

Steadying the ship in challenging waters

*Get involved on social media
#LCPDCconf*

DC and Financial Wellbeing Conference 2023



Will tomorrow's pensioners look anything like today's?

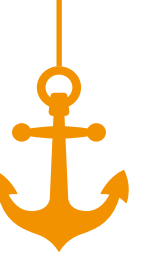


Sir Steve Webb, LCP



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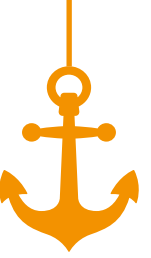
“Pensioners have never had it so good” (?)



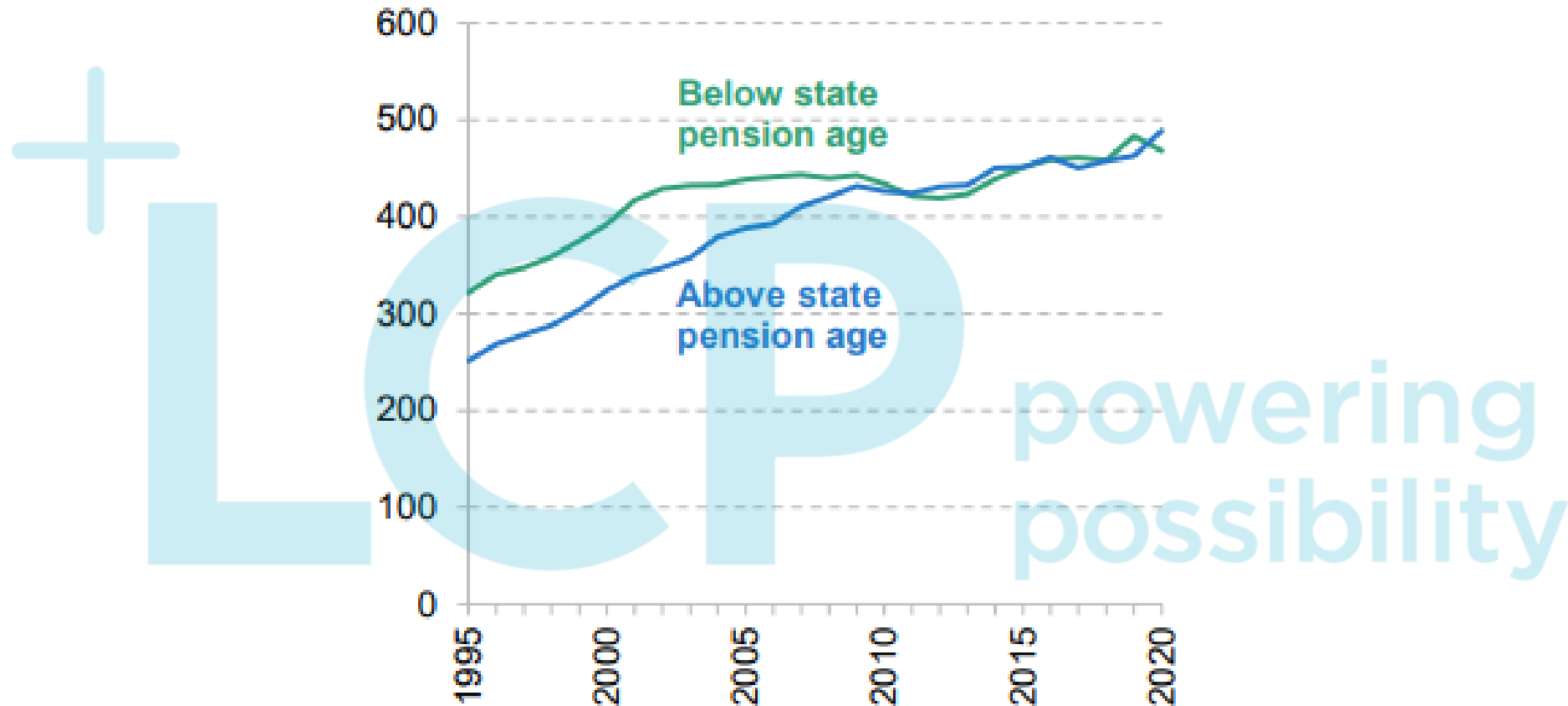
“[Pensioners] are easily the wealthiest section of society. Amazingly, once you account for housing costs and the cost of children, their incomes are, on average, higher than those of people below pension age.”

