



# The UK Pensions Landscape

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For professional clients only

Prepared by Aon



# Macro forces

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Increasing  
life  
expectancy  
& low  
interest  
rates

The rise of  
the  
individual

Increasing  
use of  
technology

# Key events

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**October  
2012**

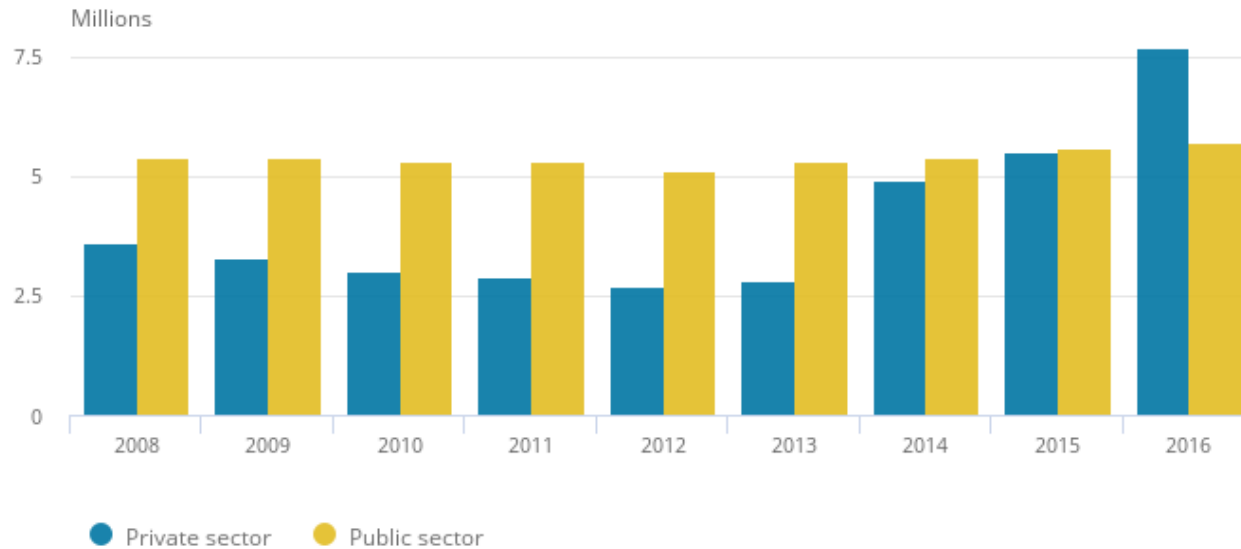
Auto enrolment

**April  
2015**

Freedom and choice

# Pension plan membership changes over time

Figure 2: Active membership of occupational pension schemes by sector  
UK, 2008 to 2016

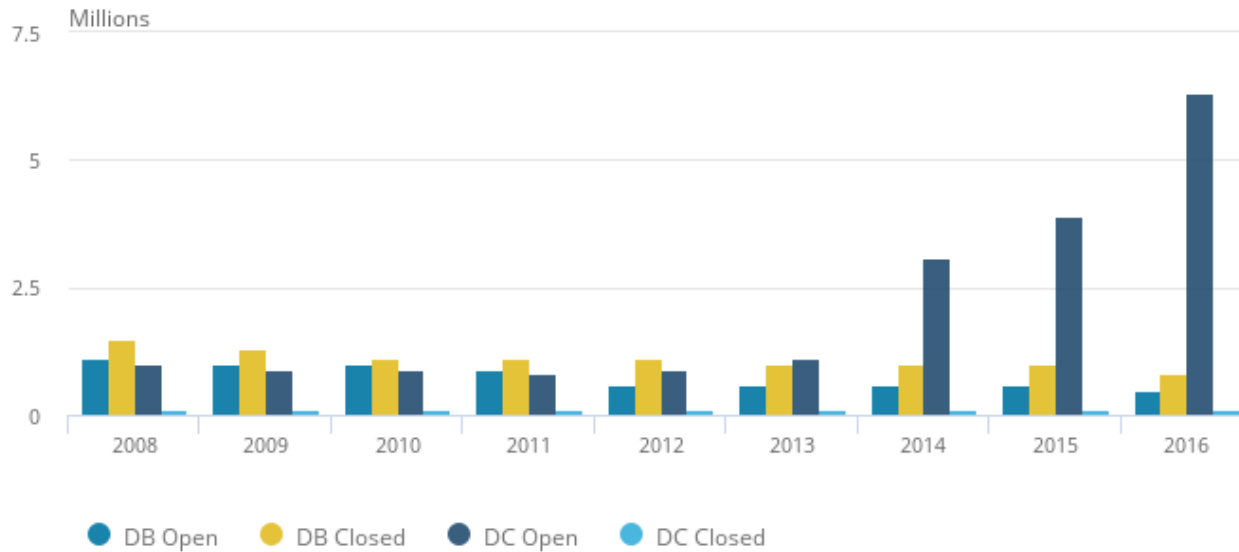


Source: Office for National Statistics

# Private sector membership trend

Figure 4: Active membership of private sector occupational pension schemes by status and benefit structure

