This reinforces the need to consider retirement adequacy holistically, including housing wealth and other assets. The likelihood is many Generation X retirees will need to access later life lending to bridge saving shortfalls in the coming years and many others will be reliant on additional state benefits.

Defining adequacy

While the Pensions UK Retirement Living Standards has been very impactful in the media for highlighting the extent of retirement income generally needed, for policy formation purposes, we support the target replacement rate approach with a minimum standard underpin. We see this as the most appropriate way of seeking to help individuals determine how much they will need in retirement to maintain their own personal working age living standards.

The replacement ratio approach is a proxy for what any individual will need post-retirement compared to various life stages pre-retirement. And even post-retirement, income needs will change as the individual moves through stages of being highly active through to potentially needing care.

This approach provides:

- A clearer link between working life income and retirement outcomes
- A practical basis for policy design and consumer engagement

Given the increasing prominence of lifetime renters as a cohort, we support the MMR adequacy measure outlined in L&G's recent report. [2]

[2] L&G: Decades Ahead Report - 2026

Government should commission an updated analysis building on the Turner Commission, alongside detailed modelling to determine contribution rates required across different earnings levels and household circumstances.

Transfers, consolidation and market functioning

Efficient transfers and consolidation are critical to a well-functioning market.

With 1.8 million transfers happening worth £78.6 billion annually, transfers represent a key touchpoint for consumer engagement. However, inconsistent and complex processes risk undermining trust.

Automatic Enrolment has led to widespread fragmentation of pension pots, making consolidation increasingly important and for majority of members, will be the right course of pre-retirement action to take This is essential to:

- Support member engagement
- Enable better retirement decision-making
- Support initiatives such as Guided Retirement

The introduction of the Pensions Dashboard will further increase visibility and accelerate member-led consolidation. A natural first step for members accessing Dashboards and seeing their pension entitlements in a single place (perhaps for the first time) is to be advised or supported in deciding what the next steps should be. It is, therefore, crucial, that users can access Targeted Support seamlessly to help them make sense of the information and support their decision making.

Individuals are far more likely to engage when they see the collective value of their pension entitlements as opposed to single pot values. Given the importance that consolidation plays in moving the dial for retirement outcomes for the majority and the potential that Targeted Support has for improving member outcomes, we need to find a way to bring these two together. Whilst we understand the reasons why consolidation has been left out of scope and exempt from the Targeted Support, the benefits of bringing this into scope outweigh the potential harms which could apply in a very small percentage of cases. As such, further work needs to be undertaken by FCA to enable consolidation scenarios to be included within this regime.

Industry has developed a range of products to meet the varying needs of consumers over years and to meet regulatory change. As such, during the transfer process, enabling member choice across workplace and retail sectors is crucial.

A consistent and effective transfer process is fundamental to improving engagement, enabling consolidation, supporting member choice and the UK's retirement adequacy challenge. As such, we have created a Transfers Manifesto containing a set of recommendations to improve the transfers framework for everyone without compromising member protections. We have shared this with you separately.

Housing and Renting

Housing wealth is becoming increasingly linked to retirement and for Generation X, this wealth is likely to be relied upon to bridge saving shortfalls. This is acknowledged by the FCA who refer to housing wealth as the fourth retirement pillar. The Commission should be liking in with the regulators and vice versa, to ensure we have a joined up approach to proposed future change.

Rising levels of renting represent a significant challenge for retirement adequacy. Projections suggest that over 55% of the population could be privately renting by 2045, while social housing which is significantly more affordable remains in short supply.

Whilst pensions cannot solve the housing crisis, we believe the increasing prominence of the 'lifetime renter' cohort need to be recognised as a distinct group in their own right, with future discussions and recommendations made specifically to address the significant challenges they will face in retirement.

We see a clear role for the pensions industry in supporting housing supply through long-term investment, aligning financial returns with member outcomes.

