Simpler pension statements

General Features

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An outline of the Department for Work and Pensions' plans to simplify annual pension statements for auto-enrolled employees.

Late in 2019, the Department for Work and Pensions (DWP) consulted on how annual pensions statements might be simplified and standardised.

In responding to the consultation (see tinyurl.com/qrcfw7v), the DWP broadly concluded:

- Pension providers should be mandated to follow a standardised simpler pension statement format (as voluntary adoption of a proposed standard has not been widely taken up). This will only be for schemes used for auto-enrolment at first.
- Rather than people getting annual statements at various times throughout the year, the government is seeking to impose a 'statement season', supported by awareness-raising campaigns encouraging people to engage with savings and pensions.
- They will not, for the time being, mandate pension statements to be sent in a particular coloured envelope, though the government remains interested in the Swedish 'orange envelope' model as a means of getting people to recognise and engage with their pension statements.

Further consultation is expected as this work develops, and LITRG hopes that the development of simplified statements will help people to better understand the multiple pension pots that they are likely to accrue under auto-enrolment. It is important for a person to see their pension provision in the round, not only to understand the likely level of pension provision in retirement, but also to understand their tax position – both at accumulation and decumulation.

While LITRG also supports the development of pension dashboards, it is pleasing to note that the government's response to this consultation recognises the importance of maintaining paper statements for those who want them; for example, due to

digital exclusion.