UK, 2008 to 2016



Source: Office for National Statistics

# The contribution rate issue

Figure 7: Weighted-average contribution rates to private sector occupational pension schemes by benefit structure and contributor

UK, 2016



Source: Office for National Statistics

# Auto enrolment minimum contributions

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Date	Total minimum level of qualifying earnings
Until April 2018	2% (of which at least 1% is from the employer)
From April 2018	5% (of which at least 2% is from the employer)
From April 2019	8% (of which at least 3% is from the employer)

# AE – a success?

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**FT** ADVISER

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Pensions August 24, 2017

## Third of millennials to opt-out when auto-enrolment hits 8%



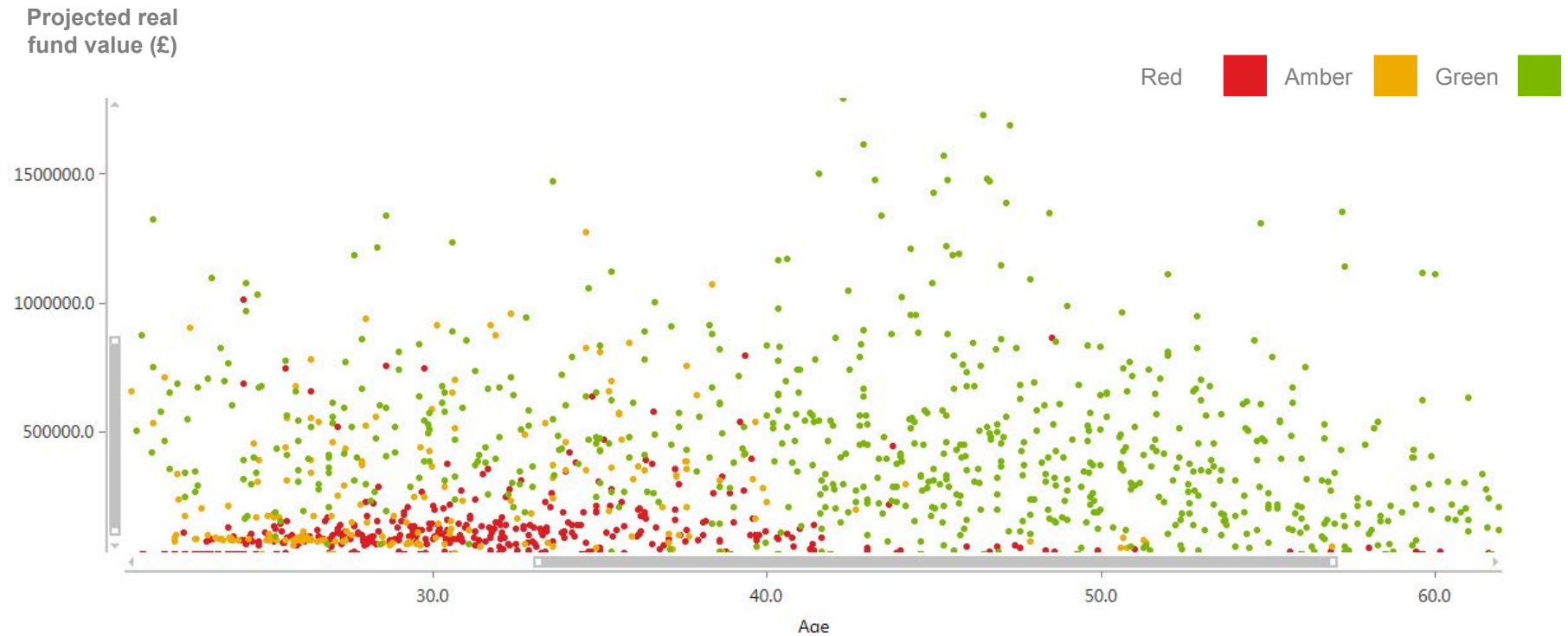
# How do DC members want to spend their savings?

