PENSIONS POLICY INSTITUTE
PPI

A 50 YEAR RETROSPECTIVE

NOVEMBER 2024

Capita | SPARKS

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FOREWORD

As we celebrate the 50th anniversary of Capita Pension Solutions, this momentous occasion allows us all to reflect on the journey we have undertaken in the UK pensions industry. Over the past five decades, we have witnessed and worked with our clients to navigate significant transformations, legislative changes, and many positive advancements that have shaped the landscape of pensions today.

This retrospective, undertaken by the Pensions Policy Institute (PPI) and sponsored by Capita Pension Solutions, provides a comprehensive overview of the evolution of pensions. It highlights the pivotal moments, policy changes, and innovations that have contributed to where we currently stand in the industry. I hope that it will act as a useful reference guide for everyone involved in pensions, from those just starting out to experienced professionals. Not only that, it also provides a snapshot of what life was like in each decade and how the demographics of the UK has changed. As a child of the '70s, it also allows me to reminisce about past styles and fashions!

At Capita Pension Solutions, our commitment to excellence and innovation has been unwavering. We are delighted to have played a significant role in shaping the industry, driving change, and delivering better outcomes for pension schemes and, most importantly, their members.

This report chronicles the journey of UK pensions in a creative (and hopefully fun!) way, with occasional nods to trends and fashions of the time. It is underpinned by the PPI's independent research and I would like to extend my heartfelt gratitude to the PPI for their meticulous work and insightful analysis. This has been instrumental in capturing the essence of the pensions journey we have all been on and providing valuable insights into what the future may hold.

As an industry, it is only when we pause to consider how far we have come that we can truly appreciate the progress made. The world of pensions is as busy as ever, with change a constant. We remain committed to our mission of delivering exceptional pension solutions and supporting our clients, their members, and the industry in navigating the complexities of the pensions landscape now and in the future, providing what they need, when they need it.

I am confident that together, as an industry, we will continue to drive pensions forward to build a brighter and more secure future.

Anish Rav
Director of Pensions Policy & Proposition
Capita Pension Solutions

ABOUT THE PENSIONS POLICY INSTITUTE

We have been at the forefront of shaping evidence-based pensions policy for over 20 years.

The Pensions Policy Institute (PPI), established in 2001,is a not-for-profit educational research Institute. We are devoted to improving retirement outcomes. We do this by being part of the policy debate and driving industry conversations through facts and evidence.

The retirement, pensions and later life landscapes are undergoing fast-paced changes brought about by legislation, technology, and the economy. Robust, independent analysis has never been more important to shape future policy decisions. Each research report combines experience with INDEPENDENCE to deliver arobust and informative output, ultimately improving the retirement outcome for millions of savers.

Our INDEPENDENCE sets us apart – we do not lobby for any particular policy, cause or political party. We focus on the facts and evidence. Our work facilitates informed decision making by showing the likely outcomes of current policy and illuminating the tradeoffs implicit in any new policy initiative.

By supporting the PPI, you are aligning yourself with our vision to drive better informed policies and decisions that improve later life outcomes and strengthening your commitment to better outcomes for all.

As we look forward now to the next 20 years, we will continue to be the trusted source of information, analysis, and impartial feedback to those with an interest in later life issues. The scale and scope of policy change creates evenmore need for objective and evidence-based analysis. There is still much to do, and we look forward to meeting the challenge head on.

Our vision

Better informed policies and decisions that improve later life outcomes

We believe that better information and understanding will lead to better policy framework and better provision of retirement for all

Our Mission

To promote, evidence-based policies and decisions for financial provision in later life through INDEPENDENT research and analysis.

We aim to be the authoritative voice on policy on pensions and financial and economic provision in later life

A 50 year retrospective

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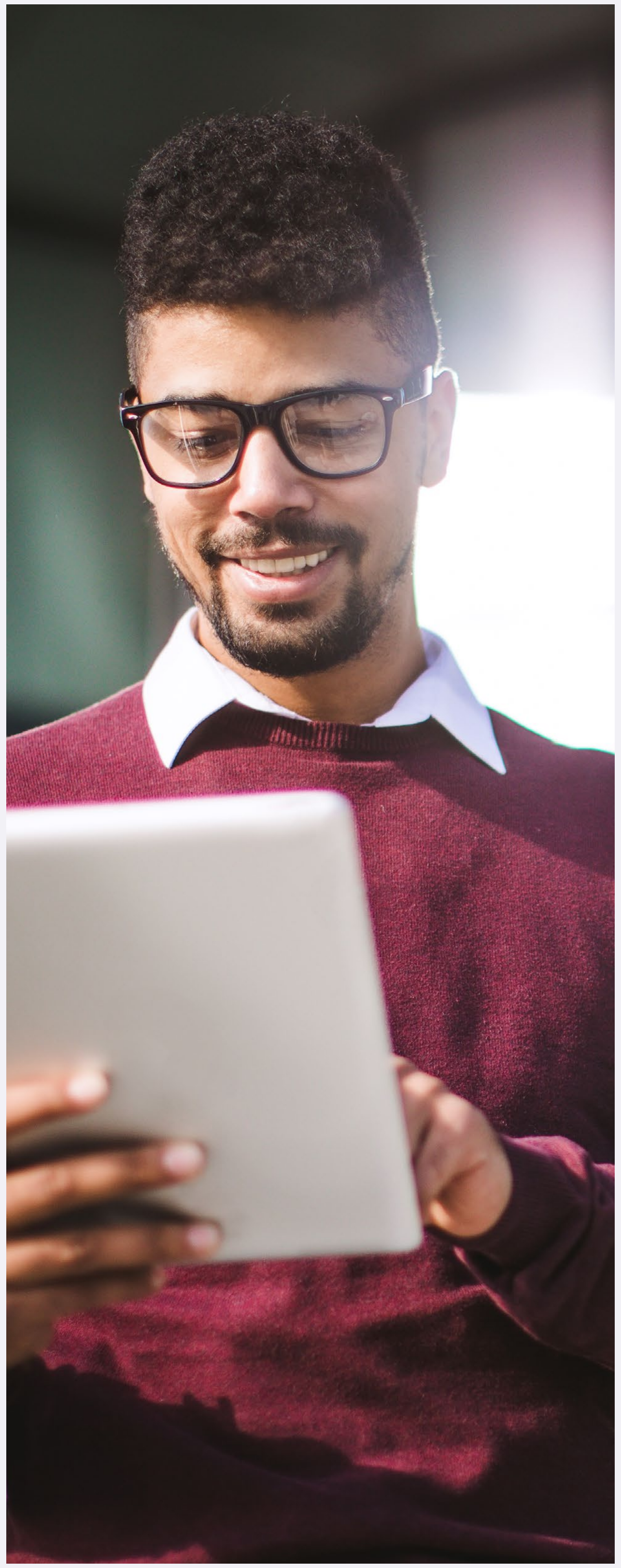
An INDEPENDENT report by the

Pensions Policy Institute
PPI

This Report is kindly sponsered by
Capita Pension Solutions

Capita



INTRODUCTION

We have created a series of households representing each decade, which are illustrated in the family tree and accompanying visuals. Each decade—from 1974 to 2034—explores significant trends in demographics, economic landscape, and pension policy, as well as their implications for all our different households. This aims to bring to life the experiences of savers and those approaching retirement across different generations.

