

# Workplace Pensions - UK - June 2016

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This report looks at the following areas:

- Scope to increase employee contributions – on average by two percentage points
- Help employers improve their communications with enrolled staff

The workplace pension market has been given a new lease of life since the introduction of auto-enrolment. Pension providers and advisers are seeing large increases in new business, particularly in relation to group contract-based pensions. While this is all very positive, there is a downside. Providers within the insurance-administered sector are struggling to keep pace with demand, especially now that thousands of smaller firms are reaching their staging dates and looking to set up or buy in schemes.

The capacity crunch within the contract-based sector is benefiting the trust-based sector, in particular master trusts. These have grown in popularity over the past few years. The largest of these schemes is NEST, but there are at least 70 others, many of which have yet to sign up to The Pensions Regulator's new assurance framework. While there is fairly low usage of schemes that are not part of this framework, it nevertheless raises concerns that some employers are using schemes that might not offer adequate protection and oversight. Questions have also been raised about the financial sustainability of master trusts – prompting government plans to strengthen regulation of these schemes.

Against this backdrop, employers and pension providers must manage the planned rises to minimum contribution rates over the next three years, along with any increase in the opt-out rate as a result. Mintel's consumer research investigates this issue, by assessing current employee contribution rates versus maximum rates potentially tolerated. The survey also reveals the degree to which employees are satisfied with the information they receive from their employer and their scheme in general.

**"Pension providers and advisers are about to face their busiest period yet, as nearly 600,000 small and micro-sized employers reach their staging date for auto-enrolment during 2016/17 and a further 1.1 million new employers stage in 2017/18. They will need to have sufficient resources in place in order to cope with the expected sharp increase in new business."**

— Sarah Hitchcock, Senior Financial Services

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## DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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Standard Life, Scottish Widows and Aviva are the leading pension providers

The insurance-administered sector is heavily consolidated

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Just 50% of DC pension holders know what charges apply

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