

Raising standards

▣ **Lizzy Holliday reveals the impact of the PLSA's Retirement Living Standards in its first year of launch and what more it aims to achieve**

It's been a big year for the PLSA's Retirement Living Standards following their launch in October 2019.

We've seen a huge appetite from pensions schemes and other organisations to use the standards within their member communications.

Over 14 million savers now have access to the standards via their schemes – following their adoption by 53 organisations, including 30 pension schemes, 17 pension business adopters and six other bodies.

It's great news but there is still work to be done. The PLSA has stated that by 2025 it wants to reach 90 per cent of active savers via scheme adopters.

The PLSA's Retirement Living Standards seek to help people picture their future, and provide simple rules of thumb – illustrating three standards of living and what a range of common goods and services might cost at each level. A key, simple, starting point to help individuals plan their savings to achieve the best retirement income possible.

So how are the standard's adopters using them to help savers do just that?

Well, Aviva – as one example – have been embedding the Retirement Living Standards into their full customer journey, with the intention they feature regularly throughout a customer's lifetime. So far they have added the minimum standard to their Retirement Forecaster to give customers an indication of how likely they are to achieve it. Plans include expanding this to all pension customers, using all three Retirement Living Standards, and enabling customers to create their own personalised target based on the

standards.

They have also included the standards in their latest member guide, in employee financial education sessions, as well as adding the standards to annual statements for 2020/21 and beyond.

The standards are also being incorporated into Aviva's Shaping Futures governance reporting functionality, so that employers can see the proportion of a members' projected retirement income compared against the standards and what impact increasing contributions could achieve.

Elsewhere another adopter – EValue – who provide calculations and modelling software to help people better understand how the actions they take now can impact on their future, have been upgrading its calculation suite to include the Retirement Living Standards.

EValue's Retirement Lifestyle Forecaster allows users to input their age, retirement age, pension balance and monthly contributions to discover how long they could expect their retirement income to last with spending associated with each of the Retirement Living Standards. The tool also suggests ways the saver could improve their situation including increasing contributions, delaying retirement or explore generating other sources of income.

It's been great to see the standards coming to life in different ways across the industry. The work that has taken place has not gone unnoticed elsewhere. During 2020, the Retirement Living Standards received two industry awards, including the Headline Money Thought Leadership Initiative of the Year accolade.

But what can we expect in 2021?



We're planning further independent research to keep the standards fresh and relevant to an ever-changing world – including considering the longer-term implications of Covid-19 on the baskets of goods, and updating the figures. We'll also be looking at other rules of thumb the standards can provide.

We also want to see the standards fully implemented in the eagerly-anticipated pensions dashboards in the future, as well as in the simpler annual benefit statement. Having the standards available as part of those key standard communications will bring that material to life. Moving it from simply showing what an individual's savings are, to also show what that might mean for their retirement living standard, prompting and equipping people to think about what they might need to achieve the standard of living they want.

Wherever they are used, we believe the standards play an important role in helping people to picture and understand what sort of lifestyle their current pension savings are likely to deliver – and we look forward to seeing, and sharing, more examples into 2021.

To find out more about the Retirement Living Standards visit www.retirementlivingstandards.org.uk.

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