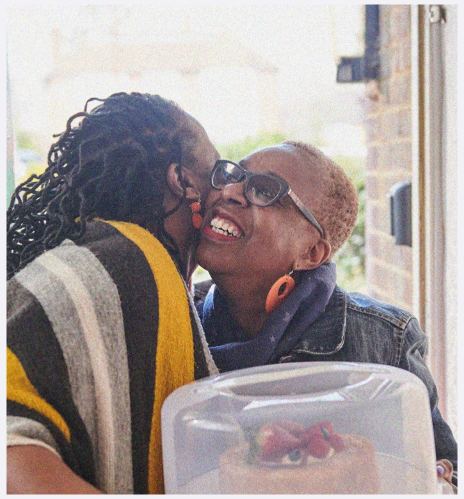
This publication provides a retrospective on the pension landscape over the past five decades using the form of hypothetical households to show how demographic shifts, economic changes, and evolving policies have shaped the experiences of savers and those nearing retirement. The publication is not only historical, but it also considers current trends and policy proposals that will impact the lived experiences of individuals and families in the years to come.

The narrative begins in 1974, when Defined Benefit (DB) pensions dominated the landscape, providing individuals with a relatively secure income throughout retirement. However, the ensuing decades would witness significant transformations in the pensions landscape. By 1984, regulatory changes implemented in the last decade would have begun to influence the workforce, providing women with more options for employment.

As we transition to the 1990s and 2000s, the gradual shift from DB to Defined Contribution (DC) schemes began to accelerate. This shift reflected broader economic and legislative changes, including the introduction of automatic enrolment in 2012, which aimed to improve participation in pension savings. The realities of the financial landscape, including high house prices and gender wage disparities, began to take a toll on the ability of individuals, particularly women like Shifa and Alice in 2014, to save sufficiently for retirement.

In 2024, we meet Afia, who juggles caregiving responsibilities for her father Seid while navigating the complexities of pension savings in a world where technology and flexible work arrangements are redefining the workplace. Afia's situation highlights the need for policies that address the challenges of balancing work and caregiving, and the evolving landscape of pension savings also introduces new challenges and opportunities, as individuals grapple with the complexities of managing their retirement pots.

Looking ahead to 2034, Grace, Freddie and Leo, a polyamorous trio, can expect to live longer than previous generations, which may become problematic considering they are most likely to have little to no DB savings. Despite technological advancements and potential increases in contribution rates, they may still face hurdles in achieving adequate retirement living standards, especially considering the fact that they are most likely to be renting in retirement due to soaring house prices.



THE FAMILY TREE

The Smiths
1974

Jean Smith
1934 - 2002

John Smith
1934 - 1993

The Yohannes
1984

Lema Yohannes
1944 - 2011

Abebe Yohannes
1944 - 2009

Seid Yohannes
1965 - 2026

Shifa Yohannes
1974 - 2048

Alice Yohannes
1974 - 2054

Afia Yohannes
1984 - 2066

The Yohannes
2014/2024

The Johnsons
1994

Dawn Johnson
1954 - 2035

Jade Johnson
1987 - 2064

Jordan Johnson
1987 - 2050

The Smith-Browns
1994

Sheryl Smith-Brown
1964 - 2036

Andrew Smith-Brown
1964 - 2033

Freddie Gibbs
1994 - 2073

Grace Smith-Brown
1994 - 2083

Leo Smith-Brown
1994 - 2075

The Smith-Browns
2034

Ivy Smith-Brown
2031 - 2119

Willow Smith-Brown
2034 - 2124

We have created a series of households representing each decade, which are illustrated in the family tree and accompanying visuals. Each decade—from 1974 to 2034—explores significant trends in demographics, economic landscape, and pension policy, as well as their implications for all our different households. This aims to bring to life the experiences of savers and those approaching retirement across different generations.

THE 1974 PENSIONS LANDSCAPE

John and Jean Smith (both aged 40) lived with their children Andrew and Dawn, in 1974. This was a time of high inflation, almost 15% over the year, meaning that they may have had to cut back on some spending and/or may have experienced a drop in living standards.

While inflation was high, house prices were low, averaging around four times the average salary, and John and Jean were very likely to own their own home.

With a male employment rate of 94% John was almost certainly in paid work, and with more than half of employed men saving into a pension scheme, John was quite likely to be saving for retirement. The only non-state pension scheme on offer at this time were employer provided Defined Benefit schemes, which John will have been saving into. His employer will have made the majority of the contributions, though John may have been expected to make some himself. 39% of employed men were not saving into a pension in 1974. Those not saving will have included migrant workers, ethnic minorities and low earners. In 1974 there were 79,000 new immigrants (7) and in 1970, around 27% of households were classified as "poor". (8)

The 1974 women's employment rate was 58%. Jean is less likely to be working, or may may have been working reduced hours, due to childcare responsibilities. She was highly unlikely to be saving into a Defined Benefit pension scheme. She was probably paying the reduced married woman's stamp in order to get a State Pension, however it would have entitled her to a lower level of State Pension income, based on her husband's National Insurance Contributions. The married woman's stamp was abolished in 1977.

John and Jean could expect annuity style incomes in retirement from the combination of the State Pension and John's private pension. These pensions would begin in retirement and inflate with the increase in prices. Jean faced more risks than John, as she may lose some entitlement to income on divorce or in the case of John's death, though she would be entitled to widow's benefits from both state and private pensions.

John would have expected to live 40 more years (up 4 years from 1964), and Jean 42 more years (up 2 years from 1964), reflecting the improved healthcare of the 1970s.

The workplace

Record-keeping and administrative tasks were performed by pension providers manually. Typewriter and telex systems were being used, which modernised communication and documentation processes, yet the absence of photocopiers and sophisticated filing systems meant that administrative tasks remained time-consuming and prone to human error. Computing technology was in its infancy and would start to affect the day-to-day activities of office workers over the next few decades.

Pensions in-tray

Minimal reporting requirements to regulator and occasional information requests from members.

Running a pension scheme

A paper-based operation. All files and records were stored on site, with "runners" delivering paper files to necessary parties. A dedicated typing pool handled member communications, and routine paper-based tasks were time-consuming, but were unlikely to be onerous, with little pressure for innovation.

1974
KEY STATISTICS

In popular culture

Prime Minister:
Harold Wilson

Top Pop Song:
Gonna Make You
A Star- David Essex

Most popular film:
The Towering Inferno

Most popular game:
Dungeons & Dragons

In the population

Over the year 1974, CPIH increased by **14.7%**

By the end of 1974, house prices cost on average **£9,139**, around 4x average annual salary (1)

Average annual salary was **£2,296** (2)

Average men's weekly salary for ages 40-49: **£51**

Average women's weekly salary for ages 40-49: **£28** (3)

74% of people aged 40 were owner occupiers (4)

Homeowners aged 40 were in debt by on average **£27** per week, and renters aged 40 were in debt by on average **£80** per week (4)

Average household saving level was **8.9%** of disposable income (2)

Male labour market participation rate: **94%**

Female labour market participation rate: **58%**

Cohort life expectancy

Male
40 years of age

Life expectancy
40 years

Female
40 years of age

Life expectancy
42 years

State pension

290 people of State Pension age per **1,000** of working age (5)

State pension age

Male
65 years of age

Female
60 years of age

Life expectancy at State pension age

Male
14 years

Female
22 years

Pension scheme saving

61% of **male** employees

35% of **female** employees

were saving into a pension scheme

Active membership of occupational pension schemes

11 million (6)

Active membership of private pension schemes

68% of men **aged 40**

46% of women **aged 40**

Average private sector employer/EE contributions

15% **11.8%** ER **3.2%** EE

Public sector

18% **12.9%** ER **5.1%** EE

A male median earner born in 1934 would have an average replacement rate in retirement of

48% with **20%** stemming from state pension (4)

THE 1974 FAMILY ARCHETYPE

THE 1984 PENSIONS LANDSCAPE

In 1984, Abebe and Lema Yohannes (aged 40) lived with their two children, Seid and Shifa Yohannes (aged 19 and 12).

