Department for Work & Pensions

GUY OPPERMAN MP
Minister for Pensions

Stephen Timms MP
Chair, Work and Pensions Select Committee
House of Commons

13 July 2021

Dear Stephen

I am writing to highlight the launch of DWP's consultation on draft regulations implementing a Stronger Nudge to pensions guidance, published on 9 July.

As you know, Pension Wise is an excellent service to support savers to make informed decisions about their retirement. The launch of the consultation represents a vital step towards our shared goal of increasing take-up of Pension Wise guidance.

During the passage of the Pension Schemes Act 2021, some concerns were raised about the strength of this policy and whether it would lead to a sufficient increase in take-up of guidance. Now that progress has been made on the draft regulations, I wish to outline the details of the policy that I am proposing and how I believe it will act to encourage take up of guidance.

Firstly, pension schemes will be required to offer to book a Pension Wise appointment for the member as part of the application process. This ensures that savers are made aware of the benefits of Pension Wise guidance and, importantly, removes the inertia introduced by members having to book their own appointment.

Secondly, schemes will not be able to offer to book a Pension Wise appointment and accept an opt out within the same interaction. In practice, this means that members who do not wish to receive guidance will now be required to proactively contact their scheme to opt out. For example, by making an additional phone call, completing a postal or digital form, or writing an email. This further intervention assists in presenting Pension Wise guidance as a normal part of accessing pension savings and will prompt members to reconsider whether to take-up the offer of guidance. The opportunity to think again, and requirement to formally opt out via a separate communication, will help ensure that any decision not to receive guidance is a considered one.

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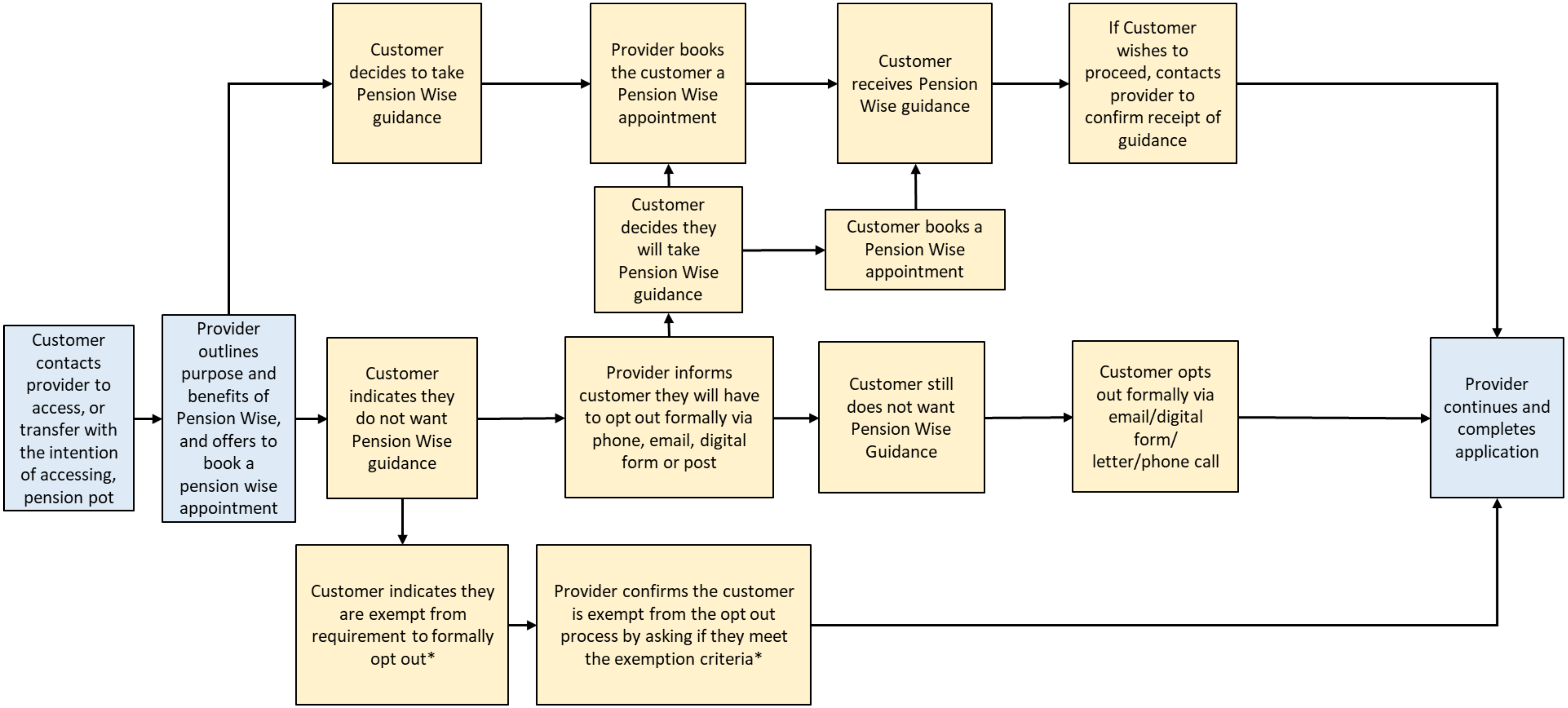
Annex A illustrates the customer journey in more detail.

I welcome further engagement with the Committee throughout the consultation period.

Guy Opperman MP
Minister for Pensions and Financial Inclusion

Annex A: Stronger Nudge to Pension Wise Guidance - Customer Journey



*If they have already received Pension Wise guidance or regulated financial advice on this transaction within the past 12 months, or if they are accessing their pot as a serious ill health lump sum. This can be self-reported by the customer.