

GOVERNMENT WARNED IT RISKS RUSHING INTO “POORLY-DESIGNED AND BADLY EXECUTED” PENSIONS POLICIES

Greater freedom and choice in pensions welcomed by sustainable finance industry but unrealistic pace of change is feared

- *Government urged to include sustainable and ethical considerations in promised consumer guidance*
- *‘Freedom and Choice’ requires full and impartial pensions guidance*

London, 11th June 2014 – The UK Sustainable Investment and Finance Association (UKSIF) today welcomed the UK Treasury’s proposals to give people greater flexibility over how they receive their pensions.

However UKSIF, which represents over 250 pension funds, asset managers, financial advisers and banks, warned that so many legislative changes to the pensions and investment market in such a short period of time risked the creation of “poorly-designed and badly-executed” policies.

A key area of concern is the level and breadth of guidance individuals can hope to access when making decisions about which pension to use and how to access their savings. UKSIF urged the government to act now to guarantee guidance which meets the clear consumer demand [1] for pensions that are ethical and sustainable.

Caroline Escott, Head of Government Relations, said:

“It’s clear that our current pensions system is unsustainable and urgently needs reform. We think that the government’s proposals to give greater flexibility and choice over pensions are a very positive step.

However, the pensions and investment markets are seeing an unprecedented rate of change in a very short period of time with initiatives linked to auto-enrolment, the Local Government Pension Scheme proposals and now Collective DC schemes. Include the fact that most advisers are still dealing with the aftermath of the Retail Distribution Review and the government risks rushing into poorly-designed and badly-executed policies.

With ever greater levels of public demand for advice which takes into account individuals’ environmental, social, governance and ethical concerns, the government needs time to work with regulators and the industry to guarantee the right kind of full and impartial pensions guidance to enable this. Only then will people have true freedom of choice when planning for their retirement.”

Contact

Caroline Escott, Head of Government Relations: 020 7749 9950 or caroline.escott@uksif.org.

UKSIF’s response to the consultation can be found at www.uksif.org.

Interviews with Caroline Escott are available on request.

References

[1] YouGov poll shows 66% of investors would like to be offered the option to choose a sustainable and ethical pension product. <http://neiw.org/wp-content/uploads/2014/02/UKSIF-NEIW-press-release-FINAL-VERSION1.pdf>

Notes to Editor

About the UK Sustainable Investment and Finance Association (UKSIF)

The UK Sustainable Investment and Finance Association (UKSIF) supports the UK finance sector as a global leader in advancing sustainable development through financial services. We promote and support responsible investment and other forms of finance that advance sustainable economic development, enhance quality of life and safeguard the environment. Founded in 1991, UKSIF has over 250 members including pension funds, asset managers, research providers, financial advisers, banks and non-governmental organisations. For more information, please visit www.uksif.org.

About the HM Treasury consultation on “Freedom and Choice in pensions”

The [consultation](#) formed a key part of a wider set of reforms announced at Budget 2014 which are targeted at “supporting savers”. They aim to increase the choice and flexibility available to individuals when they come to access their defined contribution pension savings. The deadline for responses is 11th June 2014.