Abebe and Lema were experiencing significantly lower inflation than Jean and John in 1974. Abebe and Lema would have found it easier to maintain their standard of living, assuming one or both of them were in paid work and received commensurate pay rises. House prices were low, around three times the average annual salary, and in 1981 70% of people aged 35-44 were homeowners. The 1980 introduction of Right to Buy accelerated house purchase numbers and Abebe and Lema may have purchased their council home at a discounted rate.

Active pension scheme membership reached 11 million by 1983, with 71% of men and 22% of women aged 40 actively participating. On average, employees contributed between 6% and 7% of their salaries to their pensions.

As a man, Abebe was more likely to be in paid work than Lema, and even if they were both working, Abebe was more likely to be saving into a Defined Benefit Pension scheme.
However, as ethnic minorities, they will have faced discrimination in the labour market and will have had less access to jobs overall and in particular, the types of jobs which offered pension scheme membership. Lema may have had more options for employment and wage levels than previously as a result of the 1975 Sex Discrimination Act which made it unlawful to discriminate against individuals based on sex or marital status in employment, education, and training. However, as an ethnic minority woman she will have faced more disadvantages than men and white people.

If one, or both, of them were working and not saving into a Defined Benefit pension scheme through their employer, they would have been accumulating an earnings-related State Pension through the State Earnings Related Pension scheme (SERPs) which replaced Graduated Retirement Benefit (GRB) in 1978.

The State Pension age (SPa) was 65 for Abebe and 60 for Lema, and once they reached it Abebe could expect to live another 14 years and Lema another 24.

As with John and Jean, Abebe and Lema will have looked forward to an annuity type income in retirement, either through the State Pension and a Defined Benefit Pension or through the Basic flat rate and earnings-related elements of the State Pension. Abebe and Lema may have picked up some entitlement to a Defined Benefit scheme at one or more of their jobs and they might have retirement income from a combination of State and private pensions. For a male median earner born in 1944, the average replacement rate in retirement was 40%, with 22% stemming from the State Pension.

The workplace

Technological advancements in 1984 began to subtly influence the workplace, such as the introduction of early personal computers and the development of networking systems. While these technologies were not yet widespread due to their cost and complexity, some offices may have started to integrate them. Programs like early versions of Microsoft Windows, the rising popularity of fax machines, and the advent of car phones gradually improved communication and administrative tasks. However, these changes were incremental and not yet transformative for most workers. Those using computers at work during this decade would not have had access to the internet, though some companies had "intranets". Most people relied on floppy disks and other pieces of hardware to move information from place to place.

PENSIONS IN-TRAY

Consideration of what the introduction of personal pensions would mean for their scheme. Potentially some reputation management and investigations because of pensions mis-selling scandals towards the end of the decade.

RUNNING A PENSION SCHEME

Day-to-day administration became more complex with the introduction of personal pensions. Some administrators had to manage multiple scheme types. While technology began to help with certain tasks, it was still limited. Computers were used mainly for inputting information rather than storing it, and access to computers was restricted to certain staff members. The reliance on letters remained high, as there were no emails or online portals. This period also saw the development of specialist teams and advisors becoming more important to handle the growing complexity.

1984
KEY STATISTICS

In popular culture

Prime Minister:
Margaret Thatcher

Top Pop Song:
Careless Whisper-
George Michael

Most popular film:
Ghostbusters

Most popular game:
The Game of Life

In the population

Over the year 1984, CPIH increased by **4%**

By the end of 1984, house prices cost on average **£28,000**, around 3x average annual salary (1)

Average annual salary was **£8,300** (2)

Average men's annual salary for ages 40-49: **£9,300** (3)

Average women's annual salary for ages 40-49: **£6,100**

70% of people aged 35-44 were homeowners (4)

The average household saving level was **13%** of disposable income (5)

Male labour market participation rate: **89%**

Female labour market participation rate: **63%**

Cohort life expectancy

Male
40 years of age

Life expectancy
42 years

Female
40 years of age

Life expectancy
44 years

State pension

294 people of State Pension age per **1,000** of working age (6)

State pension age

Male
65 years of age

Female
60 years of age

Life expectancy at State pension age

Male
14 years

Female
24 years

Pension scheme saving

66% of **male** employees

55% of **female** employees

were saving into a pension scheme

Active membership of occupational pension schemes

11 MILLION (7)

Active membership of private pension schemes

71% of men **aged 40**

22% of women **aged 40**

Average employee contributions across public and private sector

6-7%

A male median earner born in 1944 would have an average replacement rate in retirement of

40% with **22%** stemming from state pension (4)

THE 1984 FAMILY ARCHETYPE

THE 1994 PENSIONS LANDSCAPE

Dawn Johnson (aged 40) lived with her widowed mother Jean Smith (aged 60) and her two children, Jade and Jordan (both aged 7).

The family lived on Dawn's salary and Jean's widow's pensions. Dawn may also have received money from her children's father. Though the inflation adjustment for all of these income sources may have been different, with 2% inflation in 1994, they would most likely not need to cut back their spending during that year in order to meet basic needs.

House prices cost around £56,000 on average, roughly three times the average annual salary of £18,000, but as a single mother Dawn may have had less luck obtaining a mortgage. However, Dawn may have been among the 78% of people aged 35 to 44 who were owner-occupiers having managed to buy a house or may have been awarded one from her divorce with her children's father; the whole family may also have been living in Jean's house.

As a single mother with young children, Dawn would have had extra caregiving responsibilities that limited her ability to work full-time. It is possible that Dawn worked part-time to balance her caregiving duties with her job. However, Jean's presence in the household could have also provided some support, enabling Dawn to maintain or increase her work hours.

In 1994, 69% of men and 43% of women aged 40 were actively saving into a pension scheme. If Dawn was in some form of paid work, she may have been saving into a Defined Benefit pension scheme. However, in 1988 the first "personal pensions" were introduced, so Dawn may have been saving in a Defined Contribution personal pension scheme if that was what her employer offered. During this time, amidst all the pension mis-selling scandals, trust in pensions may have become damaged, leading to increased scrutiny and regulatory changes.

Positively for Dawn, the 1985 Equal Pay Act was brought in which aimed to ensure equal pay for work of equal value. This change may have boosted her earning and pension contribution levels, although compliance varied among employers and changes in practice took time to materialise.

Dawn will have looked forward to income from several sources in retirement. While she may have saved into a Defined Contribution pension, she would have been required to purchase an annuity when she accessed her savings, so would still have anticipated an annuity style, lifetime income from all of her different sources. She may, however, purchase a level annuity in retirement which does not increase for inflation, leading to some portion of her retirement income eroding in value relative to prices over time.

Jean, at age 60, had just claimed her State Pension and had a further life expectancy of 26 years. There were 301 people of State Pension age per 1,000 working-age individuals in the UK in 1994, highlighting the slowly increasing pressure on the working population to support retirees.

