

Rt Hon. Sir Stephen Timms MP  
Chair of the Work and Pensions Select Committee  
Via email

29 June 2022

Dear Sir Stephen

I am writing to thank you for the opportunity for the Money and Pensions Service (MaPS) to provide evidence to the second part of the Work and Pensions Select Committee's ongoing inquiry 'Protecting Pensions Savers – five years on from the Pension Freedoms'. Following the Committee's fifth report, I am also pleased to outline a response to the recommendations relating to MaPS and the services we provide. As ever, we would be delighted to further engage with the Committee as part of this inquiry, and with any future areas of focus.

### **OPTIONS WHEN ACCESSING PENSIONS**

**Recommendation 8:** *We recommend that the Money and Pensions Service and the Financial Conduct Authority should develop proposals to increase the number of people choosing a mix of retirement products—including cash, drawdown and deferred annuities—to meet their changing needs at different stages of later life.*

**MaPS response:** Through MoneyHelper, the Money and Pensions Service (MaPS) offers holistic pensions guidance to ensure that everyone can get the help they need, when they need it, in one place. This includes guidance on all pensions access options available.

Our pension guidance offer includes the MoneyHelper Pensions Helpline, Pension Wise guidance appointments and our MoneyHelper website, which houses digital retirement planning tools. The guidance provided by MoneyHelper stops short of giving specific product recommendations, as this would be straying into regulated advice and as such would be beyond the remit and scope of the Service.

Plans to develop digital Pension Wise appointments, and the Mid-life MOT, will guide users through digital content that will help them understand their options, including those relating to access. Our content will clearly explain what the range of retirement products is, and why you would use them in certain circumstances. It will also make it clear that you can choose a mix of products and use them to plan for the different stages of retirement, without making specific product recommendations.

### **SUPPORTING DECISION MAKING AT THE POINT OF ACCESS:**

**Recommendation 20:** *We recommend a full review and overhaul of the Pensions Advice Allowance (PAA). The Government should:*

- a) *Remove the annual limit on the PAA*
- b) *Uprate the overall PAA in line with inflation each year*
- c) *Encourage MaPS and advisers to signpost the PAA*
- d) *Explore triage options to avoid use of the PAA by those for whom it is poor value, such as many DB savers or those with small pension pots.*

**MaPS response:** Part b) of this recommendation relates to MaPS. We're pleased to confirm we currently signpost to the Pensions Advice Allowance (PAA) in a variety of ways. This includes through our Pension Wise appointments and on the MoneyHelper website, as well as responding to PAA queries through our MoneyHelper Pensions Helpline.

We would be happy to further discuss ways to effectively signpost to the PAA with the Committee.

**Recommendation 22:** *We recommend that the Money and Pensions Service offers enhanced guidance, under our proposed definition, through its pensions services. We also recommend that the Money and Pensions Service establishes an industry group to develop best practice proposals and templates for offering enhanced pensions guidance.*

**MaPS response:** MaPS believe that enhanced guidance defined by the Committee as “guidance on the options available which is tailored to an individual dependent on the information they provide, without a recommendation” is something that is included within our existing service offer, where appropriate.

Consumers can call our MoneyHelper Pensions Helpline about any pensions issue or any pension related question and will get an answer, without a product recommendation, that is personal to them depending on what they have told us about their circumstance. The same applies to our digital retirement planning tools that enable a customer to input their details and see results based on the information they provide, again without receiving a recommendation.

Pension Wise is a specific proposition designed to help people aged over 50 with Defined Contribution pensions when they are considering how they will draw their pension. As such, the appointment is designed to ensure that all relevant information is provided in a consistent way to all customers. As part of MaPS’ Pension Guidance Transformation programme, in future we will look at creating flexibility within the appointment so it can be more tailored to meet a person’s specific circumstances while still focussing on the pension freedom options.

Regarding best practice proposals, as above MaPS believe that enhanced guidance under the Committee’s definition is already being offered by our services, with other digital propositions in existence that may also offer this definition of guidance. The digital tools created by MaPS are also available to white label and we would welcome industry in doing so, where appropriate, to fill gaps and improve customer outcomes.

The Departmental Review of MaPS (November 2021) recommended that MaPS explore how we work with pension providers and how Pension Wise could dovetail more effectively with their customer communications, and we are committed to doing so. We would also welcome further discussion with the Committee on this issue.