(Paul Johnson, Follow the Money, p100)

How did we get here?



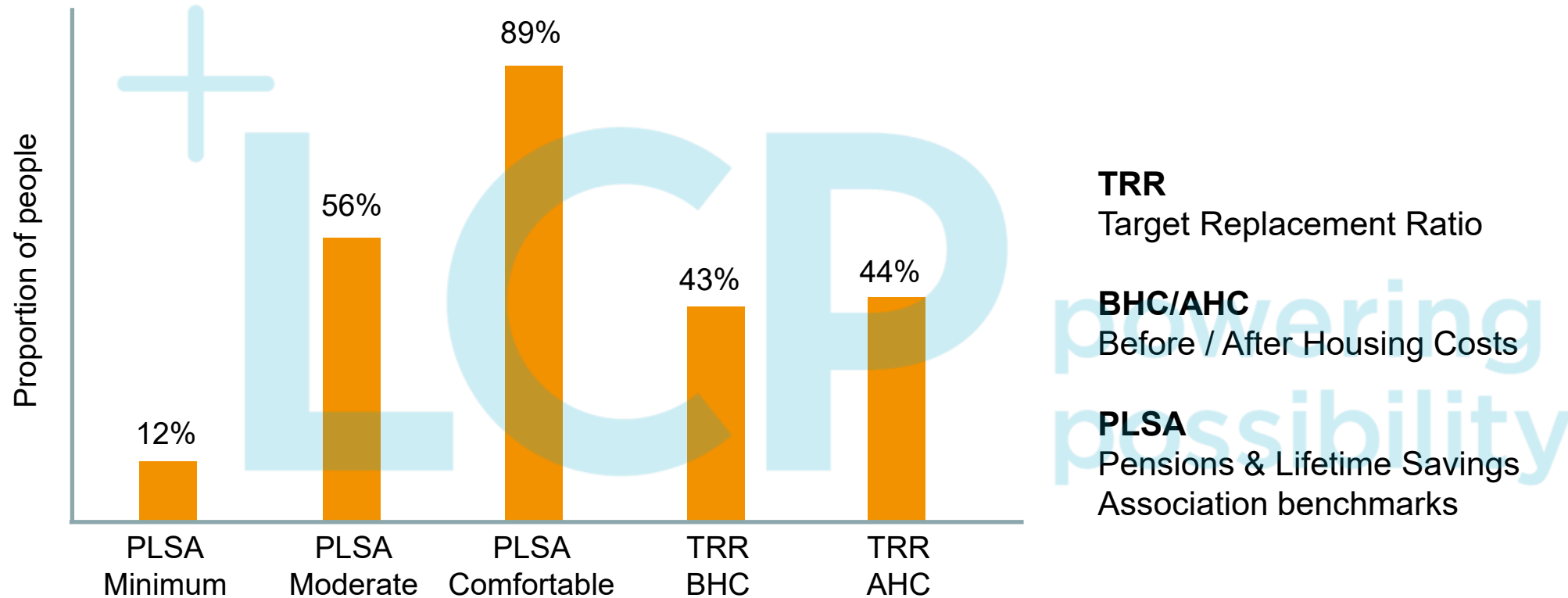
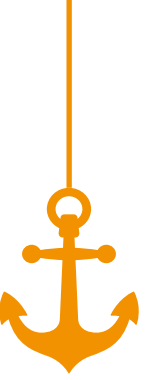
Real median disposable income, £ per week, after housing costs, 1995/96-2020/21



Source: "Challenges for the UK Pension System", IFS, April 2023

Will things change?