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Source: Aon DC Survey 2014

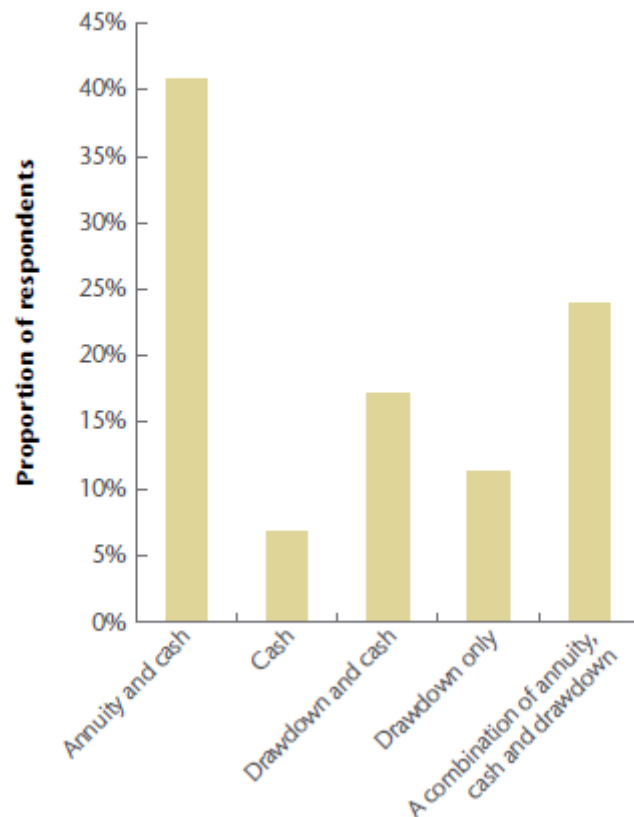
# Diversity of membership



Source: Aon

# Default funds

Target of default investment option for new entrants



Source: Aon DC Scheme Survey 2017

# PROFESSIONAL PENSIONS 01 February 2018

## Royal Mail and CWU agree to introduce UK's first CDC scheme




Royal Mail and CWU agree in principal to set up CDC scheme subject to legislative changes

# Technology for saving

The Aon MasterTrust My Future Me Me Help Guide Me Log Out

Viewing as Demo

## My Projected Retirement Income



**Current Future Me** | **Potential Future Me**

- 100 % target income achieved at retirement age 65 until age 72
- 50 % target income achieved from age 72
- £16,134 pa achieved from age 72
- £69,300 cash lump sum
- £1,423 pa will be available to a surviving partner when you die.

[Talk to my adviser](#) | [How is my retirement income calculated?](#) | [Timeline view](#)

**My Pensions and Income**

- Model Retirement Options
- Model Projection Options

My Defined Contribution Current Fund Values

- Clerical M Personal Pension
- AEGON Personal Pension
- AonMT

My Defined Benefit Projected Pension Amounts

- DB Pension

[Add my existing pension](#)

Income

- State Pension at age 66 years
- Buy to Let Income

[Add income](#)

**Existing pensions and income that make up My Future Me income**

Make sure you include (and keep up to date) any existing pensions you may have as well as any other sources of income you are likely to receive in retirement. You'll then see how these increase the amount of your overall retirement income.

