Pension transfers:

Understanding member behaviour

the people's pension

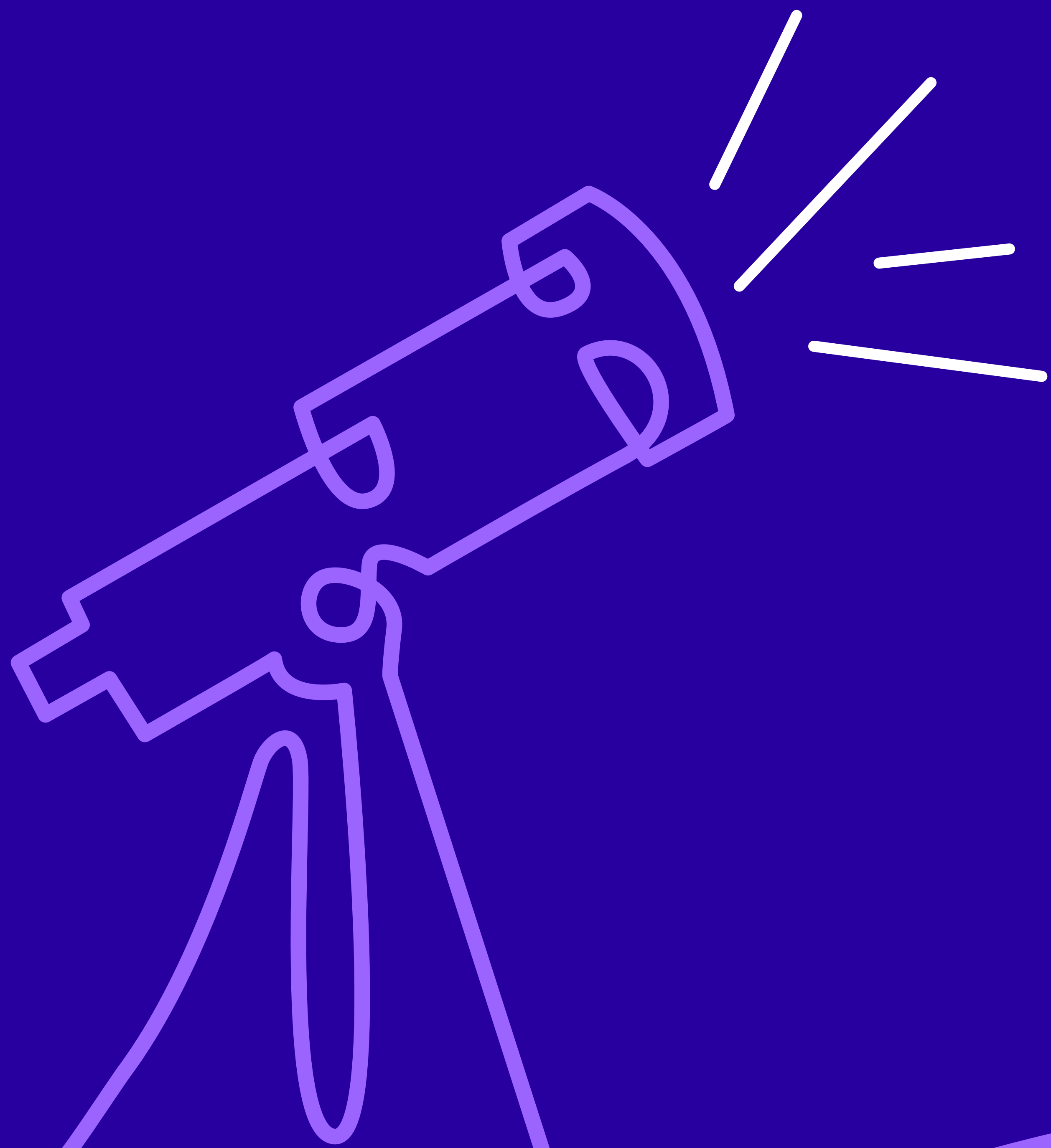
January 2024

Contents

Methodology

People's Partnership and Ignition House conducted a nationally representative online survey of 1,000 DC members, aged 18-65, who had consolidated a DC pension in the last 2 years, without the help of a financial adviser. Fieldwork was conducted over 10 days in November 2023. We supplemented our quantitative data with 10 in-depth interviews, where we explored the rationale for consolidation and experiences with the process in more detail.

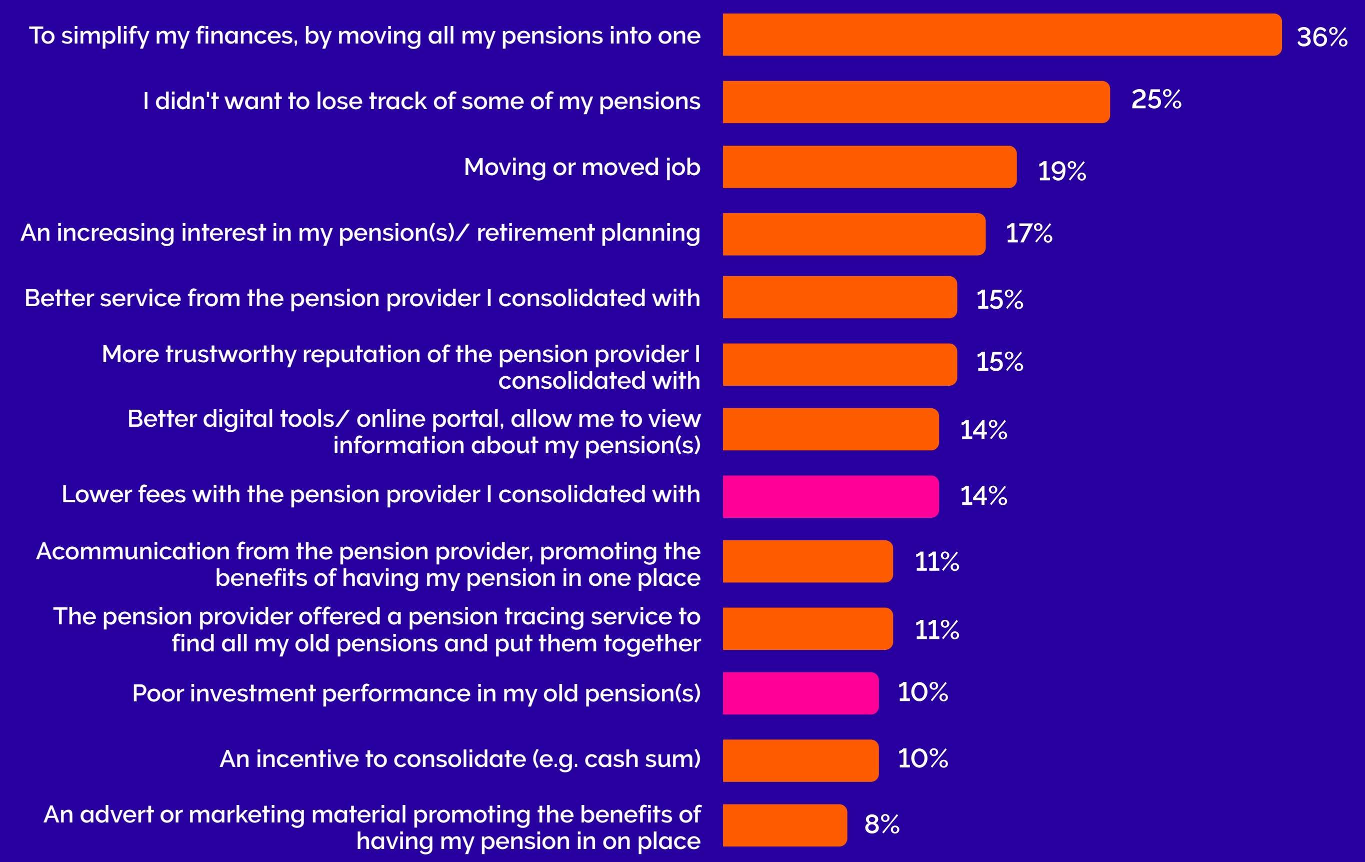
We would like to thank everyone who gave up their time to take part in this research with such goodwill and patience.



