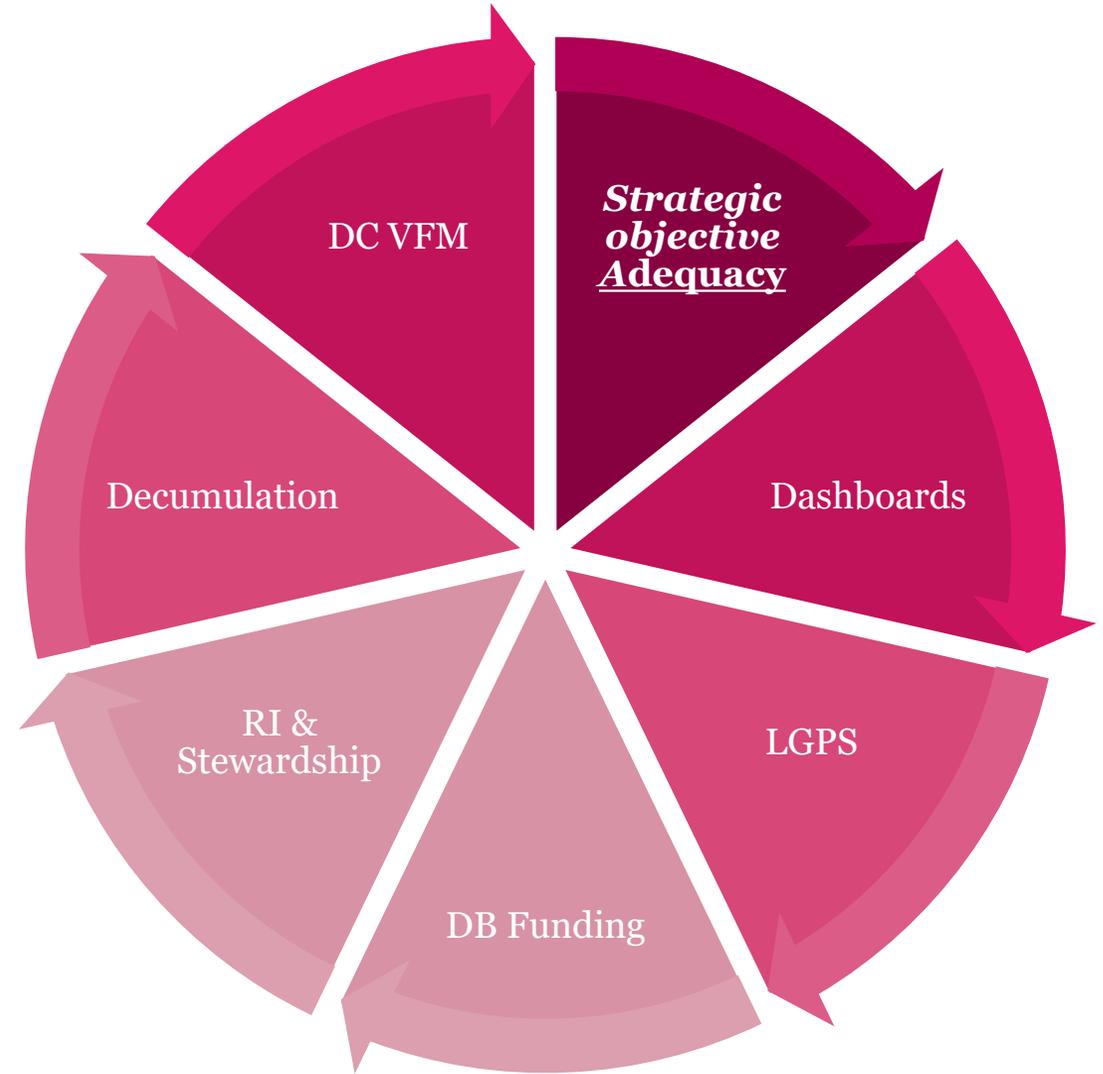
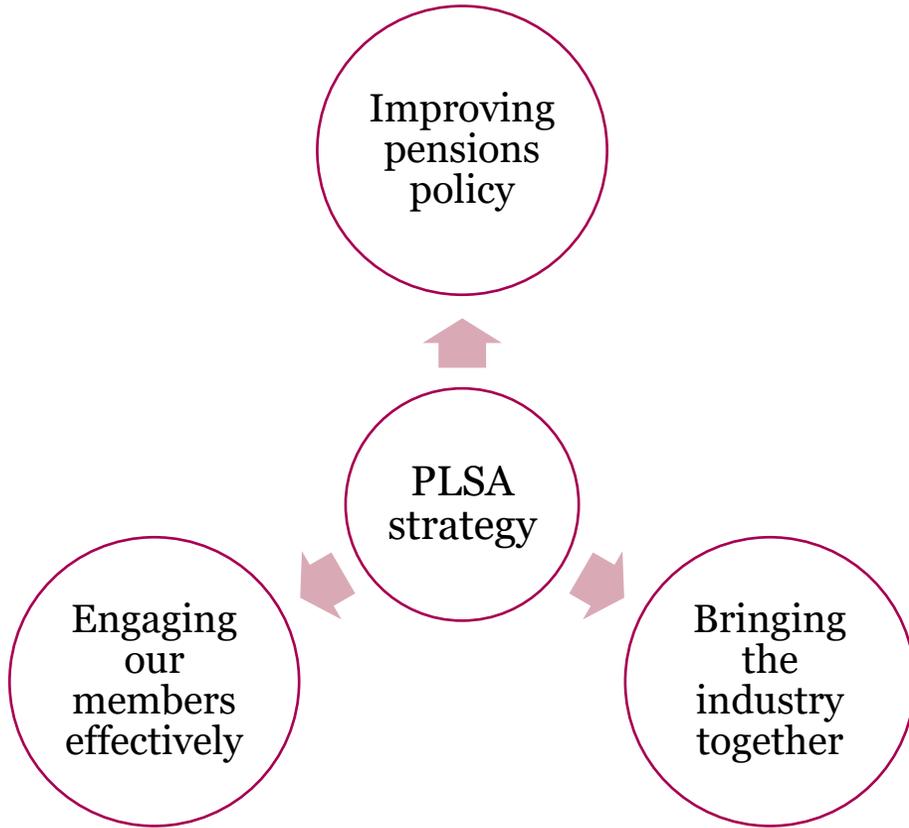