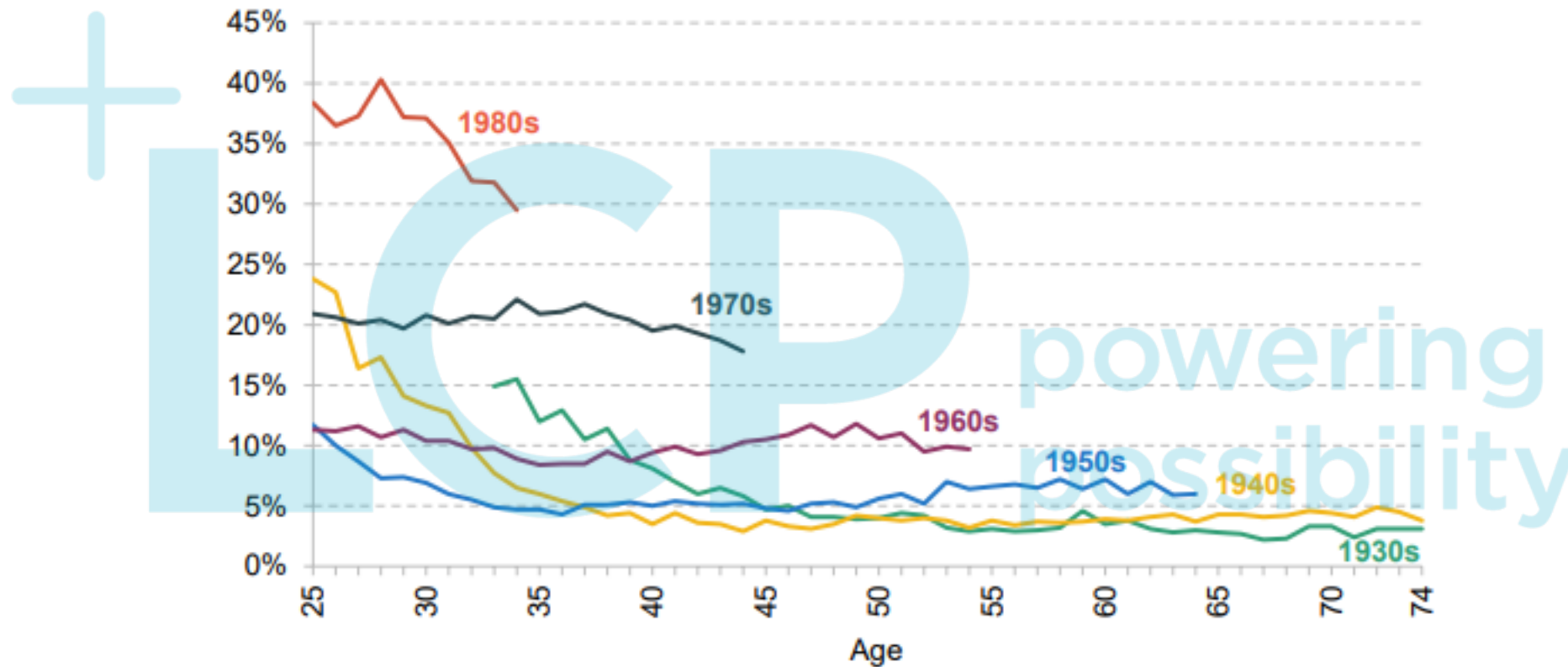
*Estimated numbers set to *fail* to reach specified adequacy levels*



Source: DWP (2023): "Analysis of future pension incomes"

Renting in retirement – what is happening?