1 Why do people transfer their pension?

Members just want a simple life

Figure 1: Main reason for consolidation



Question: What were the main reasons you decided to consolidate your pensions?
Base: All DC pension members aged 18-64 who had consolidated one or more DC pensions themselves in the last 2 years (1,000).

Undoubtedly, the primary motivation for pension consolidation lies in the desire for members to streamline their finances, with individuals seeking to consolidate their pensions to create a more cohesive and manageable situation. A third (36%) of our respondents gave financial simplification as their primary motive, and a further 25% said they were worried about losing track of their finances.

I just thought rather than like messing around with two different pensions, I'd rather just put them in one so I know exactly where I'm up to and how much I can save rather than doing it over two. I might lose track of it. I probably would've even forgotten about it down the line until I needed it.

Female, 35-44

To have a bit of more order in my life and just have it all in one pot, to be honest with you.

Male, 35-44

Looking a little deeper into our data shows that motivation for pension consolidation varies a little across different age groups. Firstly, the desire to simplify finances increases with age but is not limited to those who are deep into their working lives and likely to have multiple arrangements. Our survey highlighted that 49% of those aged 55+ who had consolidated a pension gave simplification as their primary reason, compared to only a quarter (23%) of 18-24 year olds. The concern of losing track of pensions appears to be a shared worry among individuals across various age groups, both young and old. At most, 30% of those aged 44-54 gave this as their primary reason, versus 25% of those aged 25-34 and 18% of those aged 18-24.

The goal was visibility and just ease of management. So being able to see everything in one place. It's annoying having different accounts and different letters coming in the mail every year with a statement. It's difficult to keep an eye on how things are going, or to maybe make fund changes, or if you need to or to understand the costs if the costs are being charged by a bunch of different people. It's just a lot of extra work to keep track of that.

Male, 22-34

Furthermore, among younger individuals, particularly those under the age of 35, a significant driver for consolidation is the act of changing jobs. Approximately a quarter of respondents in this age bracket cited job transitions as their primary reason for consolidating pensions. Conversely, the trend shifts among respondents aged between 45 and 54, where job transitions emerge as a less prominent factor. Only 17% within this age group identified changing employment as their main reason for pension consolidation. This contrast highlights the evolving priorities and life stages of individuals, suggesting that while career changes strongly influence younger participants, older respondents may be driven by different factors such as retirement planning.

Every time I've had a workplace pension and I leave that employment, I have shifted that existing workplace pension into a consolidated personal pension. And the most recent, that was literally a month or two ago when I moved jobs again. I've had three or four employers already. If that were to continue for the next 30, 40 years of my career, that could easily be 5, 10, 15 different pension pots or more by the time I actually retire. In which case, it'd be very difficult to manage them all. A lot of passwords to remember, a lot of address details to change every time you move, all that sort of thing.

Male, 22-34

I moved around quite in quite short spurts during and after Covid, so I knew I had quite a few different pensions dotted around. Late last year I was thinking, right, okay, I need to have a look at what my pension's doing, sort of out of curiosity. And then I was thinking right, okay, this looks its quite easy to consolidate. I think it ended up being about four pensions into one, which was quite a satisfying task to do as well. It's one of those tasks that you always think I'm going do it and you never end up getting round to doing it.

Female, 22-34

Younger members were more likely to move for a better digital experience. One in five (21%) of those aged 18-24 moved to their new provider because they had a mobile app, versus just 9% of those aged 45-54 and 4% of those aged 55+.

Understanding these age-specific motivations in this way provides valuable insights into the diverse drivers that shape decisions regarding pension consolidation across various stages of professional and personal life.

The vast majority of members are not driven to consolidate by the prospect of lower fees or better investment performance

The data in Figure 1 demonstrates that the vast majority of members are not driven to consolidate their pensions based on considerations of lower fees or superior investment performance. They are just as likely to be swayed by an incentive such as a cash sum (10%), or seeing an advert or financial promotion promoting the benefits of having pensions in one place (8%).

Actions speak louder than words

Costs and charges do not feature highly in members' reasons for wanting to bring their pensions together. As Figure 2 shows, nor do they feature highly in the factors ultimately given for choosing to consolidate with one provider over another.

Figure 2: Main reason given for choosing which provider to consolidate into

- 29% - It's the pension I'm currently paying into
- 18% - It's the pension I had the most money with
- 16% - The pension provider had a service where they did the transfer for me
- 16% - The pension provider has better investment performance
- 12% - The pension provider has a mobile app
- 9% - The pension provider has lower fees
- 1% - Other

Question: What was the main reason for choosing to consolidate your pensions with this pension provider, rather than a different one?
Base: All DC pension members aged 18-64 who had consolidated one or more DC pensions themselves in the last 2 years (1,000).

Just one in ten (9%) of our survey respondents reported fees or charges were the main reason for choosing to consolidate their pension with the provider, and the figure is not much higher for investment performance (16%).

> I did have an idea that pensions have charges, but I've just never really looked in it too much. Which is silly because if you were to say to me about savings with a bank account, I'd be going for the best rate. I should be the same for a pension, but I've just never really looked into it. I don't know why.
>
> **Female, 22-34**

2 People don't know what they are paying for their pension

Despite saying that they had considered fees and charges, just three in ten members actually knew how much they were paying

Our survey findings also reveal an interesting dichotomy in the consideration of fees, charges and investment performance amongst our respondents. While a significant majority (74%) of survey respondents acknowledged, at least on a surface level, that these factors were part of their decision-making process for pension consolidation, our in-depth discussions revealed a more nuanced reality. These conversations exposed the superficial nature of this 'consideration'.