PLSA LOBBYING PRIORITIES

Highlights Update – v.0623

SUMMARY



POLICY PRIORITIES – STRATEGIC PRIORITY

Strategic priority:

Adequacy – we will be taking forward the recommendations made in our **Five Steps to Better Pensions** report and will be campaigning for the Government to adopt our proposals. We are hosting a number of stakeholder roundtables at the beginning of the year to gather feedback on the 5 themes identified within the report, including:

National objectives: The creation of clear national objectives for the UK pension system - ‘adequate, affordable and fair’ objectives - combined with regular formal monitoring of whether it is on track to achieve these goals.

State pension: Reform of the state pension so that everyone achieves the Minimum Retirement Living Standard, to prevent pensioner poverty.

AE reform: Reform AE to get more people saving (such as younger people, multiple job holders and gig economy workers) and at higher contributions (by removing band earnings and gradually increasing contributions from 8% to 12%, split evenly between employers and employees). This is so that people on median earnings are more likely to achieve the Pensions Commission’s Target Replacement Rates.

Under pensioned groups: Additional policy interventions to help under pensioned groups (including women, gig economy workers, self-employed people and others).

Industry initiatives to achieve better pensions: Actions to help people engage with pensions receive higher contributions, or get better pension outcomes

FIVE RECOMMENDATIONS FOR REFORM

FIVE STEPS TO BETTER PENSIONS



REFORMS OUTCOMES: PENSIONS COMMISSION REPLACEMENT RATES

	Current Situation	Cumulative impact on Pensions Commission Replacement Rate		Target Replacement Rate
		Lower age to 18, removal of band earnings, State Pension minimum RLS, 12% contributions	Lower age to 18, removal of band earnings, State Pension minimum RLS, 12% contributions plus additional 4% voluntary contributions	
Twice median female	30%	42%	48%	60%
Twice median male	32%	48%	56%	60%
Median female	52%	66%		67%
Median male	57%	74%		70%
Half median female	92%	115%		80%
Half median male	100%	125%		80%

Median earners achieve the PC Target Replacement Rates at 12% AE plus reform package. Twice median earners get close to the PC Target Replacement Rates at 12% AE plus 4% voluntary saving, plus reform package.



PRIORITY PROJECTS

POLICY PRIORITIES – PRIORITY PROJECTS

Pensions Dashboards

- We will be seeking to help the industry to prepare for their new obligations to provide data to Pension Dashboards and to ensure that the consumer protection regime is appropriate and making sure there is sufficient time for staging and adequate consumer testing before DAP. Importantly, we will also be clearly indicating what industry needs from the DWP/ MAPS / TPR / FCA regime.