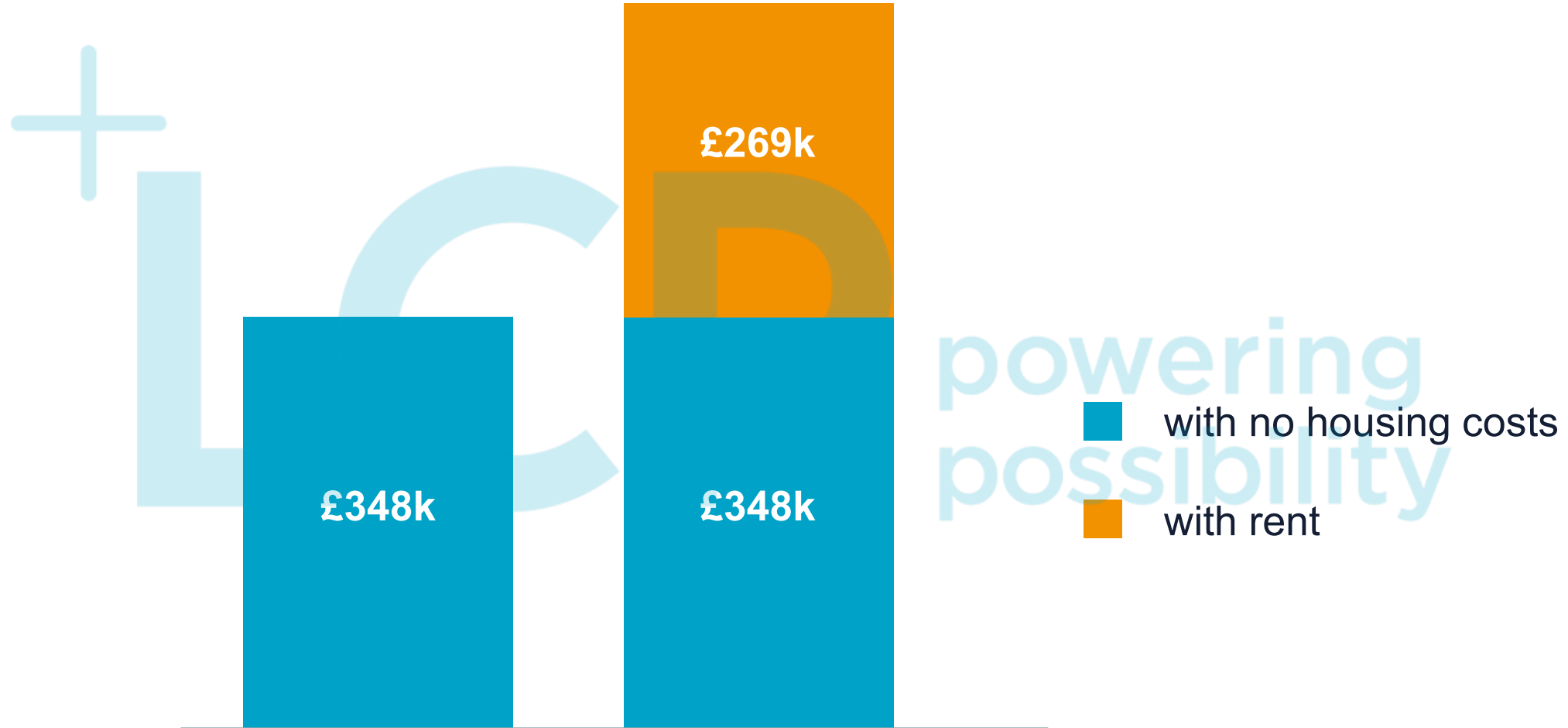
Percentage of people living in private rented accommodation, by age and decade of birth