The Self-employed

The self-employed remain significantly underserved by the current system. Flexibility is a key requirement often cited by this group due to income volatility. The removal of the Lifetime ISA removes an option that combined flexibility with incentives, particularly relevant for this group. This provided the self-employed in particular with an incentives-based and flexible way to save for their retirements. Whilst take-up was modest, this could be largely down to product constraints around access – the average age of a self-employed is 48 and the LISA could not be taken out by anyone older than 40.

Access to a mortgage is also harder for this group and they are twice as likely to be rejected compared to employees.

We believe that in order to move the dial, a tailored approach is required, drawing on the principles of AE but adapted to reflect the specific characteristics of self-employment.

Early Access to Pension Savings

It is common for consumers to access their Tax-Free Cash at an early opportunity. This is not always a retirement related decision and they may very well intend to continue working for years or decades. The reasons for taking TFC can be varied including to fund a specific purchase such as a luxury holiday, to pay off a mortgage balance or due to concern that the option will be removed. Pre-budget speculation around tax changes have been rising over previous years, with many schemes reporting spikes in concerned queries and numbers who are accessing their TFC.

For most of Generation DC, PCLS will be needed to supplement their retirement lifestyles and not thought of as a tax-free windfall which can be used in any way they see fit. Communications need to be centred around this and Guided Retirement has a role to play here too.

Decumulation and Consumer Choice

We strongly support the principle that consumers should retain flexibility and choice over how they access their pension savings. Journeys should promote this flexibility and members should not be shoe-horned into default solutions.

However, current behaviours—such as high withdrawal rates and full encashment of smaller pots—highlight the potential risks and complicated decisions that come with pension freedoms and a fragmented pensions system. These behaviours are often difficult to interpret without full visibility of individuals' wider pension entitlements/financial circumstances and are also linked to the framework which existed for a different generation of pension savers (who are more likely to have held DB as well).

The findings from data sets such as the FCA Retirement Market Income data should therefore be treated with this in mind. We also have a high level of pipeline change coming through which has the potential to move the dial on consumer outcomes and radically change the DC landscape. Recommendations should be made in the knowledge that these changes are coming in over the next few years.

Whilst we should never give up on engagement, the reality is there will always be a significant group who fail to engage and a group who do engage but are not capable of making retirement decisions and do not seek further help. As such, we fully support the principles and objectives for Guided Retirement. We are unsure how this will integrate with guidance, Targeted Support and regulated advice at present and it would appear there are several regulatory barriers that will need to be overcome. The framework must also ensure we do not create bad consumer outcomes e.g. members with low life expectancy being defaulted into an Annuity solution. Crucially, we need members of FCA and TPR regulated schemes to receive consistent journeys, which becomes challenging when the respective regulators will not be starting from a level playing field.

Given that Guided Retirement will only apply to workplace pensions, we need to be mindful that we don't create distinct decumulation regimes between workplace and retail where one could be perceived by members more favourably than the other. E.g. workplace could be seen as a regime where you are defaulted into a sustainable pension for life and retail could be seen as a pension which provides full flexibility. Ultimately and by 2050, we need a single DC regime where differences between workplace and retail do not exist. Members should be able to move freely between providers, benefiting from the same protections and opportunities irrespective of the choice of provider.

We also have some concern that Annuities are presented within the report with a degree of negativity, accompanied by outdated statistics. Although we see innovation in the decumulation space, Annuities remain the only product which provide a guaranteed income for life and a competitive annuity market will always remain an incredibly important part of the decumulation landscape.

Ageing and System Sustainability

The UK is undergoing a profound demographic transition. Deaths are projected to outnumber births, and the population aged 85 and over is expected to double by 2050. This creates structural pressure on the State Pension and wider public finances.

International migration continues to play an important role in supporting labour supply and improving the old-age dependency ratio. However, long-term sustainability will also require a broader strategic approach, including policies to support higher birth rates.