DB Funding Code

- We will continue to represent the pensions industry in responding to TPR's proposals for a reform of the funding regime for DB pensions. We are especially keen to ensure the regime adopts a flexible approach to DB schemes that are open to new accrual

Responsible Investment & Stewardship

- We will continue to support the industry in meeting its regulatory objective in this area and have several publications this year including our annual voting guidelines and a CET 2 template in partnership with the IA/ABI. We will engage the Government on the issue of balancing appetite for investment in illiquids against the best interests of pension scheme members.

LGPS

- Following the publication of **LGPS: Today's Challenges, Tomorrow's Opportunities** we will carry out the next phase of work, looking at taking forward recommendations that are dedicated to strengthening and futureproofing the LGPS. We've been very grateful to MaPS for their willingness to engage with our LGPS membership over the past period.

DC Decumulation

- We will be campaigning for the adoption for our approach – Guided Retirement Income Choices - to helping members of DC schemes when they draw their pension (launched October 20), i.e a statutory obligation on schemes to support members via signposting to suitable products, good governance, and effective communications.

DC Value for Money

- We responded to TPR's/DWP/FCA's second consultation on creating value for money measures in DC schemes and urging the regulators to avoid a league table approach.

A large, abstract graphic on the left side of the slide, composed of several overlapping teal-colored polygons of various shades and orientations, creating a dynamic, geometric shape.