Here we found:

- Members had often 'considered' whether there were any specific costs a provider might charge to transfer the money – but not thought about ongoing costs and charges
- Members could typically not recall what their ongoing charges were
- Members had a strong impression that all providers charge roughly the same
- Members felt that ongoing charges of up to 1% would not make much difference to them
- Members with small pots felt whatever the ongoing charges were it wouldn't matter that much to them
- No/Limited understanding that even small differences in percentage rates are, in fact, significant

> Maybe they charge something small. I don't know like how it all works to be honest with you. I didn't think that they charged me that much. I think it'd be quite competitive. Wouldn't they be all about the same as you think?
>
> **Male, 35-44**

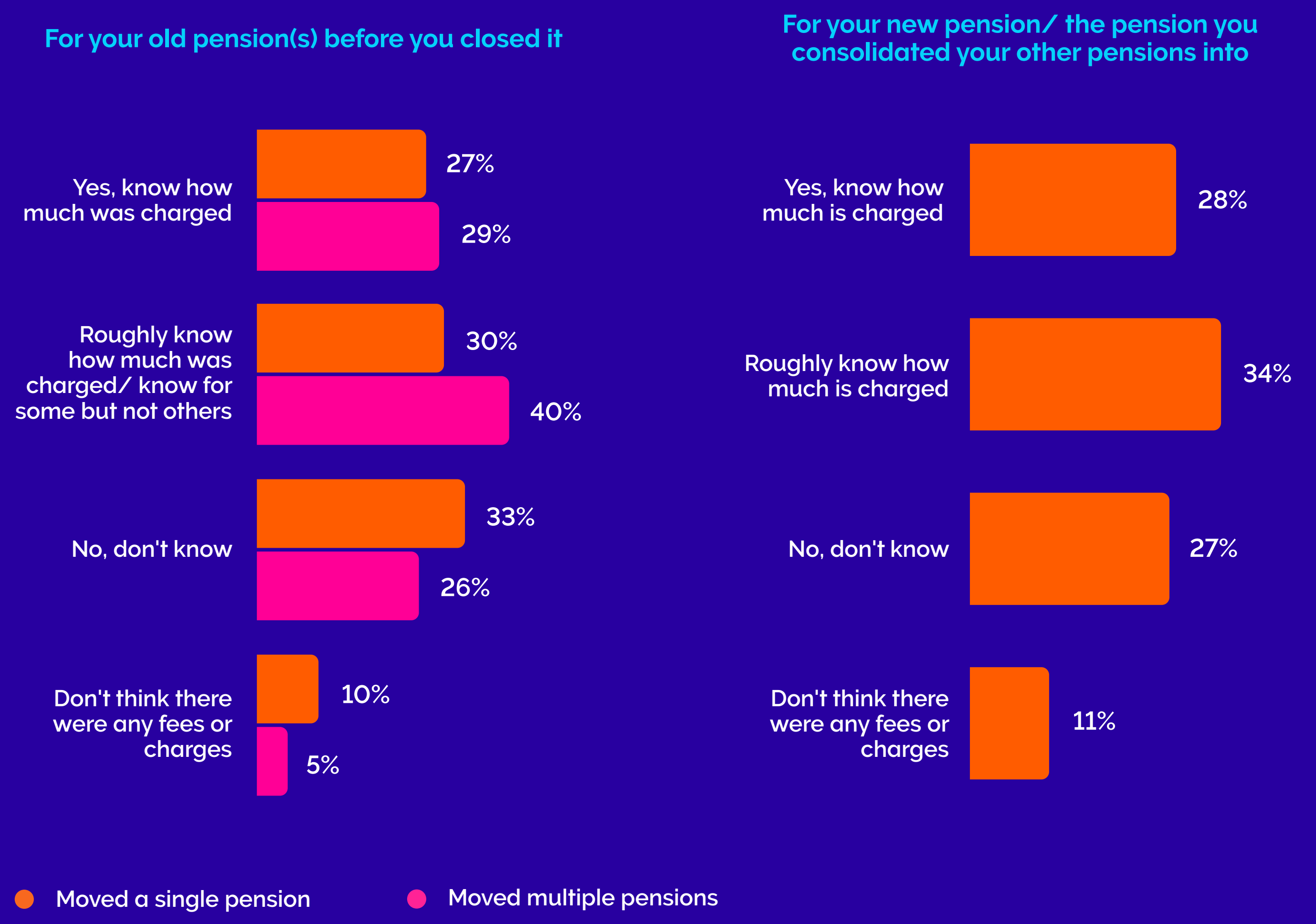
> I think especially with the main market leaders, they've got to stay within a similar percent of everyone else. I'd like to think they're all pretty much of a muchness, maybe give and take a bit.
>
> **Female, 22-34**

> Maybe if someone's got a lot of money it makes a bit of a difference, but I don't see it for my pension. It's not a life changing amount of money when I'm finished. I'm not far off minimum wage. If it's doubled in cost then maybe I'd worry.
>
> **Male, 35-44**

> If it got to 1% I'd probably start worrying because I don't want to be spending too much in fees. If they are charging 1% for example, and I've got quite a bit in there, that's then going be quite a big fee. So then I would need to start thinking about another pension provider.
>
> **Female, 35-44**

This finding is also backed up by further questioning in our survey, where just three in ten respondents revealed that they knew exactly how much they were being charged. Worryingly, one in ten did not know that there were any fees or charges. Those moving single pensions are twice as likely to say that they didn't think there were fees compared to those moving multiple pensions (10% vs 5%).

Figure 3: Awareness of fees and charges



Question: Do you know how much you were paying in fees or charges for your old pensions before you closed them? / And do you know how much you are paying in fees and charges for your new pension/pension that you consolidated your other old pensions into?
Base: All DC pension members aged 18-64 who had consolidated one or more DC pensions themselves in the last 2 years (1,000).

3

People don't know how their pension is performing

Just over half of our consolidators did not know how their old pensions were performing

Our qualitative respondents were keen to point out that costs are not the only factor to think about when bringing pensions together, and that the cheapest is not always the best. They are happy to pay more for a well-known reputable company where they feel their money is 'safe', but have no idea of the protections in place.

> I don't think lower fees are always the reason I should change. It's a quality over quantity kind of thing. I'd rather be with someone that I can trust, that I know will look after my money and keep it safe. They might charge a bit extra, but I'd be fine with that rather than just going with someone who's charging a lower fee.
>
> **Female, 35-44**

Sensibly, they would be happy to pay higher costs if this leads to higher investment performance.

> No, cheapest is not always best. If you could show me the way that you're managing my funds is more successful than somebody else, that would obviously pique my interest. But I don't know how you would do that simply. Don't go overboard. I don't want pages of evidence. I'm just not going to read it.
>
> **Female, 55+**

However, there is compelling evidence to suggest that members are not thinking about net performance when they make their decisions:

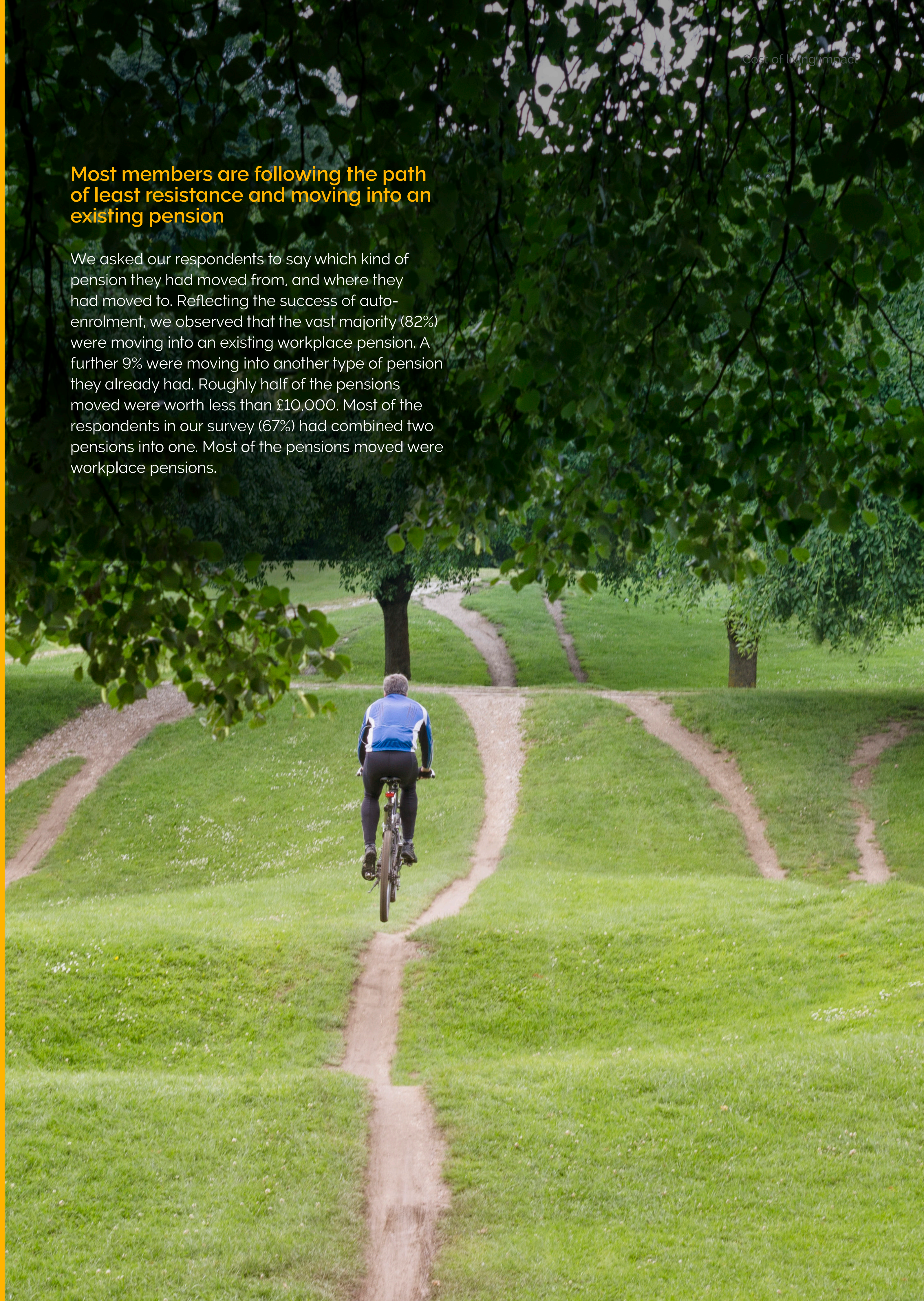
- Just 10% of survey respondents gave poor investment performance as their main reason for wanting to consolidate
- 16% said that better investment performance was the main reason for choosing which provider to consolidate into
- Only around half, 55%, of our respondents said they knew how all their pensions were performing before they moved them. Men were more likely to say they had kept track of this than women (61% compared to 48%), but we found no material difference by age
- Worryingly, almost three in ten (27%) said that they did not know how the pension they consolidated into was doing

Probing in the in-depth interviews revealed that only a couple – the most savvy – of our respondents had thought about performance, and these people were more likely to be generally interested in investing, and hold investment products such as stocks and shares ISAs.

27%

said that they did not know how the pension they consolidated into was doing

4 What influences pension transfer decisions?



Most members are following the path of least resistance and moving into an existing pension

We asked our respondents to say which kind of pension they had moved from, and where they had moved to. Reflecting the success of auto-enrolment, we observed that the vast majority (82%) were moving into an existing workplace pension. A further 9% were moving into another type of pension they already had. Roughly half of the pensions moved were worth less than £10,000. Most of the respondents in our survey (67%) had combined two pensions into one. Most of the pensions moved were workplace pensions.

Laura

Gender: Female
Age bracket: 35-44
Situation: Old AE workplace pension to new AE workplace pension

Their situation

Laura worked for the same company for 12 years and was auto-enrolled into her first pension. She changed jobs and found that the new employer was with a different provider. She didn't want the hassle of having two pensions so decided to bring them together, as she felt she would be in the new job for a while.

She was worried she might lose track of the old pension, and when she mentioned this to a colleague at work they told her that they had consolidated their pensions. She had already seen a communication from her new provider to say this was possible, so knowing that her friend had already done it made her mind up to take action.

> I just thought if I don't do it, then I'm not going to keep on top of the old pension. I won't know where it's up to and I'll lose track of it. So I thought if I put them together then I know exactly where my money is, how much I know I've saved, how much I need to save. And once I'd left that previous job, they weren't contributing so I thought it doesn't really make sense to keep. And I think one of my work colleagues was telling me as well that she did a similar thing, and I thought that sounds like a good idea.

She looked into the consolidation process, and contacted the new pension provider to instigate the move.

> I did a bit of research myself and did it all myself really. I looked on Google to see how I could consolidate it. I used the two provider websites to make sure it was possible, but then I also did like a bit of background research, like the pros and cons of consolidating pensions. The initial phone call to start it off, probably you're looking about 15 or 20 minutes.

She didn't research the two companies as she felt they were both the same.

> I didn't do any research because both of them are quite good in terms of reputation.

She didn't know her money was invested, and that there were any charges.

> I didn't know that. No, because I don't think I've even read about that. I didn't even think about that.

The evidence in Figure 2 strongly suggests that when it comes to pension consolidation, a significant portion of members are not actively exploring various options but rather opting for the path of least resistance. Notably, one in three respondents, amounting to 29%, chose to consolidate into the pension they are presently contributing to. Additionally, another 18% consolidated into whichever of their existing pensions had the highest accumulated funds.

However, those taking part in our in-depth discussions were very surprised to hear that not all workplace pensions charged the same. They were also shocked to find out that different pensions with the same provider may be charged different amount as discounts from the standard rate might be in place for larger pots, or those working for larger employers. They were not aware of this, and it had never crossed their mind to even think about it.

> I feel like that's the thing with pensions, I find it all a bit confusing and I don't really know what's the best to look out for. Even the little things. I don't even really look at the fees or anything. I don't know how much fees were taken off when I like transferred or anything like that. I didn't really do that much research. I sort of just consolidated it all into the pension that had the most money in. It was just by chance. If it was the other way around then I would've just probably moved my old pensions into a new one.
>
> **Female, 22-34**

> That's quite interesting. I wasn't aware of any of this. So they need to make all of that very transparent. There's always this assumption that you should know, but where are we given that education really and truly because you don't learn it in school. Even when you get to a job, you don't learn it. You're sort of just told that you have to have one. At no stage in your life are you given that education on what a pension is. But you are expected to know these things. It's sort of like someone telling you to get in a car and drive, but you've never been taught how to drive before.
>
> **Female, 22-34**

These findings highlight a strong tendency among not advised members to simplify their decision-making process by sticking with familiar options or the pension accounts they are already engaged with. Just 7% of our survey respondents said they consolidated into a new pension. The concept of following the path of least resistance indicates that ease and convenience play a substantial role in the consolidation choices individuals make.

