

Department for Work & Pensions December 30 2019

# Altmann warns DWP to not 'bow to pressure' from schemes



Baroness Ros Altmann

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**F**ormer pensions minister Baroness Ros Altmann has urged the government to force all pension providers to provide standardised annual statements, not just workplace schemes.



Ms Altmann said standardisation was "essential" for the future success of the Pensions Dashboard and simpler statements should have been a "basic requirement long ago".

Last month the department for Work and Pensions published a consultation looking at how it could deliver annual statements for

workplace pensions which were shorter, simpler and included cost information in pounds and pence.

The government is pushing for shorter statements with simpler, jargon-free, language and key figures presented in a consistent way so savers can understand their pension savings more easily as well as what they have to do to boost their retirement income.

The consultation concluded at the end of last week and several elements of the proposal were criticised by the industry, including claims the benefits of disclosing transaction charges were not clear and warnings mandating a standard statement would hamper innovation.

But Ms Altmann said in her response today (December 30) the DWP "should not bow to pressure" for a principles-based or descriptive approach, warning these have failed consumers in the past.

She also said any new rules should be widened to all pension products, not just workplace.

She said: "Over the years, I have witnessed many examples of 'principles-based' approaches which left customers baffled and bewildered, because providers keep using old-fashioned nomenclature or jargon-based descriptors, which are unfamiliar to ordinary individuals

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"Standardisation and simplicity are needed in practice, not just in theory, so providers cannot obfuscate and continue to confuse consumers with non-standard wording and information."

Ms Altmann pointed to annuity sales as an example of this problem, an area where she said each provider adopted a different method of disclosing the open market option leading to charges being "hidden".

She added: "Customers had no idea how to assess product suitability for themselves, nor how to shop around for the best rate or the right product."

Ms Altmann added: "I applaud its [the government's] aims of helping people understand and engage with their pensions."

"My response to the consultation supports the simple two-page statement, showing each customer's pension value, how much they have paid into it, how much has come from their employer and the government, what charges they pay and how much their pension may be worth in future.

"This is a vital first step in making pensions more user-friendly."

Ms Altmann also urged pension providers to send statements that suit customers, rather than producing materials which only intermediaries or they themselves can understand.

She warned: "Some providers say they do not want to spend the money on this change, but standardisation is certainly in the best interest of their customers, so I believe it is a necessary expense."

Last week pensions minister Guy Opperman defended the government's proposals for simpler annual statements in response to criticism from several industry figures.