The workplace

Improvements in internet connectivity led to the rise of email, which started to surpass regular post by 1997. The introduction of Adobe PDF in 1993 and JPEG shortly thereafter supported easier document sharing. Computers transitioned from luxury items to essential office tools, and by the end of the decade, the launch of Google and the integration of the internet into workplaces became prevalent. Mobile phones also gained popularity as they became more affordable, enhancing workplace communication. The Nokia 9000, the first phone with internet access, and the Blackberry, the first widely circulated smartphone, marked the beginning of mobile internet use. Despite these advancements, fax machines remained popular and widely used in 1994.

The introduction of personal pension schemes will have led to growth in the numbers of pension administrators focusing on Defined Contribution schemes and would have included existing Defined Benefit providers, insurance companies and pension companies.

Pensions in-tray

Trustees faced a particularly demanding in-tray, influenced by the recommendations of the Pension Law Reform Review. Trustees were increasingly shifting Defined Benefit (DB) assets from equities to bonds and cash, often seeking professional investment advice. They were also managing both Defined Contribution (DC) and DB investments amidst heightened regulatory oversight due to the pensions mis-selling scandal. The increased publicity around pensions meant trustees were handling more member queries. The focus on member protection, investment diversification, and compliance with new regulations stemming from the review's recommendations added complexity to their responsibilities, requiring careful attention to governance and fiduciary duties.

Running a pension scheme

Greater efficiency with communication and reporting, although it was still far from the tech-based solutions we know today. Workflow systems began to be introduced, resembling a ticketing or vidiprinter system rather than fully integrated digital solutions. Despite these improvements, administrators faced an increased administrative and bureaucratic burden due to the need to comply with new rules around pension compensation schemes, updated regulations for protecting member benefits, and various reporting requirements set by the Occupational Pensions Regulatory Authority. This complexity potentially led to a greater need for legal advice and assistance.

1994
KEY STATISTICS

In popular culture

Prime Minister:
John Major

Top Pop Song:
Love Is All Around - Wet Wet Wet

Most popular film:
The Lion King

Most popular gadget:
Nintendo Gameboy

In the population

Over the year 1994, CPIH increased by **2%**

By the end of 1994, house prices cost on average **£56,000**, around 3x average annual salary (1)

Average annual salary was **£18,000** (2)

Average men's annual salary for ages 40-49: **£18,600** (3)

Average women's annual salary for ages 40-49: **£13,500**

78% of people aged 35-44 were owner occupiers (4)

The average household saving level was **11%** of disposable income (5)

Male labour market participation rate: **85%**

Female labour market participation rate: **67%**

Cohort life expectancy

Male
40 years of age

Life expectancy
44 years

Female
40 years of age

Life expectancy
44 years

State pension

301 people of State Pension age per **1,000** of working age (6)

State pension age

Male
65 years of age

Female
60 years of age

Life expectancy at State pension age

Male
16 years

Female
26 years

Pension scheme saving

60% of **male** employees

54% of **female** employees

were saving into a pension scheme

Active membership of occupational pension schemes

10 million (6)

Active membership of private pension schemes

69% of men **aged 40**

43% of women **aged 40**

A male median earner born in 1954 would have an average replacement rate in retirement of

34% (4)


Average
annual salary
£18,000
Life expectancy:
Cohort life expectancy
for a 40-year old male
and a 40-year old female
was 44 years
Likelyhood of
house ownership:
78%
of people
aged 35-44

THE *2004* PENSIONS LANDSCAPE

Andrew and Sheryl Smith-Brown (aged 40) lived with their daughter, Grace (aged 4) in 2004.

74% of people aged 35 to 44 were owner-occupiers in 2004, though the cost of housing was increasing significantly; house prices averaged £150,700 in 2004, roughly seven times the average annual salary of £22,000. Andrew and Sheryl may still have been home-owners, especially if they had purchased their first home in their 20s or 30s. If they had purchased at a younger age, they would have significantly increased the equity held in their home. Jean and John, and Abebe and Lema may also have found, by 2004, that their homes were worth many times the original purchase price.

In 2001, stakeholder pensions were introduced. These were lower cost group personal pensions (GPPs) which employers with five or more employees were required to make available to employees, and to deduct contributions directly from employee's wages, if desired. Employers were not required to contribute, and employees had to ask to be enrolled. During this time, provision of private sector Defined Benefit schemes was declining, and so employees were more likely to be saving solely through the State Pension than in previous generations.
The proportion of employees in GPPs in 2004 was under 10%. (10) So, Andrew and Sheryl may have been saving into a Defined Contribution GPP, a Defined Benefit scheme, or solely through the State Pension.

Saving levels were up for women, in 2004, with 49% of employed women actively saving, but because of caring responsibilities for her daughter, Sheryl may have been out of paid work or working part-time to provide childcare and may not have been contributing. There is also a possibility that one of Andrew's previous Defined Benefit pension schemes could be at risk of insolvency and may have subsequently moved to the Pension Protection Fund (PPF).

Sheryl and Andrew can expect a mixed portfolio of retirement income and may be able to use their housing equity to access more funds. They might consider options such as equity release, downsizing, or renting out a portion of their home to generate additional income. Sheryl may be expecting a State Pension age of 60, but legislation was already in place to increase women's State Pension age to 65 by 2020. This rise was subsequently brought forward, so women's State Pension age reached age 65 by 2018 and age 66 by 2020. By the time Sheryl and Andrew reach age 55, in 2019, the pension flexibilities will have been introduced and they can, if they wish, access any Defined Contribution savings they have flexibly, subject to their marginal tax rate.

In 2004, schemes would not have provided significant guidance on how people can plan and prepare for later life, and Sheryl and Andrew were unlikely to be actively planning, unless they used an Independent Financial Adviser.

The workplace

By 2004, the office environment had evolved significantly. New technology was emerging but was not yet fully integrated into the workplace, such as mobile phones and broadband internet. Despite these advancements, traditional practices were still prevalent; paper documents were gradually being replaced by email and digital cloud services, but fax machines and photocopiers remained widely used. Overall, the office was moving towards a more digital landscape, but many established methods were still in play.

Pension administrators were working more closely with savers, for example, in relation to DC pensions and managing larger numbers of employers as customers. This is likely to have resulted in greater need to streamline services and greater attention to investment strategies within Defined Contribution schemes. Trust-based Defined Contribution schemes began to gain traction as a more secure alternative, allowing employers to delegate pension management to trustees, ensuring fiduciary responsibility and compliance with evolving regulations.

Running a pension scheme

Increased regulations around the structure of schemes, e.g. stakeholder schemes. Needing to manage investment strategies within a charge cap for the first time. Increased reporting requirements to comply with new regime under The Pensions Regulator. Amid these changes, member demands and expectations increased, and the development of online portals would have facilitated member self-service. Straight-through processing (STP) would have improved administrative efficiencies and reduced manual interventions. As traditional paper files were gradually phased out, new documents were increasingly scanned and stored digitally, paving the way for a automated approach to pension administration.

Pensions in-tray

Defined Benefit trustees faced increasing pressure to manage deficits due to economic conditions, regulatory changes, and longevity risks. To meet future liabilities, many shifted assets into bonds and cash. The introduction of the Pension Protection Fund (PPF) provided a safety net for members of defined benefit schemes, requiring trustees to ensure adequate funding to avoid reliance on the PPF. Simultaneously, the rise of trust-based Defined Contribution schemes offered an alternative for employers seeking to manage pension liabilities effectively. These schemes delegated pension management to trustees responsible for regulatory compliance and member protection. The establishment of the Pensions Regulator imposed stricter governance and funding requirements on trustees of both DB and DC schemes. Additionally, the growth of Group Personal Pensions presented a more affordable option for pension benefits, rompting some trustees to consider these arrangements.