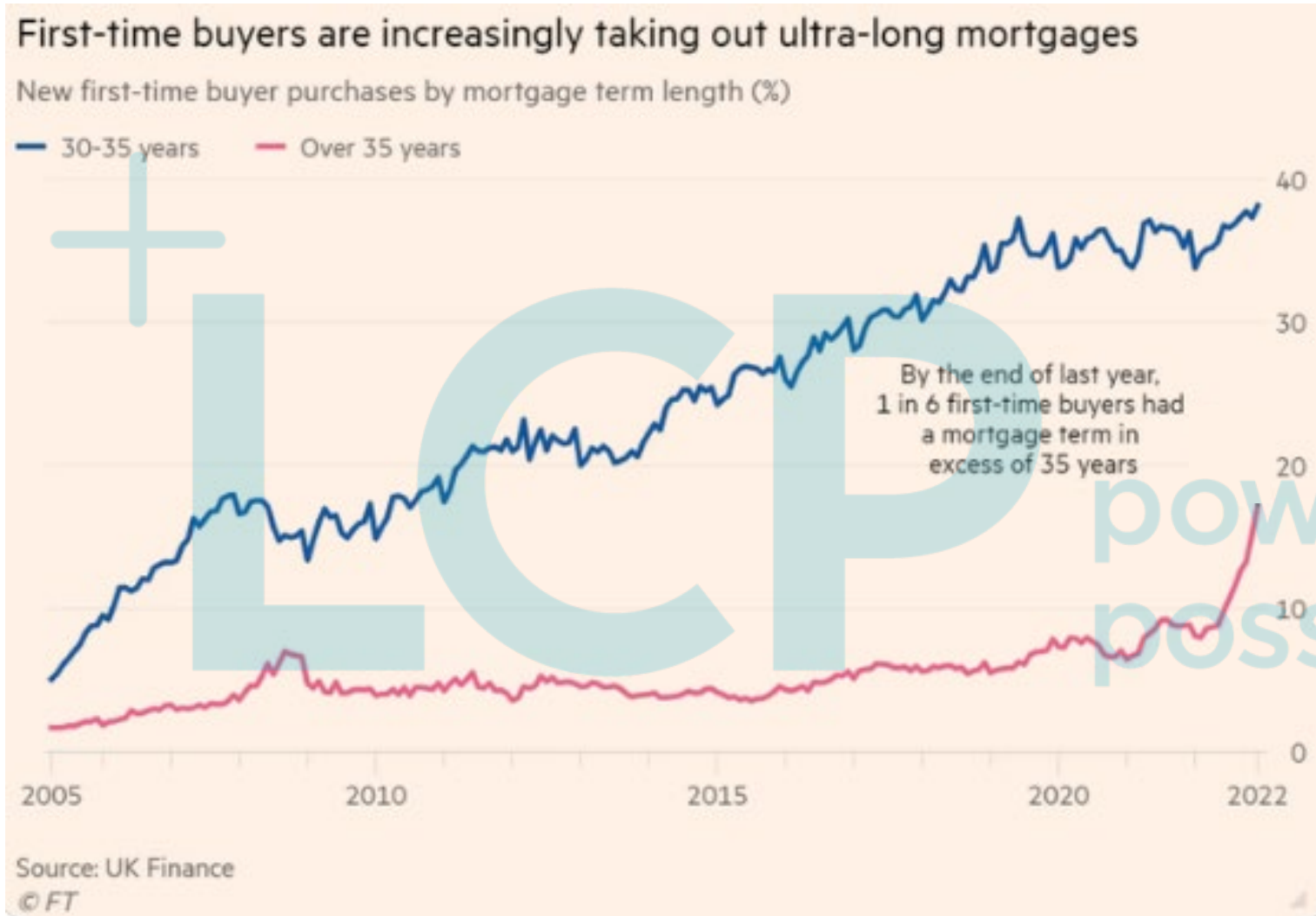
Source: "Challenges for the UK Pension System", IFS, April 2023