In our in-depth discussions, we observed that the minority who made a switch into a brand new pension were polarised either into people who didn't give it much thought at all and were swayed by slick advertising, and the more financially savvy who had thought deeply, shopped around and wanted more than their existing providers could offer.

Amy

Gender: Female
Age bracket: 22-34
Situation: Moved two old pensions into a pension consolidator, still paying into her existing workplace pension

Their situation

Amy saw an advert pop up on Facebook promoting a simple app to bring all her pensions together. It was something that had been in the back of her mind, but she wasn't sure she could do it. The wording of the advert seemed to fit her situation perfectly. She moves house a lot and was finding it increasingly difficult to keep on top of changing her address for all of her pensions, so was looking for a simple online solution. She checked this was a good idea with her mum, Googled the company to make sure it was 'legitimate' and looked on Trustpilot to see what others had said.

> I was on Facebook one day and I saw an advert and it said download the app, it's really simple. I was speaking to my mum about it and she said the growth is going to be better if you combine them together. So I thought, I may as well because if I don't they are just going to end up sending me letters, and I'll forget about them.

She did not do any research for two reasons. First, she was not aware that she could consolidate into her existing pensions. She feels that this is not well-known amongst people of her age. Secondly, she feels that all pension companies are the same.

> I've had pensions from when I started working and I was aware that you could sort of combine pensions together, but I've never really looked into it. To be honest, it wasn't something that I'd done any research into. I didn't actively go and search after that or look for other companies or anything like that to, I wasn't aware that there was more around. But, I can't see what another provider is going to provide that's going to be a better deal because they're all basically offering the same thing. So, if I find a company that can offer me something that's really useful to me, and it's fit for purpose, I don't see the need to go and look for something else that's going to offer me the exact same thing.

She had no idea that costs could vary, and felt disappointed this was not pointed out to her as part of the process.

> I don't feel like they gave me that information. Especially for someone like myself, I don't have experience in dealing with this. I didn't go to any type of adviser for advice or what the best option was. They sort of enticed me in on the basis that it was easy to navigate and it's a simple system to use.

She tried to find her cost on the app, and felt that it wasn't very obvious to find. She also didn't know how to benchmark her charge to see if this was line with the market.

> You had to click into a few different things. It wasn't just on your homepage. I think I clicked four times before I found it.

Jimmy

Gender: Male
Age bracket: 22-34
Situation: Consolidated four pensions into a workplace pension a few years ago. Has now moved jobs again and moved the money into a Self-Invested Personal Pension (SIPP) he set up himself

Their situation

Jimmy works for the tech industry and has moved jobs a few time so far in his career. He was worried about losing track of his pensions and so consolidated them into his existing workplace pension.

> I did the original consolidation, I would guess around four or five years ago, I'm not exactly sure. The goal was really visibility and just ease of management. So being able to see everything in one place. It's annoying having ten different accounts and ten different letters coming in the mail every year with a statement. It doesn't help you to keep an eye on how things are going, or to maybe make fun investment changes if you need to, or to understand the costs if the costs are being charged by a bunch of different people. It's just a lot of extra work to keep track of that.

He has just moved jobs again and was thinking about what to do. He decided not to move into his new workplace pension as he wanted more investment choice than the provider could offer. He looked for a cheap SIPP he could use as a 'sweeper account' as he expects to have around fifteen jobs in his lifetime. He did a lot of research on SIPP platform charges and investment costs. He has chosen an Exchange Traded Fund. He is not loyal to the company he chose, and if a better deal came along he would move again.

> I definitely wouldn't say I was an expert, but I think it's highly likely that I know more than the average person about it. I guess I just take an interest in finances and investment generally, so it's just part of that overall thing really. I'm not saying that I look every day or every week or every month. It's much more like once a year I'll spend at least a few hours thinking about it and kind of re-evaluating, but it's not something that I'm looking at every day.

Yet even for someone who is financially savvy it was not easy to compare like with like, especially where there are flat rate fees involved.

> They need to find a way of doing it that can be described as neutral and fair, and something that is actually comparable. That feels like the hard part, but I do think that would be a good protection to have to have for consumers.

Blind leading the blind

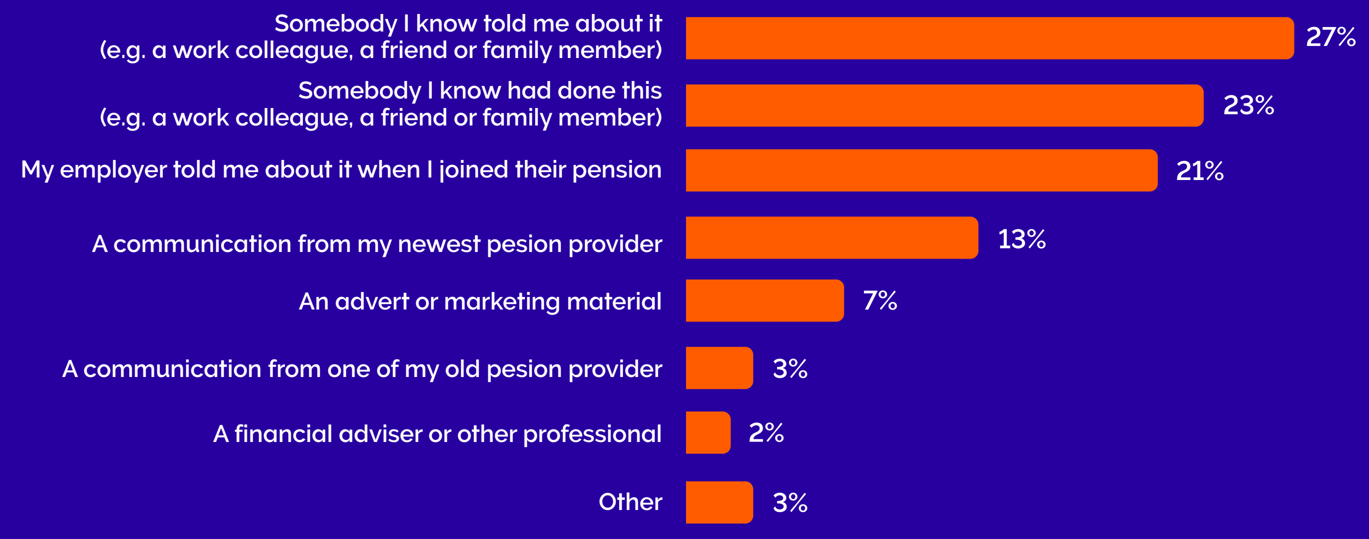
This tendency to stick with what they know is likely to be exacerbated by the strong influence of their social circles. Half of our respondents first discovered information about pension consolidation from their friends or colleagues, highlighting the potency of peer networks and the impact of personal experiences shared within social or professional circles.

> I did see an email from the new pension saying you can consolidate other pensions into this one, but I didn't really think of it at the time. It was only afterwards when I was talking about pensions with one of my work colleagues and she actually said that she had consolidated her pensions, and she said it's just so much easier. She knows exactly where things are up to and she could just see everything online.
>
> **Female, 35-44**

> My work mates had told me about it. They said whatever you've got in the account with your pension provider, you need to sort it out and transfer it over. And they told me to do it myself on the app. My friend just showed me his phone and said you get a policy code off them, and then basically it's quite simple really. And I did. I did it all on an app on my phone. It took me five minutes. It's quite basic and very, very straightforward.
>
> **Male, 35-44**

What influences pension transfer decisions?