2004
KEY STATISTICS

In popular culture

Prime Minister:
Tony Blair

Top Pop Song:
Yeah! - Usher

Most popular film:
Shrek 2

Most popular gadget:
iPod

In the population

Over the year 2004, CPIH increased by **2%**

By the end of 2004, house prices cost on average **£150,700**, around 7x average annual salary (1)

Average annual salary was **£22,000** (2)

Average men's annual salary for ages 40-49: **£26,600** (3)

Average women's annual salary for ages 40-49: **£13,800**

74% of people aged 35-44 were owner occupiers (4)

The average household saving level was **6%** of disposable income (5)

Male labour market participation rate: **84%**

Female labour market participation rate: **70%**

Cohort life expectancy

Male
40 years of age

Life expectancy
45 years

Female
40 years of age

Life expectancy
45 years

State pension

299 people of State Pension age per **1,000** of working age (6)

State pension age

Male
65 years of age

Female
60 years of age

Life expectancy at State pension age

Male
17 years

Female
27 years

Pension scheme saving

46% of **male** employees

36% of **female** employees

were saving into a pension scheme

Active membership of private pension schemes

61% of men **aged 40**

49% of women **aged 40**

A male median earner born in 1964 would have an average replacement rate in retirement of

32% (4)

THE *2004* FAMILY ARCHETYPE

Shifa and her wife Alice (both age 40) lived with their son Leo (aged 18). Though house prices were high in 2014, at around seven times average salary, if they had bought young, had help from their parents, or particularly high paying jobs Shifa and Alice may still be homeowners.

It will have been easier for Shifa and Alice to get skilled employment and achieve promotions than it was for their mothers and grandmothers, though women still earned significantly less than men on average in 2014. If one of them had primary caring responsibilities for Leo, then they would have been likely to have suffered impact on their career as a result of taking time out and potentially working reduced hours afterwards.

Automatic enrolment was being staged in from 2012, and Shifa and Alice would be enrolled, if they weren't already saving in their employers pension at some point during the decade. They were most likely to be enrolled into a Defined Contribution (DC) scheme, and the most likely type of scheme was a DC Master Trust, which became the arrangement of choice for automatic enrolment DC provision. If they didn't opt out of their scheme, they would probably have been paying, with their employer, at the default contribution rate of 8% of band earnings.

This is unlikely to be sufficient to allow them to replicate working life living standards in retirement, especially if they weren't saving into a pension prior to being automatically enrolled.

From 2016, they would no longer be able to contribute to an earnings-related State Pension, S2P, but would instead be contributing towards the flat rate new State Pension (nSP). If either of them happened to be saving into a Defined Benefit pension, they would have ceased contracting out of contributions towards S2P and may have to increase regular contributions as a result.

Shifa and Alice bore more risks related to pension saving than those in previous generations. They were most likely to be saving solely through DC pensions, and to have spent a portion of their working life not saving in a pension. When saving into a DC pension, they are likely to have contributed at insufficient levels to achieve a desired retirement income unless they were particularly financially engaged. The introduction of the pension flexibilities meant that Shifa and Alice would have to make more complex decisions about how to manage retirement income, while at the same time having saved less money, and most likely experiencing more diverse calls on their income as they moved into later life, for example, supporting older children or caring for parents.

Andrew and Sheryl Brown-Smith, now 50, are likely to have been thinking about how to access their pension savings and will have received their first "wake up" pack explaining their pension options, including the facility to access a 25% tax-free lump sum from the age of 55. They may be considering taking this money to pay off their mortgage or fund other expenses.

It will be crucial, for their future income levels, that they use some form of advice or guidance, for example, the free Pension Wise guidance service, in order to understand the implications of different options.

Unfortunately, the use of free guidance and paid advice in relation to accessing retirement savings dwindled during the next decade, meaning that Andrew and Sheryl may have made sub-optimal decisions, for example, accessing their 25% tax-free cash and putting the rest of their savings into a cash only drawdown account. As a result of people accessing this way, the FCA has now passed regulations requiring people to opt-in to cash-only drawdown. Dawn Johnson would soon be retiring under the new State Pension system (nSP). As a woman who may have earned at low levels and taken time out to care, the nSP will pay her a higher rate than she would have received under the basic State Pension

The workplace

By 2014, technology in the office had become essential, especially with the growing influence of the internet, online and video communications. Technology that once revolutionised the workplace, such as fax machines and photocopiers, had become increasingly obsolete as documents moved into the digital space. Data and information storagehad also become more digitised, with systems like the Rolodex becoming antiquated.

Pensions in-tray

Defined Benefit scheme trustees battling significant deficits, and many planning end game strategies. Some schemes will be exploring options for buy in, buy out, while others may be facing passing their liabilities over to the Pension Protection Fund. More stringent reporting requirements, with more significant penalties for non-compliance.
Greater scrutiny of trustees and a growth in the number of professional trustees.
A growth in master trusts, leading to a new type of Defined Contribution trustee.
A much greater focus on charges and the beginnings of a focus on value for money.
Additionally, there was a growing awareness of Environmental, Social, and Governance (ESG) factors in investment decisions, alongside mounting pressure to address climate change. Financial wellbeing, education, and resilience also gained traction as key areas of focus for trustees.

Running a pension scheme

Daily running has become more complex and technical. While technology supports greater speeds, schemes must comply with many regulations and are managing a quickly growing membership under automatic enrolment. The announcement of the pensions flexibilities means schemes are having to consider how to restructure both their savings and retirement income products, as well as adapt their systems and processes.

2014
KEY STATISTICS

In popular culture

Prime Minister:
David Cameron

Top Pop Song:
Happy - Pharell Williams

Most popular film:
The Lego Movie

Most popular tech:
iPhone

In the population

Over the year 2014, CPIH increased by **1%**

By the end of 2014, house prices cost on average **£191,700**, around 7x average annual salary (1)

Average annual salary was **£27,200** (2)

Average men's annual salary for ages 40-49: **£32,000** (3)

Average women's annual salary for ages 40-49: **£18,300**

63% of people aged 35-44 were homeowners (4)

The average household saving level was **6%** of disposable income (5)

Male labour market participation rate: **83%**

Female labour market participation rate: **72%**

Cohort life expectancy

Male
40 years of age

Life expectancy
46 years

Female
40 years of age

Life expectancy
46 years

State pension

310 people of State Pension age per **1,000** of working age (6)

State pension age

Male
65 years of age

Female
63 years of age

Life expectancy at State pension age

Male
20 years

Female
25 years

Pension scheme saving

34% of **male** employees

31% of **female** employees

were saving into a pension scheme

Active membership of private pension schemes

71% of men **aged 40**

49% of women **aged 40**

Median contribution rates are

2% employee

4% employer

A male median earner born in 1974 would have an average replacement rate in retirement of

30% (4)

THE 2014
FAMILY ARCHETYPE

Afia (age 40), lives with and cares for her father Seid (age 59). Seid is paralysed from the waist down after an accident at his construction job.

Afia is unlikely to own her own home with house prices at around 8 times the annual salary in 2024, though she may live with Seid in a house that he owns and intends to bequeath to her. If Seid needs to move into a long-term care home later in life, he may be required to sell or mortgage his house to pay for it. If Afia is over 60 at this time or has a disability, then Seid's home won't be included in the means-test for care, and Afia will be able to remain living there.