Renting in retirement – how much will you need?

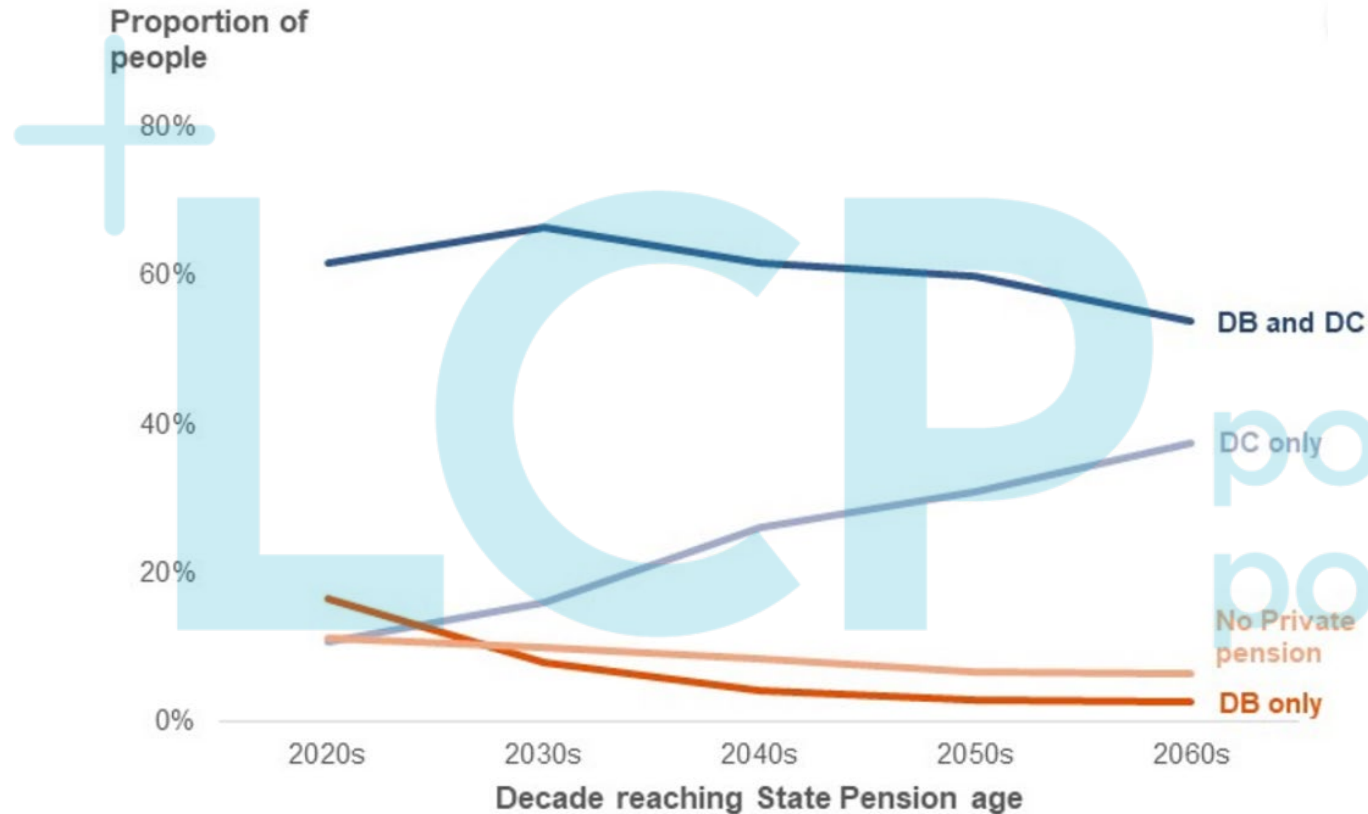


Even mortgages may not be cleared...



The rise of the 'DC only' saver

Figure 5: The proportion of working age people with each private pension type within the household by cohort

