



Pensions industry urged to 'rise to the

living crisis, former Pensions Minister, Baroness Ros Altmann, has said.

Altmann argued that pension providers have failed to explain the advantages built into pension saving, highlighting **research from the Pensions Management Institute** that showed that 20 per cent of workers have cut or stopped their pension contributions.

"This is a travesty and highlights my repeated warnings in recent years that the pensions industry has not done nearly enough to enthuse people about their pensions, nor to explain the many reasons for building up money by using the advantages built into private

are not the way to engender positive pension feelings, emphasising that while stories about inadequate pension contributions are designed to encourage people to save more, they often have the opposite effect.

In addition to this, Altmann warned that pension contributions are still misunderstood by most people, explaining that people will have far less money to spend than the amount they stop paying in, with many unaware of the "free money" they could be missing out on from their employer if this is not properly explained by their pension provider.



"If their income is lower, they receive extra benefits, so a reduced income of £100, after applying the UC taper, means benefits will be £55 higher. However, stopping pension contributions of £100 will mean £55 less in UC. So workers on UC, will have only an extra £45 to spend, while losing at least £200 from their pension fund – and maybe even more."

In light of these concerns, Altmann stressed the need for the industry to capitalise on the success of auto-enrolment, by reaching out to customers directly "as any other consumer industry would do"



or even to keep paying in. What a wasted opportunity," she stated.

"Instead of relying on scare stories in the media about inadequate contributions, pension firms should start explaining the positives that customers need to understand before it's too late."