**Recommendation 23:** *We recommend that the Pensions Regulator, Financial Conduct Authority and Money and Pensions Service produce a plan to increase the number of schemes and employers using the tools they provide. As far as is possible they should aim for consistency across trust based and contract-based pension savings. The plan should stress the importance of scheme members shopping around before deciding to buy a new product from their incumbent provider.*

**MaPS response:** MaPS would welcome further discussions around driving up the reach and impact of our guidance services, and already engage heavily with the Pensions Regulator and the Financial Conduct Authority to that end.

MaPS provides several digital tools, available on MoneyHelper, to support people in their pension planning. In 2020/21 alone there were over half a million completions of the digital pension tools (<https://moneyandpensionservice.org.uk/moneyhelper-pension-take-up-dashboard/>). These tools include the pensions calculator, the workplace pensions contribution calculator, and the annuities calculator.

MaPS is also working closely with organisations including employers to improve the reach and impact of our guidance services, including allowing organisations to use and white label our digital guidance tools on their own websites. This includes encouraging employers, under licence, to use and own-label our digital guidance tools and content on their own intranets and websites. In 2022/23, MaPS is targeting its resources towards the NHS and the retail and hospitality sectors.

In addition to syndicated digital tools and content, and printed materials which can be ordered directly from the MaPS website, we also organise talks from our pensions specialists to groups of employees. MaPS contributes to Pension Awareness Week, commencing on 12 September, and coordinates Talk Money Week, which starts on 07 November. We are also supporting Pensions Engagement Season which will run during Autumn 2022.

Guidance specifically on shopping around at retirement is provided in Pension Wise appointments, on the MoneyHelper website and delivered by our MoneyHelper Pensions Helpline.

**Recommendation 24:** *Most guidance is currently delivered by individuals, which is costly, or through written communication, which is unengaging. In future we envisage a significant proportion of guidance or triage services will be delivered through*

digital tools. This should be a key consideration in the implementation of the recommendations we have made to regulators and the Money and Pensions Service.

**MaPS response:** MaPS understand the importance of digital guidance and the demand for it. As above, in 2020/21 there were over half a million completions of the legacy services' digital pension tools, which are now available in one place on the new MoneyHelper website. We are looking to increase the reach of Pension Wise by increasing channel optionality for consumers and are currently in the process of developing a digital Pension Wise appointment.

However, it is also important to note that digital guidance will not be suitable for everyone. MaPS' role is to help those most in need, which can include the digitally excluded. We do this by offering guidance across multiple channels including phone, video and face-to-face.

## **PENSIONS DASHBOARD**

**Recommendation 26:** *When pension dashboards launch it will not be possible to undertake any transactions through them. We understand why some people are calling for transactions to be facilitated through pension dashboards. However, with dashboards a long way from reality and a need to build trust in the system, we recommend that no consideration is given to allowing transactions through dashboards until they are well established.*

**MaPS response:** There are currently no plans for the pensions dashboards ecosystem to have any functionality to facilitate financial transactions. We are focused on the task of getting thousands of pension schemes and providers connected to the ecosystem to make millions of pension records available for users to find and view their pension information.

Pension transfers and consolidation are topics that have come up in our engagement with potential users of pensions dashboards as well as from some parts of industry. Before we (and the DWP) consider any additional functionality for pensions dashboards, we have a considerable delivery challenge ahead to get pension schemes connected and to then understand users' behaviour when they engage with a dashboard. Consumer protection is paramount so we think that a reasonably cautious approach is the right place to begin.

**Recommendation 28:** *We recommend that the Money and Pensions Service should develop a guidance service—possibly a future iteration of Pension Wise or the midlife MOT—which supports savers by using the data available through their pensions dashboards. It is important that these services are considered now, before dashboards are launched.*

**MaPS response:** MaPS are developing a retirement planning hub, to include tools and guidance journeys which will allow an individual to utilise their own dashboard data by taking it forward into their specific journey depending on their age and stage of retirement planning. This data can be used by individuals to populate tools and content which answers their specific questions, enhancing their understanding of what they have, and what they will need for the retirement lifestyle they want as well as what effect their actions can have.

MaPS is also currently in the early stages of developing a digital finance-only MOT, a recommendation of the UK Financial Wellbeing Strategy Delivery Plans. This mid-life MOT will empower people aged 45+ to self-serve their financial wellbeing needs on an annual basis. Again, we foresee the individual having the ability to utilise their data to populate the tools and services offered.

This digital proposition will take the learnings from what has already been developed in this space, working closely with industry to ensure no duplication. Crucially, where other digital Mid-Life MOT propositions currently have to signpost and link out to financial guidance, MaPS can deliver this holistic guidance in one place, keeping the user engaged and not risking losing them mid-journey, and will form part of the guidance journeys built around a MaPS dashboard.

Yours sincerely

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