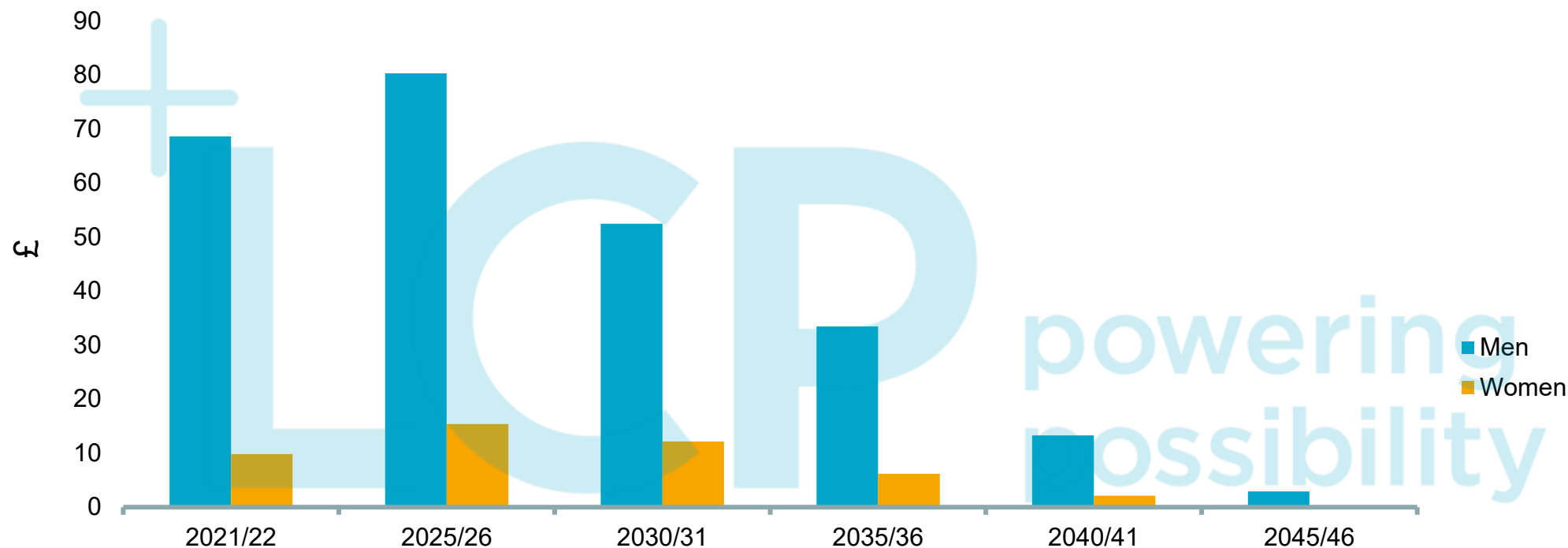


Source: "Analysis of future pension incomes", DWP, 2023



But it's worse than that #1

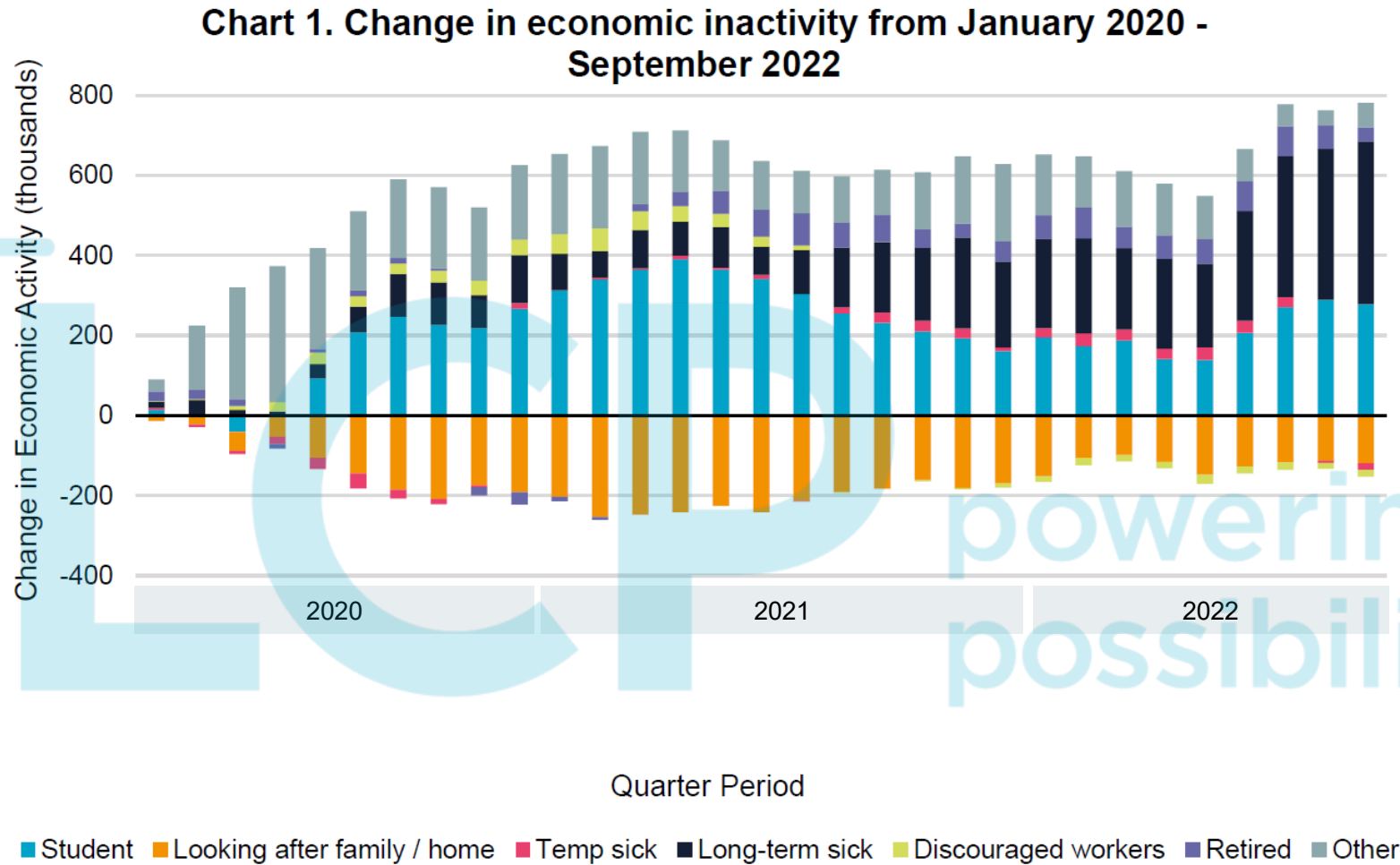
Private sector DB pensions at retirement, current earnings terms, £ per week



Source: "The ski-slope of doom: Is this the most important chart in pensions?" (LCP, 2021)



But it's worse than that #2



Source: "The Great Retirement or the Great Sickness?" (LCP, 2023)



A menu of policy responses



Get more money going in



Reduce outgoings in retirement



Make better use of the money
– pre-retirement



Make better use of the money
– post-retirement
– flex first, fix later



Review role of state pension

Otherwise

- people working on past ideal ages
- poverty in retirement

powering
possibility



Key Takeaways



Golden era nearly over, headwinds coming in



Needs urgent / wide-ranging policy responses



Where will your scheme leave members?