Figure 4: How members first found out about consolidation



Question: Thinking now about the consolidation process, how did you first find out you could consolidate multiple pension pots together?
Base: All DC pension members aged 18-64 who had consolidated one or more DC pensions themselves in the last 2 years (1,000).

Employers play a lesser, yet still substantive role, in disseminating information about consolidation. One in five (21%) of our respondents said that they had learned about the process directly from their employers. While this underscores the significance of workplace communication channels in shaping individuals' awareness and understanding of pension consolidation options, it places a responsibility on employers who are often not that savvy, or aware of charges themselves, to explain the impact of costs and charges to their staff.

> I work in a branch and the branch manager said he needs to do the same as well. He needs to transfer it over. I did my transfer in worktime and I showed it to him. I said look, see how easy it is, it's done. And he was like, I need to do this as well!
>
> **Male, 35-44**

> I don't think there's that much conversation about pensions. You get little things from your workplace. But even your workplace, they don't give you that much information. It's just like, this is what we are paying, this is what you are paying, and that is it. I don't think the education is there at all. And I work for a really big employer with a HR department. You get the feeling they don't know much about pensions either. I don't ever remember having any conversation. I know I was in and that they sent me an email when they saw that I'd been enrolled and they all ask you if you want to opt out. But that's it.
>
> **Female, 22-34**

The prevalence of word-of-mouth and employer communication as primary sources of information suggest that social networks and organisational contexts are influential touchpoints for individuals navigating decisions related to pension consolidation. And yet we see that very few people are actively thinking about costs and charges and the impact that this can have on financial wellbeing in retirement.

In the in-depth interviews, some of our younger respondents mentioned the rise of money influencers as powerful motivator for action. Again, on probing, these influencers were 'ordinary people', rather than experts, and none were speaking about the need to consider costs and charges.

> I think I also saw on TikTok as well people starting to do it and saying how actually how easy sort of it is to move your pension. So that's what sort of got me onto like my pension website to then be like, right, okay, let's have a look, and see how easy it was. And it was, to be fair, all I really needed was I think my customer reference number or something and the rest of it was done for me.
>
> **Female, 22-34**

> Money influencers are talking about it. There's one girl, she's quite new, and I just heard her discussing it last week actually, which was weird because I'd already done it myself. And she was saying how she had loads of pensions dotted around, she just wanted to know sort of how much she had and like whether she needs to look at start putting more into a pension or whatnot. But she said she found it hard with it all being spread across different providers. So that was what she did. And yeah, from the comments I think I got the impression that everyone else wanted to start doing it as well.
>
> **Female, 22-34**

The evidence here strongly suggests that the blind are leading the blind, and without significant interventions by the industry, this is unlikely to change.

5

Are pension transfers too easy?

'Transactional' consolidation process was simple and quick, but didn't challenge them to think about what they were doing

At the start, members were quite wary of the consolidation process and expected it to be quite a difficult and protracted process.

> The other day I had to cancel a subscription. I had to ring and I was on the phone for ten minutes about why I wanted to cancel it and I had visions of that's exactly what it was going be like to transfer. I thought I was going have to speak to each individual provider and provide them with the reasons why I want to leave this pension. And then I had visions of them being like, but can't we tempt you to stay? We can offer you this, this and this. But, it was all online and it just wasn't hard at all.
>
> **Female, 22-34**

In reality, the opposite was true. Figure 5 shows that the vast majority of our survey respondents agreed that it was relatively easy to bring their pensions together, and that eight in ten consolidators had been pleasantly surprised by the process they went through. Four in five (81%) felt it was easier than expected; 78% felt it was quicker than expected and 83% agreed the application process was straightforward.

> We were all quite surprised how quickly and how easy it was to transfer £25,000 from somewhere else to somewhere else.
>
> **Male, 35-44**