This should include improving access to affordable housing, expanding childcare provision and supporting flexible working. We believe the pensions industry has an important role to play in this agenda.

Pension schemes are well-positioned to invest long-term capital for social and affordable housing, delivering:

- Stable, inflation-linked returns aligned to liabilities
- Positive social outcomes aligned to member expectations

The Mansion House reforms and the future emergence of "megafunds" present a significant opportunity to channel capital into UK infrastructure, including housing at scale.

Alongside this, increasing labour market participation is critical—particularly among individuals with caring responsibilities, those with long-term health conditions, and older workers. While these structural reforms will take time, they should be supported by a stable, cross-party framework.

In the interim, improving private savings outcomes will be essential to offset demographic pressures.

Labour Market Participation and Early Exit

Early exit from the labour market has a direct impact on retirement adequacy and economic growth.

- 2.6 million individuals have left work due to caring responsibilities
- Around 600 people leave the workforce daily for this reason
- Approximately 2.8 million are economically inactive due to long-term sickness

This highlights the need for system-wide solutions. These include more flexible employment, better use of technology, and improved job matching and skills development.

We also see historically high levels of youth unemployment. This has an obvious knock-on impact to retirement outcomes as members of this group will be commencing their working lives later and missing out on the benefits of Auto Enrolment. Those early years benefit the most from compound interest.

Recommendations

System adequacy and policy framework

- Define the purpose of Auto Enrolment's minimum contribution rate.
- Consider the effect that a reduction in the earnings trigger would have on impacted groups and recommend appropriate changes to this threshold
- Improve consumer engagement on adequacy, led by Government. This could include developing understandable rules of thumb which resonate with members.
- Establish a clear timetable ASAP for increasing minimum AE contributions to 12% over a 6-year period. But also consider more flexible contribution structures, recognising the huge wealth diversity of savers.
- Engage HMRC and introduce a mechanism which enables multi-jobbers collectively earning over the earnings threshold to be auto enrolled
- Ensure that any review and changes to the State Pension take in to account the overall retirement income targets that are deemed appropriate and the impacts this has on AE's ability to deliver on the income level that will be required from a private pension (and vice versa).
- Create a pensions tax consumer charter which commits to a tax-freeze on pension policy in the run-up to fiscal events. This complements AJ Bell's Pensions Tax Lock campaign.

Increasing voluntary saving

- Actively promote the benefits of auto-escalation and employer matching. A large % of Generation X in particular will need to make the best use of their remaining pre-retirement saving opportunities.

Transfers and consolidation

- Create better member outcomes and improve trust and confidence in the UK pensions system through changes to the transfers framework. Our 2026 Transfers Manifesto accompanies this response.
- Review the opportunities of bringing consolidation into scope for Targeted Support.

Self-employed

- Introduce a salary sacrifice-style mechanism for contributions
- Allow averaging of earnings for carry forward to acknowledge fluctuating earnings
- Develop an alternative long-term savings product which delivers similar benefits to the LISA
- Develop an AE-style solution tailored to the self-employed

Decumulation and behaviour

- Ensure Guided Retirement is future proofed and developed through a consumer outcomes focused lens
- Improve communication on the role that PCLS has to play in supporting retirement lifestyles
- Provide stability in pension tax policy across parliamentary terms

Housing and broader assets

- Support pension investment into social and affordable housing
- Integrate later life lending into mainstream regulated advice

Labour market participation

- Target support for individuals with caring responsibilities, health conditions and older workers

Factoring in the pace of change

- Technological and regulatory developments are evolving rapidly. As highlighted in the Mills Review, advances in artificial intelligence continue at pace, while the DC pensions landscape is simultaneously undergoing significant regulatory reform. Key initiatives include Guided Retirement, Value for Money (VfM), Mega-Funds, Pension Dashboards, and Small Pots Consolidation. The final recommendations should take account of these emerging developments and ensure they remain relevant and align to the evolving policy and regulatory environment.