



NEWS RELEASE

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FCA figures show 84% of DB pension savers haven't considered switching to a more flexible option

- HUB Pension Consulting highlights importance of retirees considering ALL options
- Only one-third of those who have considered a transfer have consulted a financial adviser

Thousands of defined benefit (DB) pension scheme members are failing to consider a switch to a more flexible arrangement, raising concerns some are at risk of missing out by not exploring all the financial options available to them at retirement.

Only one in 10 (10%) DB pension savers have considered a switch to a more flexible defined contribution (DC) pension, according to the Financial Conduct Authority's flagship Financial Lives research¹.

The vast majority (84%) said they "haven't really" considered a transfer and the remainder (6%) said they did not know.

Of those who have considered a transfer, only about a third (36%) have consulted a financial adviser.

HUB Pension Consulting, one of the leading DB pension review specialists, is concerned the figures reflect a high number who are failing to review their wider pension arrangements adequately, leaving some at risk of poorer outcomes in retirement.

"The FCA is clear that in most cases a transfer will not be suitable but that should not stop people approaching retirement from fully reviewing their wider retirement planning options, of which a transfer is one possibility," said **Seb Sherburn, senior pension consultant at HUB Pension Consulting**.

The value of a DB pension will often be a saver's largest single asset, in many cases worth hundreds of thousands of pounds.

"With such large amounts involved you would expect people to be keen to consider their options, to at least analyse the suitability of sticking with their DB scheme to ensure they are not unknowingly missing out on achieving the best possible outcome for them," he said.

"The fact that the vast majority are not even considering the alternatives raises questions about a blind spot in terms of the information and support they are receiving, leaving the minority who could benefit from a transfer losing out."

DB transfer activity has been subject to tightening regulatory supervision in recent years. Although most DB to DC transfers – those whose schemes are valued at more than £30,000 – require taking regulated financial advice, many firms have pulled out of offering advice.

"Analysing whether a transfer could deliver better outcomes can only be done on a case-by-case basis, with a deep understanding of the client's unique situation as part of a wider retirement review," said Seb Sherburn.

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“It’s important DB members at least sense check sticking with the DB scheme, and this is not difficult or expensive now that most of the firms active in this space offer abridged advice services.”

He said some member characteristics make DB retirement advice particularly relevant, such as:

- those who have a history of poor health or live a less healthy lifestyle, such as regular smokers
- single people who do not have a spouse or partner to benefit from a dependent’s pension
- wealthier people and/or those with multiple sources of retirement income
- those whose circumstances mean they could benefit from accessing a higher income earlier in retirement, which the lifetime (often increasing) income of a DB scheme may not allow them to achieve.

The FCA’s research shows that nearly seven in 10 (69%) of those who transferred money from a DB to a DC pension in the last four years were satisfied with their choice, compared to just 6% who said they were dissatisfied.

“The broader message is that retirement is a financially complex time of life and everyone with private pensions whether they are DB or DC should review their choices,” said Seb Sherburn.

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Notes to Editors:

About the research

1 – FCA, Financial Lives 2022 survey: <https://www.fca.org.uk/financial-lives/financial-lives-2022-survey>

About HUB Group

HUB Group’s operating companies are modern, technology-driven businesses specialising in providing integrated financial solutions to UK businesses and to their customers and members. Collectively the Group’s businesses are one of the UK’s biggest providers of regulated advice and guidance to people in later life.

HUB Group has provided advice and guidance to over 100,000 customers and pension scheme members, helping them turn £1 billion of pension savings into a guaranteed income for life, release £1 billion of equity from their homes and provided specialist advice on defined benefit transfers.

HUB Group comprises:

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- HUB Financial Solutions – a provider of regulated advice, retirement solutions and services to UK businesses and other organisations;
- HUB Pension Consulting – a specialist in providing client advisory services to defined benefit (DB) pension scheme trustees and scheme sponsors undertaking bulk member options exercises; and
- HUB Digital Solutions – a financial technology business that specialises in creating innovative and disruptive retirement-focused solutions.

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