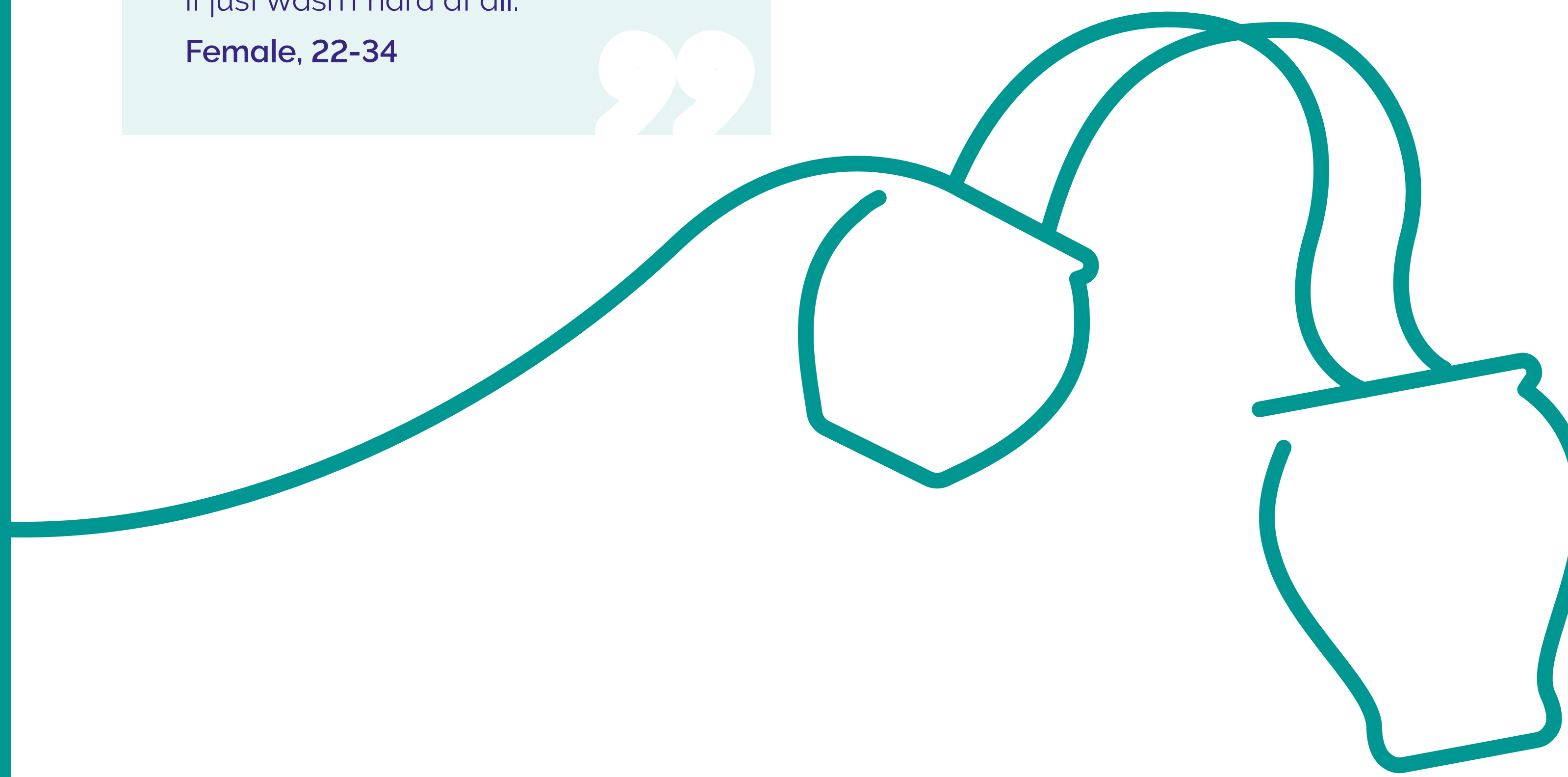
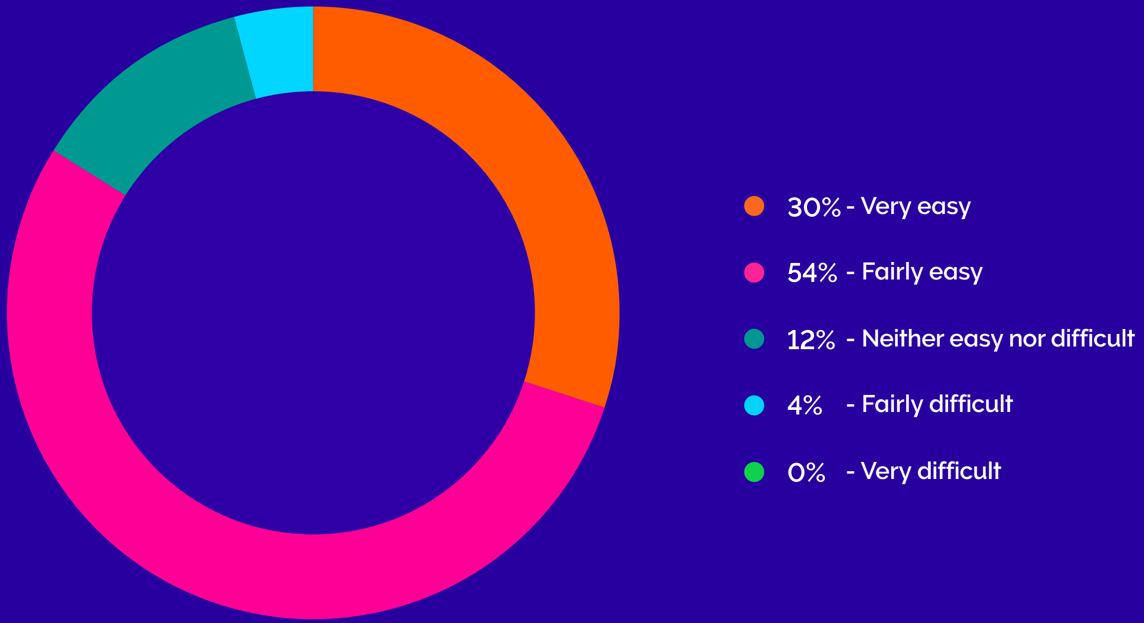
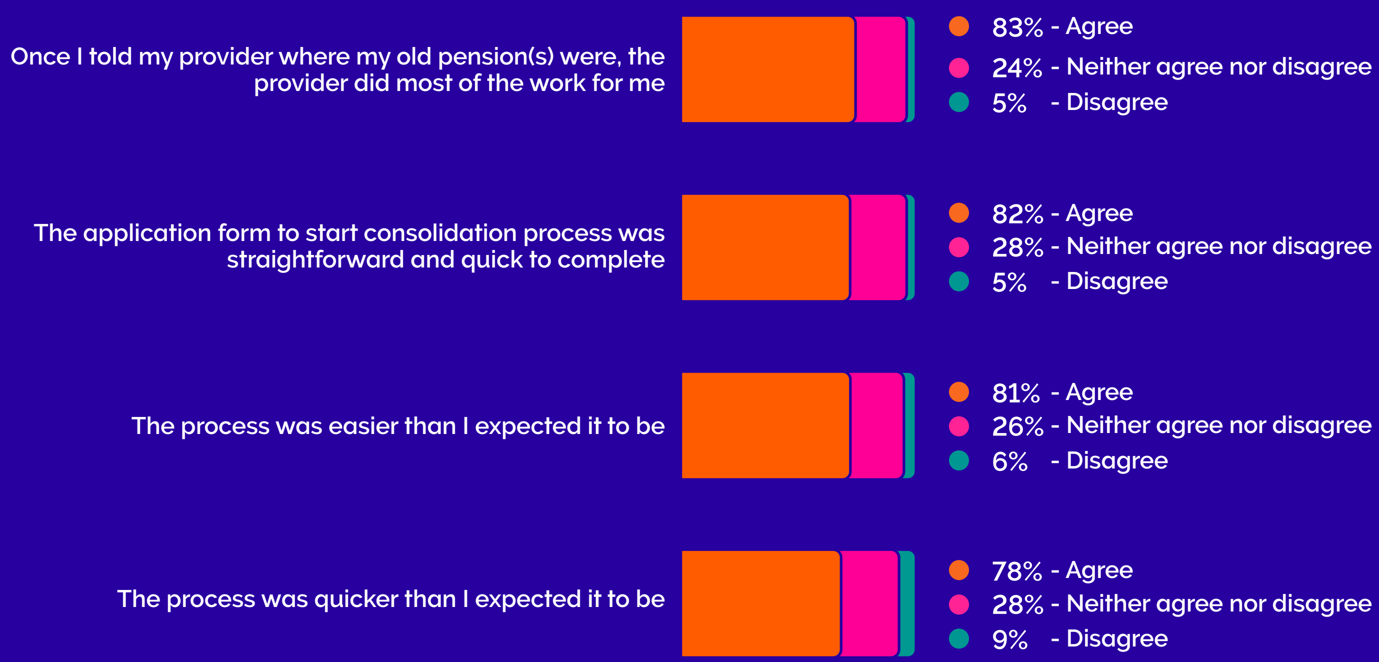


Figure 5: Members' views on the process of bringing pensions together

Overall ease of consolidation process



Agreement with statements related to consolidation process



Question: Thinking now about the consolidation process, how easy was it to bring your pensions together?
To what extent do you agree or disagree with the following statements about the consolidation process?
Base: All DC pension members aged 18-64 who had consolidated one or more DC pensions themselves in the last 2 years (1,000).

On the one hand, this is good news, as member concerns that providers would put up significant blockages did not typically come to fruition and the process was much better than expected.

On the other hand, the process is very transactional. They reported that the application form was quick to fill in (around ten minutes was a typical time taken). Most completed the application online. When probed the majority could not recall anything in the forms to prompt them to think more deeply about what they were doing. A few did call up the provider to get the forms sent in the post and check up on progress. Yet, despite these opportunities, at no point in time could they recall the call centre staff prompting them to think about comparing costs and charges.

> It was straightforward. I remember phoning them up and when I didn't know how to answer something and they were pretty straightforward about it. So they were helpful. I had to instigate all the information and collate put it on a form and send it back. So I had to do that, but it wasn't actually that onerous. I don't recall anyone talking to me about charges.
>
> **Female, 55+**

However, any interventions will need to be sensitively managed and not slow the process too much, as this can lead to frustration and mistrust of the provider. Just one of the ten we interviewed had been asked by the provider to give reasons for the transfer, which he felt was a good idea. Unfortunately, the answer was not detailed enough and he was asked to provide more information, which left a bad taste.