There are low levels of pension saving among construction workers, and Seid is unlikely to have saved into a pension when he was in work, though he may have been automatically enrolled in some of his jobs. As a result of his accident, he is likely to have received a pay out from his employer, though he is probably living off this money rather than saving in a pension. He may be keeping the excess in savings accounts and ISAs.

Due to her caring responsibilities Afia may be out of paid work, work part-time or be in a casual or zero-hours contract role and is unlikely to be saving into a pension. Afia is likely to be claiming carers allowance of £81.90 per week and her father is likely to be in receipt of some disability benefits meaning that they will both be credited into the State Pension.

Afia will probably have some pension savings, accrued prior to her time as a carer, and may start working full-time again and saving if her situation with her father changes. When she reaches retirement, she is likely to have saved into a few different Defined Contribution pots, alongside her State Pension entitlement. Government plans to introduce multiple default consolidators mean that Afia's pots may have been merged into one pot, depending on their size. She will also be able to use the pensions dashboard to view her savings and entitlement in one place.

She may also have inherited her father's house and any residual savings he had. However, Afia's State Pension age (SPa) will be 68 or higher. If she finds it difficult to work up until this age due to her own health problems or caring responsibilities, she will save less and may access her pension savings prior to SPa, further reducing retirement income.

The workplace

Pension scheme operations in 2024 will have been transformed by the effects of COVID-19. Perhaps one of the biggest shifts in working culture over the last 50 years, the coronavirus pandemic deconstructed the traditional office setting resulting in many people working completely remotely, and after the pandemic, hybrid working with some at-home days is now the norm. Programs like Zoom and Microsoft Teams are now essential to the functioning of the digital workplace. The increasing prevalence of AI has also brought significant changes to the workplace with the introduction of programs like OpenAI and ChatGPT assisting in every day office tasks, but also potentially posing risk to workers of being replaced. The popularity of social media has also reshaped roles and communications in the workplace with many organisations now having social media managers, which has become a necessity in keeping up with communications between companies and the public.

DC pension schemes are currently coping with significant regulatory burdens as they prepare to comply with new Value for Money reporting requirements. They will also be looking at different ways of investing, particularly in terms of increasing funds invested in private markets and productive assets. Smaller DB and DC schemes may also be looking at options for consolidating with larger schemes, or, in the case of DB, options to sell their liabilities to a buy-out company. Schemes in these situations will have complex needs from investment strategies as they will wish to keep cash-flow positive while also making their investment portfolio attractive to potential consolidators, or easy to transfer to insurers.

1

Pensions in-tray

Trustees of smaller DB and DC schemes considering consolidation. Larger schemes heavily focused on investments, including a move towards illiquid and private market assets, while juggling charges and regulatory requirements. Trustees also managing historical rectifications (such as Guaranteed Minimum Pensions) alongside forward-looking initiatives like the pensions dashboard, VFM assessments, and ensuring adequacy in retirement savings. An increasing number of DB schemes are also on the journey to buyout. Trustees are also increasingly prioritizing Environmental, Social, and Governance (ESG) factors and diversity and inclusion in their investment and governance practices, mainly driven by the shifting priorities of scheme members.

Running a pension scheme

Highly specialised and technical professionals required. A major focus on regulatory compliance in relation to investments and Value for Money reporting. The need to streamline and update systems, in line with regulator expectations. For larger DC schemes, the growth in assets under management as a result of automatic enrolment should be opening new investment opportunities. There is a greater focus in sustainability across running a pensionscheme, with digital transformation being rolled out.

2024
KEY STATISTICS

In popular culture

Prime Minister:
Keir Starmer

Top Pop Song:
Guess –
Charli XCX
& Billie Eilish

Most popular film:
Inside Out 2

Most popular game:
Elden Ring

In the population

Over the year 2024, CPIH increased by **3%**

In January 2024, house prices cost on average **£282,000**, around 8x average annual salary (1)

Average annual salary is **£37,430**

Average men's annual salary for ages 40-49: **£42,260**

Average women's annual salary for ages 40-49: **£35,250**

50% of people aged 35-44 are homeowners (4)

The average household saving level is **11%** of disposable income (5)

Male labour market participation rate: **78%**

Female labour market participation rate: **72%**

Cohort life expectancy

Male
40 years of age

Life expectancy
47 years

Female
40 years of age

Life expectancy
47 years

State pension

98 people of State Pension age per **1,000** of working age (6)

State pension age

Male
66 years of age

Female
66 years of age

Life expectancy at State pension age

Male
21 years

Female
23 years

Pension scheme saving

66% of **male** employees

59% of **female** employees

were saving into a pension scheme (12)

Active membership of private pension schemes

77% of men **aged 40**

77% of women **aged 40**

Median contribution rates are

4% employee

3.4% employer

THE 2024 FAMILY ARCHETYPE

Grace Smith-Brown (aged 40 in 2034) lives with her husband Leo Smith Brown (age 40, son of Shifa and Alice Yohannes) and her partner, Freddie Gibbs (age 40).

Grace and Leo have two children. Based on current trends, Grace, Leo and Freddie are likely to be renters. Though, if they are all in paid work, a triple income may make house purchase more affordable. In future, the labour market is expected to contain greater proportions of women, older people and self-employed/ flexible workers. Grace and Leo's parents are likely to still be working and the whole family will have longer life and healthy life expectancies and higher State Pension ages. Grace's aunt Dawn, age 80 in 2034, will be retired and may be struggling to meet living costs. If Dawn has health problems, her children Jade and Jordan may be looking after her.

Grace and Leo will have spent their whole working lives under the automatic enrolment policy and will most likely have accrued Defined Contribution pots and little to no Defined Benefit entitlement. If they spent time unemployed or in self-employment or other casual work, they are likely to have built up lower levels of pension entitlement, unless policies have been put in place to facilitate higher savings levels among the self-employed.

Current discussions around increasing contribution levels may have resulted in either increased minimum contributions or auto-escalation in some of their jobs, which could increase the levels saved. The schemes which Grace and Leo saved in will also be monitored by a Value for Money regime which considers overall return levels as well as costs and charges. They are also likely to be saving into large schemes as a result of Value for Money, consolidation and another decade of growth. Any small-deferred member pots they had will be consolidated, reducing the danger of lost pots, and planning can be helped by the pensions dashboards which will show them their portfolios. There are likely to be better adequacy targets to aim for, by 2034, as a result of these being a key focus of the 2024 Labour Government's pensions review.

Grace is likely to have saved less than Leo because she took time out to care for the children unless sharing parental leave has become more commonplace by 2034. Therefore, Grace's career is more likely to be affected than Leo's by having children, maintaining the gender pensions gap through future generations.

Grace and Leo may have more access to advice and guidance through their employer and provider (pending the outcome of the advice/ guidance boundary review) and should benefit from advances in default offerings, such as investment and retirement income pathways. Industry developments into hybrid products may open more opportunities for flexible access, but based on current saving levels Grace and Leo may struggle to maintain their working life living standards in retirement, though Freddie's additional income might help.

The workplace

The office environment will become predominantly digital, with remote and international workforces becoming the norm. Traditional office equipment such as photocopiers will be relics of the past, replaced by more advanced and efficient technologies. Pension administration is likely to have become more complex as schemes will be needing to report more on Value for Money metrics, investments and ESG considerations. Alongside this, schemes may be responsible for sending small, deferred member pots to default consolidators. Other small pot initiatives may also be in train which could result in employers paying contributions to multiple schemes. By 2034, and pending regulation, pension schemes may be able to deliver increased levels of guidance and support in person and digitally using AI capabilities.