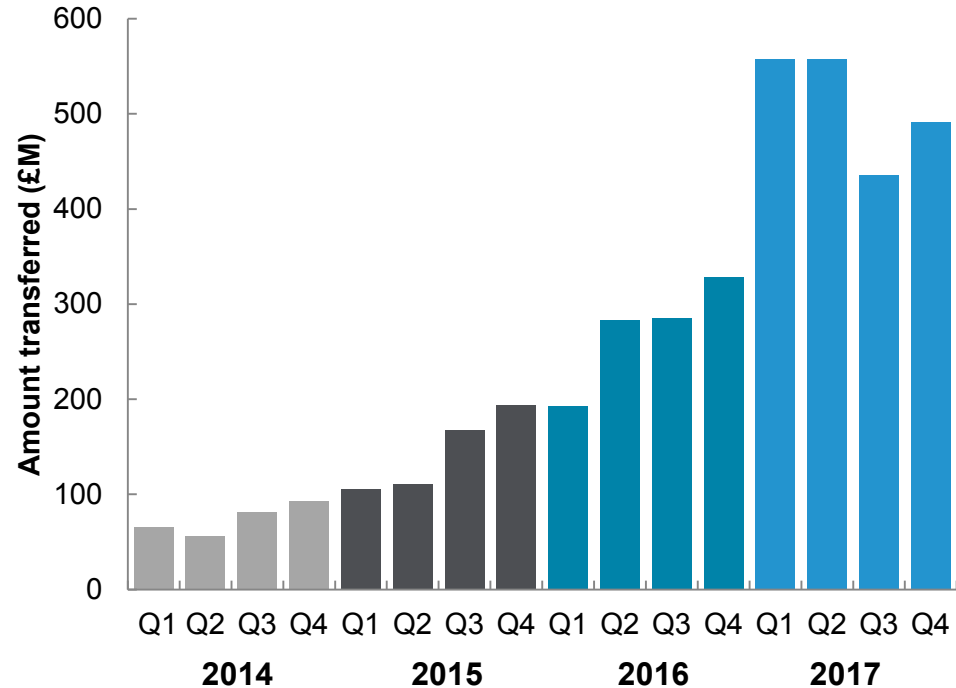
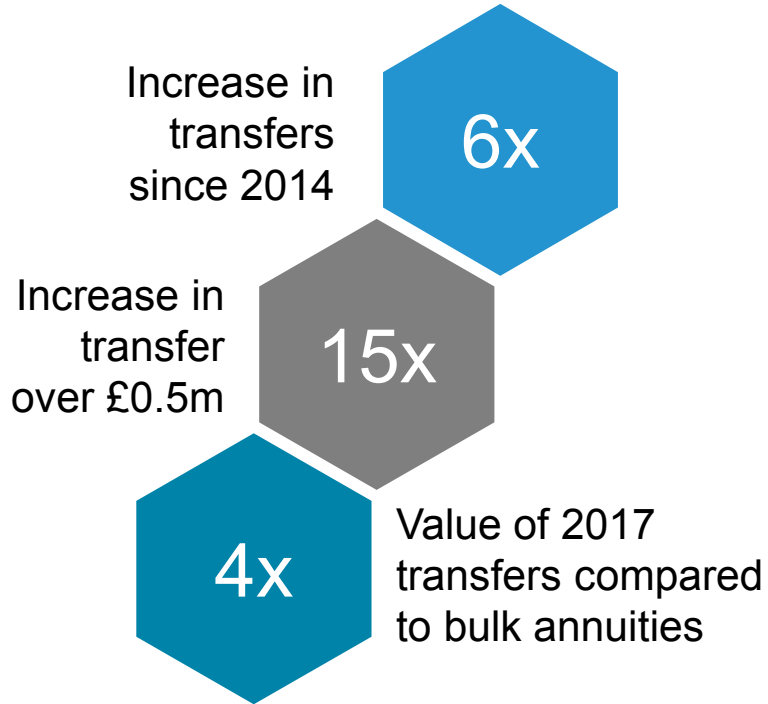
Clerical M Personal Pension	£18,725	<a href="#">Included</a>	
AEGON Personal Pension	£25,691	<a href="#">Included</a>	<a href="#">🗑</a>
AonMT	£120,567	<a href="#">Included</a>	
DB Pension	£8,000	<a href="#">Included</a>	<a href="#">🗑</a>
State Pension at age 66 years	£8,296	<a href="#">Included</a>	
Buy to Let Income	£1,000pa	<a href="#">Include</a>	<a href="#">🗑</a>

For illustrative purposes only

3 October 2018

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# Significant increase in DB to DC transfer activity in the UK



Source: Aon administration systems

# Technology for DB plans

## Explore the money you could get from each option

The amounts shown below are illustrative and we have assumed you'll take a tax free-lump sum. The annuity quote shown is indicative as we have been unable to get a personalised annuity rate from our panel of providers at this time.

Standard pension	Annuity	Flexible income	Cash
Tax-free lump sum of <b>£90,400</b>	Tax-free lump sum of <b>£119,000</b>	Tax-free lump sum of <b>£119,000</b>	Take a single lump sum of <b>£477,000</b>
Initial taxable annual income payable <b>for the rest of your life</b> <b>£13,500</b>	Taxable annual income payable <b>for</b> <b>the rest of your life</b> <b>£16,100</b>	Taxable annual income of your choice <b>until the money runs out</b> <b>£12,300</b> until age <b>90</b>	We estimate your lump sum would be <b>reduced by £146,000</b> due to income tax, <b>leaving you with</b> <b>£331,000.</b>
Your standard pension income will typically increase in payment. Your dependants will usually receive an income should you die first.	This income is based on having a 50% spouse income, not having a pension increase, not having a health issue and not being a smoker.	We've assumed this income will increase with inflation and you choose a medium risk investment strategy.	We've assumed you have not received any income in this tax year.
<a href="#">☆ Learn more</a>	<a href="#">☆ Learn more</a> <a href="#">★ Answer 5-9 questions to get a more accurate income estimate</a>	<a href="#">☆ Learn more</a> <a href="#">☆ Answer 13 questions to tailor your investment risk</a>	<a href="#">☆ Learn more</a> <a href="#">☆ Answer 5 questions for a more accurate tax figure</a>
<a href="#">Explore further &gt;</a>	<a href="#">Explore further &gt;</a>	<a href="#">Explore further &gt;</a>	<a href="#">Select this option &gt;</a>

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