> They asked me a series of questions and they didn't like the answers that I gave the first time because they weren't detailed enough. They asked, 'Have you considered charges? What exactly are you planning to invest in?' which doesn't seem like an appropriate question to be asking really. The most favourable interpretation is that they're trying to stop people getting scammed and defrauded. But it seems kind of crazy and a bit hostile to send it back for more information. And also the responses unsurprisingly were not terribly fast to things, like they weren't replying in a day, it was going take you two weeks after you send something to them to get back to you and look at it. So all in all, it took about two months to get it done.
>
> **Male, 22-34**

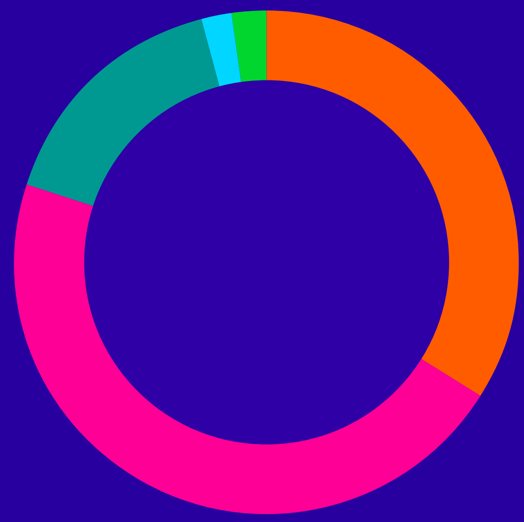
6

Educating people on DC transfers

Without an intervention, members are likely to simply repeat the same behaviour

The data in Figure 6 shows that members who have consolidated once are highly likely to do so again.

Figure 6: Members' future consolidation plans



Question: Now that you have been through the experience of consolidating your pension pot(s) into a single pension, how likely are you to consider consolidating your pension into another pension plan in the future, for example, if you change jobs and get a new workplace pension?
Base: All DC pension members aged 18-64 who had consolidated one or more DC pensions themselves in the last 2 years (n=1,000).

While we might expect this to be particularly true for younger members, it was interesting to see that our survey data showed no difference amongst those aged under 44. In each of our three age groups, around 85% agreed that this will probably be the case for them if they move jobs again.

> I think based on my behaviour so far and the way that I think about things, I think it's pretty much guaranteed that I will continue to consolidate. There's definitely still an open question about where that consolidation ends up being to, and I think that will largely be driven by what the market is offering at any given time, I'm a consumer that is willing to make changes to things to get the best deal and I'm not particularly loyalty motivated. So, I would guess that it's highly likely that it will move around again in the future because it probably won't be the case that one provider will be the best option for me indefinitely. Like probably either providers will change or my circumstances will change in a way that makes something else more attractive.
>
> **Male, 22-34**

Showing members the pounds and pence impact small differences in charges can have on retirement outcomes was a real eye-opener

In the in-depth interviews, respondents were given a couple of examples of how even small differences in charges could impact retirement outcomes and asked for their thoughts on what they had just heard.

The examples given resonated well because many had already said that they would not be worried by charges of less than 1%. Seeing the charges in percentage terms did not feel like 'real money', whereas seeing the impact in pounds and pence certainly hit home.

> That's mad! Because you just think that's the difference between being able to retire a bit earlier isn't it? That's so much money. That's quite frightening actually. I think after this call I'm going to be looking exactly what fee I'm paying. Is there an online calculator you can use? I'm assuming you can probably do a pension fee calculator, you know, like you can do like overpayment calculators online for your mortgage.
>
> **Female, 22-34**

> I still think maybe I wouldn't just go on just the cheapest. But now I'd be asking what are you getting for more? Now they have got to substantiate that difference. if you're going to charge me more, what am I getting? You've got to make that really, really clear to justify it.
>
> **Female, 55+**

Educating people on pension transfers

Inertia is a powerful behavioural driver of pensions, and the respondents in our in-depth interviews recognised that simply highlighting to members the need to compare and contrast costs is probably not enough. They needed to actually see the hypothetical examples of what the small difference in charges could mean to bring this to life. All agreed that it would be even more powerful if these examples highlighted the actual impact on them.

Members welcome the idea that providers are obliged to give them comparable cost and investment information to help them make an informed decision

Members were certainly woken up to the need to consider costs by our examples, yet finding this information is not always straightforward.

In our survey, around a third of those who had looked said that they had some difficulty finding information on fees and charges, and a similar proportion reported issues with obtaining data on investment performance. In our in-depth discussions, members could not recall seeing this information, and some even tried to look for it during the interview on their apps. They were very disappointed to find that the information they needed was not readily available.

> I'm looking right now at my app and I can't see anything about charges.
>
> **Male, 35-44**

Furthermore, our respondents felt that asking them to go away and find the charges and do the work themselves would put up a considerable barrier to action. They would strongly prefer the obligation to be on providers to supply this information, even if this meant a delay in the consolidation process.

> If you tell people to go search it for themselves, most of the time people probably wouldn't because they'd be like, oh it's one more thing I need to do and you just never end up searching it. Whereas if you get provided it from your provider, then it's literally it sent to you, and you don't have to do any digging yourself. If it slowed the process down that would be fine as I've taken this long anyway to decide to consolidate my pensions, so having to wait even another three months or whatever, it's not going to make any difference.
>
> **Female, 22-34**

They felt strongly that the information should be presented in a consistent format, preferably in pounds and pence as they did not always understand that small percentage differences can be material.

> I think it is the language as well. If everybody uses the same language, then it makes it a lot easier to find it in the various formats.
>
> **Female, 55+**

9 Conclusion

The findings from our research underscore the critical need for more education and awareness regarding pension transfers and their implications. It is evident that many members are moving pensions without fully grasping the full ramifications of their decisions. Our respondents were taken aback to discover that even minor variations in costs could significantly affect their retirement savings. This revelation left them feeling uneasy about the decisions they had made, and there was a palpable sense of disappointment amongst them regarding the lack of guidance from the industry. They felt let down by the lack of support and information provided, highlighting a crucial gap in the industry's approach and emphasising the need for improved transparency and guidance to help individuals navigate these complex financial decisions.

Our respondents were very pleased to hear that a provider is planning to take steps at the industry level to protect members, especially in situations where those members are moving from an 'institutional' to a 'retail' environment.

> If I was a regulator trying to think about this, it would be something that I'd be worried about. There are lots of people moving from relative safety towards a jungle where anything could happen to you. I guess savvy people can make those decisions in a more sensible way. But not everyone. Definitely someone should be responsible for transfer process that people are going through. Making sure that people are aware of what that means and what risk they're taking on by doing it. Especially if they're switching from a kind of a traditional pension to a SIPP.
>
> **Male, 22-34**

Increasing transparency around the need to compare and contrast costs may not change their decision, but it will empower members to think about what they are paying extra for and whether that it's worthwhile in the long run.

> The app's nice, but is the extra cost worth it? Does that make sense to what the return's going be? Now I'm thinking about it, it's probably not worth it because I think how often do I check that app? This is probably the first time I've been on it in about three months and it's only because I'm having this conversation now with you. So no, I don't think I need all those fancy frills.
>
> **Female, 22-34**

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