Pensions in-tray

Pension trustees will have a complex in-tray that prioritises regulatory compliance and the integration of Environmental, Social, and Governance (ESG) factors into investment decisions. They must now provide clear, accessible information to members about the cost-effectiveness of their pension plans as a result of VFM reporting. Pension dashboards and multiple consolidators are likely to be live at this point and trustees will need to prioritise data quality and reporting.

Running a pension scheme

Technology developments should allow for greater self-service options for members through apps and computers, potentially with AI tools providing tailored information. Providers will need to design and monitor increasingly complex technological offerings, requiring skilled staff to operate these. AI and machine learning may have taken over some administrative tasks, changing the nature of roles within pension scheme providers and requiring different skill sets. Providers may need to invest in upskilling staff.

2034
KEY STATISTICS

In popular culture

Prime Minister:
?

Top Pop Song:
?

Most popular film:
?

Most popular game:
?

From PPI modelling

By 2034 there will be around **14.8m** total active Defined Contribution (DC) savers, with **10.3m** of these in master trusts

The value of Assets Under Management in DC will be around **£979m**

People aged 55 to 64 in 2034 will have DC pension pots of around **£57,000** when they reach State Pension age

750,000 young people could be self-employed

Most young people will have careers lasting **50** years

The workforce will be more diverse with more women, older people and around **1.5 million** young people with a disability. (11)

PPI estimates that by 2042

The proportion of pensioners who are owner-occupiers will have fallen to

63% from

78% in 2022

The proportion privately renting will be up to

17% from

6% in 2022

and the proportion in social rented accommodation will be up to

19% from

15% (12)

THE 2034 FAMILY ARCHETYPE

CONCLUSION

Pension savings and retirement experiences have undergone many changes over the past five decades, driven by several major trends:

- The shift from Defined Benefit (DB) to Defined Contribution (DC) schemes
- Soaring house prices
- Stagnant wage growth
- Longer life expectancies
- Changing family dynamics

These changes have significantly influenced the retirement outcomes for individuals and families across generations.

In 1974, the landscape was dominated by DB pensions, providing individuals with a predictable income in retirement based on their earnings and length of service. The majority of adults, such as John and Jean, were also likely to own their homes, reducing living costs in retirement. However, disparities existed, and women and ethnic minorities faced barriers in accessing DB schemes.

By 1984, regulatory changes that improved job opportunities for women began to take effect, with a 5% increase in female labour market participation from the previous decade. House prices remained low, averaging around three times the annual salary, and policies like Right to Buy facilitated homeownership. Abebe and Lema likely benefited from these policies, possibly purchasing their council home at a discounted rate.

The 1990s marked a pivotal transition towards DC schemes as more DB schemes began closing down and DC personal pensions were introduced. Homeownership increased by 8%, although single-parent households, like those led by Dawn, might have struggled to obtain mortgages.

As we moved into 2004, the retirement landscape faced new challenges. With a significant shift towards DC schemes, more individuals, such as Andrew and Sheryl, began saving into stakeholder pensions, taking on greater responsibility for their retirement outcomes. House prices surged to seven times the average annual salary, making it increasingly difficult for new buyers to enter the market.

In 2014, house prices continued to rise, outpacing wage growth and making homeownership challenging for many, including Shifa and Alice, who may have faced difficulties in saving sufficiently for retirement. Despite legislative advances, women continued to earn significantly less than their male counterparts. The average salary for women aged 40-49 was £18,300, compared to £32,000 for men. However, the introduction of automatic enrolment in 2012 brought more people into pension saving, increasing participation rates.

In 2024, young people like Afia, juggling caregiving responsibilities for her father Seid, navigate a pension landscape dominated by DC schemes. Average contribution rates remain too low to guarantee adequate standards in retirement, and the high cost of housing continues to pose challenges. The introduction of pension freedoms in the previous decade means that individuals are now bearing more responsibility of risk in the management of retirement savings. Since the pensions landscape has become more complex, the role of advice and guidance has become crucial in helping individuals make informed decisions about their retirement.

Looking ahead to 2034, life expectancies are set to increase, and the workforce will likely include greater proportions of women, older people, and flexible workers. Grace, Freddie, and Leo can expect longer lives but may face significant hurdles in achieving adequate retirement living standards. Despite potential increases in contribution rates and technological advancements, the likelihood of renting in retirement due to soaring house prices remains high.

In summary, the transformation of pension savings and retirement experiences from 1974 to 2034 highlights significant shifts in policy, economic conditions, and social dynamics. The move from DB to DC schemes has introduced greater individual risk, and ongoing challenges such as stagnant wages and rising housing costs remain serious concerns. As we look to the future, it is important to continue exploring policies that address all of these challenges, ensuring better later life outcomes for all.

COMPLETE TIMELINE

1965: Race Relations Act[3]

Criminalised discrimination in education and employment based on race.

1970: Equal Pay Act

Legislated equal pay for men and women performing similar jobs (effective from 1975).

1975: Sex Discrimination Act

Criminalised discrimination in work, education or training based on sex or marital status.

1975: The Social Security Pensions Act – SERPs with effect from April 1978[4]

A Labour government introduced SERPS, the State Earnings Related Pension Scheme, in the 1975 Social Security Pensions Act. This was a secondary State Pension linked to earnings, which supplemented the basic State Pension. Employees in occupational schemes could contract out of this pension and make lower National Insurance contributions. SERPS replaced the first earnings related State Pension scheme, Graduated Retirement Benefits (which was abolished in 1975).

1977: Removal of the option for married women to pay reduced rate National Insurance Contributions[5]

Before 1977, married women were able to elect to pay reduced National Insurance contributions in return for not accruing entitlement to contributory benefits such as the State Pension in their own right. Instead, they would be able to claim a State Pension at 60% of the basic rate on the basis of their husband's contributions when both had reached State Pension age. This was removed under The Social Security Pensions Act (1975).

1980: The Housing Act

This act gave five million council house tenants the Right to Buy their house from their local authority at deep discounts.

1980: Social Security Act[6]

Removed the link between State Pension increases and average earnings and replaced it with a price inflation link, which kept the value of the pension roughly constant in price terms. Prior to this, State Pension increases were linked to earnings in the wider economy.

1985: The Equal Pay (Amendment) Act

Sought to ensure that women and men were paid the same for work of equal value.

1986: The Financial Services Act[7]

The Financial Services Act introduced personal Defined Contribution pension schemes and allowed employees and self-employed people to choose their own pension scheme. Personal pension plans were officially launched in 1988.

1987: Introduction of Statutory Maternity Pay

Supported working mothers by providing them with financial support during maternity leave.

1993: Pension Law Reform review[8]

Chaired by Professor Roy Goode, the review was initiated in response to growing concerns about the security and management of occupational pension schemes, particularly in the wake of high-profile pension scandals.

1995: Disability Discrimination Act

Legislated protections for disabled people in employment and access to support services.

1995: Pensions Act

Legislated for the phasing in of the equalisation of State Pension ages for men and women over a 10-year period from 2010.

1995: Introduction of OPRA

1998: National Minimum Wage Act

Introduced a National Minimum Wage at £3.60 per hour (for people aged 21 years and over), increasing earnings for low-paid workers.

1999: Maternity and Parental Leave Regulations

Guaranteed maternity leave for 52 weeks in total, which supported parents, particularly women, by making it easier to return to work after having a child.