SAMPLE OF OTHER WORK

STANDARDS RLS, PQM AND CTI

RETIREMENT LIVING STANDARDS 2022



one person

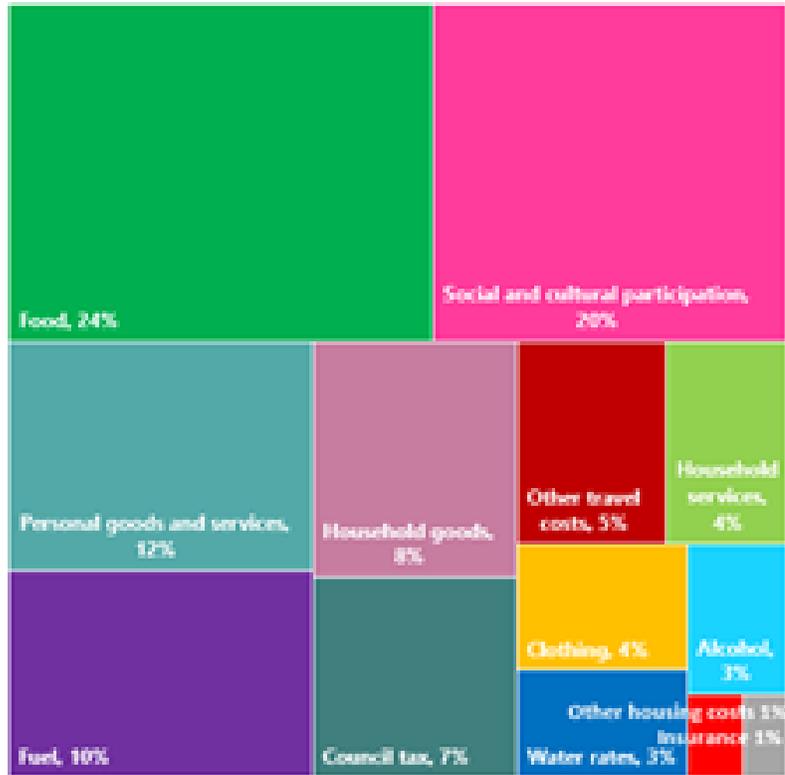


couple

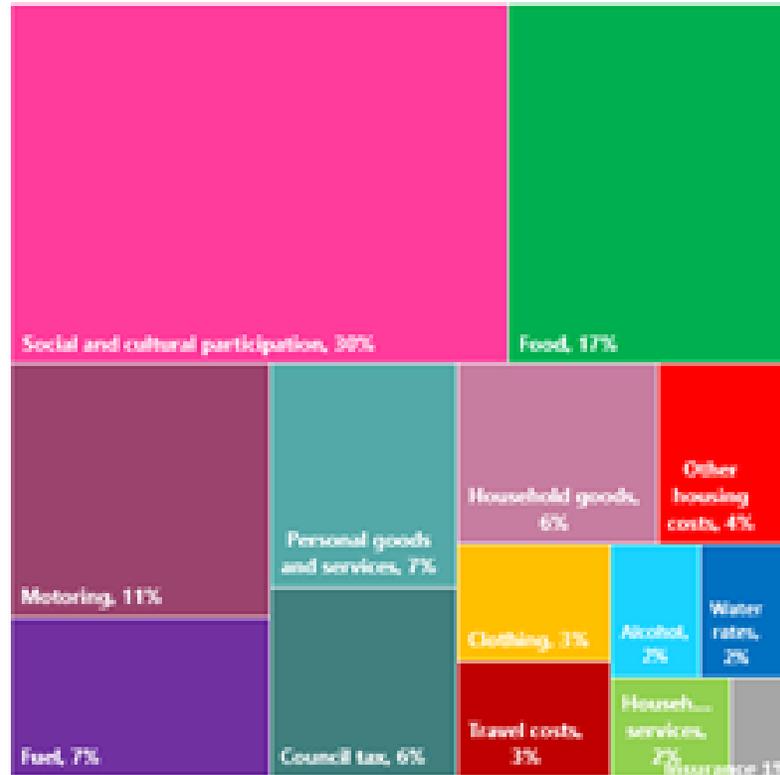
COMFORTABLE	2021	£33,600	£49,700
		£37,300 ▲ 3,700	£54,500 ▲ 4,800
MODERATE	2021	£20,800	£30,600
		£23,300 ▲ 2,500	£34,000 ▲ 3,800
MINIMUM	2021	£10,900	£16,700
		£12,800 ▲ 1,900	£19,900 ▲ 3,200

DIFFERENT BALANCE OF TOTAL EXPENDITURE

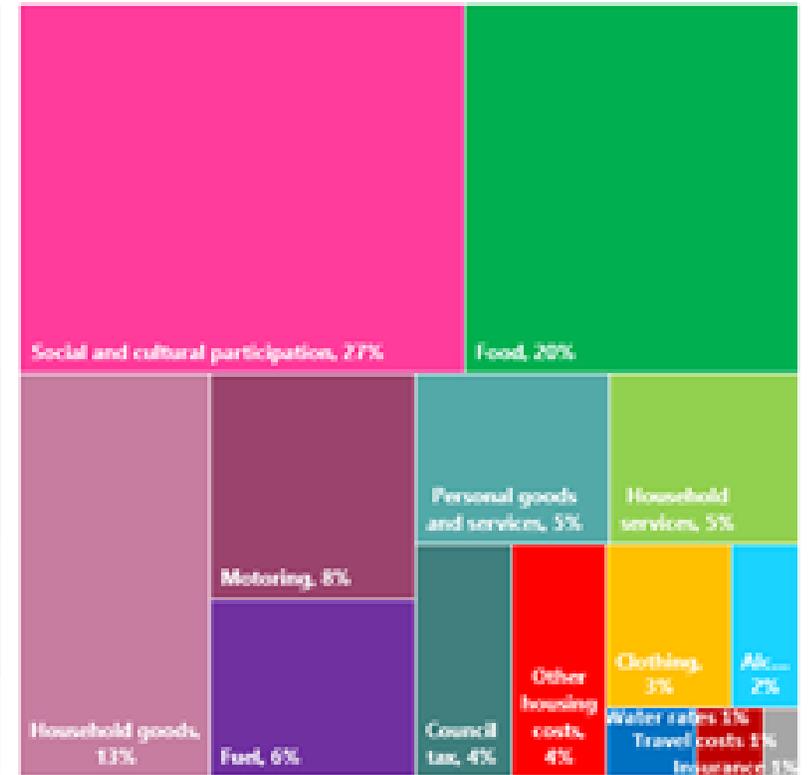
% OF TOTAL EXPENDITURE FOR MINIMUM



% OF TOTAL EXPENDITURE FOR MODERATE



% OF TOTAL EXPENDITURE FOR COMFORTABLE



PROACTIVE AND REACTIVE WORK

ADDITIONAL WORK 2023 – HIGHLIGHTS

CONSULTATIONS

- ▶ CDC
- ▶ Small pots
- ▶ WPSC Inquiry into DB Schemes
- ▶ LIFTS
- ▶ UK asset management regime
- ▶ Listing rules simplification
- ▶ Corporate Governance Code

Other activities

- ▶ Pay your pension some attention campaign
- ▶ General code

DC team examples

- ▶ Opt out data
- ▶ Accidental defaults
- ▶ PECR (DMD)
- ▶ Levies
- ▶ Email addresses

ANY QUESTIONS?