2001: Stakeholder pensions were introduced

These were a type of grouped personal pension scheme introduced to encourage more long-term retirement saving. Employers with five or more employees were required to offer access to these pensions to their employees, and the pensions were subject to a charge cap.

2002: Fixed Term Workers (Prevention of Less Favourable Treatment) Regulations

Obliged employers to give people on fixed-term contracts comparable treatment to that given to people on permanent contracts doing the same jobs.

2002: Paternity and Adoption Leave Regulations

Guaranteed fathers two weeks' leave at the statutory rate of pay after the birth or adoption of a child.

2003: Employment Act

Introduced the right to flexible working for parents with young and disabled children, potentially enabling some parents to continue working and contributing to pensions while managing family responsibilities.

2004: The Pensions Act

This Act introduced the Pensions Regulator, who replaced the Occupational Pensions Regulatory Authority (OPRA) from 6 April 2005 and has wider powers and a new proactive and risk-based approach to regulation. The Act also included the establishment of a new Pension Protection Fund ("PPF") which administers schemes of which the sponsoring employer has become insolvent.

2004: Finance Act

Introduced significant reforms to the UK pension system, known as "pension simplification," which came into effect on "A-Day," or April 6, 2006. The government wanted to encourage retirement provision by simplifying the previous eight tax regimes into one single regime for all individual and occupational pensions.

2005: Final Pensions Commission report

Outlined widespread reforms for tackling under saving in the UK, including State Pension reforms and the introduction of automatic enrolment.

2005: Introduction of TPR

2006: Employment Equality (Age) Regulations

Stopped companies from being allowed to give employees mandatory retirement on the basis of age.

[3] Long-term trends in UK employment: 1861 to 2018 - Office for National Statistics (ons.gov.uk)
[4] https://pensionsarchive.org.uk/wp-content/uploads/2024/02/The-History-of-Pensions-in-the-UK-Website-PDF.pdf
[5] Married women and state pensions - House of Commons Library (parliament.uk)
[6] https://researchbriefings.files.parliament.uk/documents/SN06762/SN06762.pdf

COMPLETE TIMELINE (CONTINUED)

2008: The Pensions Act

Came into effect incrementally from 2012 onwards. Introduced automatic pensions scheme enrolment, requiring employers to automatically enrol eligible workers into a qualifying workplace pension scheme and, if they did not opt out, contribute on their behalf.

2010: The Equality Act

State Pension age (Spa) for women started to increase in stages to age 65 to equalise with SPa for men.

2010: Additional Paternity Leave Regulations

Allowed women to transfer up to 26 weeks of their maternity leave to their partners, supporting shared parenting.

2011: Triple lock was implemented

The coalition government announced the triple lock guarantee in 2010, and it was implemented from the 2011/12 financial year. The triple lock ensures that the State Pension increases each year by the highest of three measures: the rate of price inflation (measured by the Consumer Prices Index), the average earnings growth, or 2.5%.

2011: The Pensions Act

Amended to accelerate the process of equalising the State Pensions age for men and women to age 65 by November 2018.

2012: Introduction of automatic enrolment

Legislation begins to take effect with the object of increasing pension savings among workers not covered by other schemes.

2012: Retail Distribution Review

Aimed to improve consumer outcomes from financial advice by no longer allowing advisers to charge commission and making them charge upfront fees instead.

2014: Shared Parental Leave Regulations

Enabled eligible mothers, fathers, partners and adopters to choose how to share time off work after a child is born or placed for adoption, supporting shared parenting.

2014: Pension freedoms are announced

The 2014 pension freedoms were announced by the UK Government in the 2014 Budget to start in the 2015/16 tax year. Individuals aged 55 and over were given the flexibility to choose how to use their DC savings subject to their marginal tax rate, with 25% tax free. This change replaced the previous requirement, where individuals were generally obligated to use their DC savings to purchase an annuity.

2015: Occupational Pension Schemes Regulations

Introduced the pensions member charge cap (0.75% of funds under management within the default arrangement, or an equivalent combination charge in any scheme used for automatic enrolment), which aims to provide a level of protection to members and prevent unfair charging structures.

2017: Automatic Enrolment Review

The Automatic Enrolment Review in 2017 recommended reducing the age of eligibility for automatic enrolment from 22 to 18, and lowering the lower earnings band for contributions to £0, so employers and employees would pay contributions from the first pound of earnings up to the higher rate of the earnings band.

2018: The State Pension age for women increased to age 65

Aligning the State Pension age for women with that of men, reflecting longer life expectancies.

2018: The Lloyds Judgment

Required UK pension schemes to equalise Guaranteed Minimum Pensions (GMP) between men and women.

2020: The State Pension age for all increased to age 66

Reflecting increasing life expectancies and aims to ensure the sustainability of the State Pension system.

2021: The Pension Schemes Act

Legislated a framework for the establishment of Collective Defined Contribution schemes in the UK, with the first scheme, the Royal Mail Collective Pension Plan, authorised in April 2023.

2021: The Occupational Pension Scheme (Climate Change Governance and Reporting) Regulations[9]

Introduced new requirements relating to reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. These aim to improve both the quality of governance and the level of action by trustees in identifying, assessing and managing climate risk.

2021: The Occupational Pension Scheme (Administration, Investment, Charges and Governance) Regulations[10]

Regulations requiring DC trustees with less than £100 million of assets under management to compare their scheme's costs, charges and investments returns against three other larger schemes. They must also carry out an assessment of their scheme's governance and administration in line with seven key metrics.

2023: Mansion House Reforms

The Mansion House Reforms seek to increase investment in long-term, productive assets such as private equity and infrastructure. A central component of these reforms is the Mansion House Compact, which calls on UK DC schemes to commit to investing 5% of their assets under management into unlisted equities by 2030, with the aim of "boosting British businesses". Additionally, the reforms address the consolidation of small pension pots and the introduction of a Value for Money (VFM) framework to ensure that pension schemes deliver better outcomes for members.

2023: Pensions (Extension of Automatic Enrolment) Act

The Bill, which received Royal Assent in 2023, aims to expand automatic enrolment by enacting the proposals from the 2017 Review (see above).

2024: Advice Guidance Boundary Review

A collaborative review conducted by the FCA and the Government to examine the regulatory boundary between highly regulated financial advice and mere information and guidance. The review aims to close the advice gap and explore how simplified advice could be provided to financial services consumers by organisations such as schemes and employers.

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APPENDIX

Percentage of males and females saving into a pension scheme

	1974	1984	1994	2004	2014	2024
Male	61%	66%	60%	46%	34%	66%
Female	35%	55%	54%	36%	31%	59%

Cohort life expectancy for 40-year-old males and females (age)

	1974	1984	1994	2004	2014	2024
Male	40	42	44	45	46	47
Female	42	44	44	45	46	47

Labour market participation of males and females

	1974	1984	1994	2004	2014	2024
Male	94%	89%	85%	84%	83%	78%
Female	58%	63%	67%	70%	72%	72%

Percentage of homeownership

	1974	1984	1994	2004	2014	2024
Percentage of home-ownership	74%	70%	78%	74%	63%	50%

THANK YOU
FOR FURTHER INFORMATION ON SUPPORTING THE PPI

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Published by the Pensions Policy Institute

ISBN 978-1-914468-20-99

This report has been kindly sponsored by Capita.
Funding has been given to help fund the research and does not necessarily imply agreement with, or support for the analysis or findings from the project. The PPI does not make recommendations as to the appropriate direction of future policy, Instead, our work provides **INDEPENDENT** evidence to allow policy development to be well informed.