

# Clearing the confusion

**▶ The Plain English Campaign group calls for simplification within pensions communications to reduce member uncertainty**

Pensions jargon has long been an issue. Most money matters seem disproportionately mired in obfuscation and complexity, but the confusion surrounding pensions has been massively compounded by recent changes.

In 2015, when ‘the most radical changes to pensions for almost a century’ came in, there was too little explanatory information to help those of us understandably perplexed by a lot of the changes. We received countless emails asking us for our thoughts on the matter. What, we were asked, did all the possible permutations add up to? What are ‘drawdowns’? Which of the new options are best? How dangerous would emptying the retirement pot and putting the money elsewhere actually be? What shortfall might I need to consider?

Adding to this, annuities are still a massive headache for many, and such a major decision should be far less of a problem. Since those ‘radical’ changes came in, those still most uncertain about the choice they have made are those who purchased annuities.

There’s far too much confusion surrounding the matter of whether or not someone should buy an annuity. There’s uncertainty about whether other options might be more suitable, such as taking out all or some of their pension. Simply put, there is little conviction about what the best options are, and dry, dissuasive jargon makes the matter much, much worse.

The usual response to the baffled is

that they speak to a financial adviser. But information regarding such a fundamental and key life decision that will heavily impact our futures should be free, easily-accessible and clear. A cynic might be tempted to suggest that financial advisers thrive on such uncertainty, and that jargon keeps them in a job. That doesn’t mean such practice is acceptable.

Once upon a time, an annuity was generally a far more attractive option than it is now. The alternatives to it, particularly those products offered to those looking to do something else with their money, are potentially much riskier. All the more so when they’re delivered with a heavy dose of gobbledygook. We all know many financial products have been and continue to be mis-sold, and there’s still a justifiable suspicion surrounding the industry. For the consumer, there is no margin for error.

The information explaining what all pension products offer needs to be absolutely crystal clear, now more than ever, and there should be as much certainty about such a fraught decision as possible. But confusion is a very useful tool to those wanting to mislead and mis-sell. More and more new products, all offering different benefits, will continue to appear on the market. How many of them will either accurately reflect that product or use hollow, jargonistic persuasion to mask deficiencies or half-truths?

A related and equally important issue



is that of younger savers understanding their position, now and in the future, and the best option for them. Not enough is being done to clearly and comprehensively educate those of us not yet thinking seriously about their stability later in life. Pensions are considered inaccessible and something to worry about later – this perception has to change. Disentangling and clarifying the information surrounding pensions will help to facilitate that change.

It’s no longer a world in which workers can necessarily expect to be taken care of by their employer – and the sooner young people get to grips with their plight, and the measures they need to take, the better. That means easy-to-understand pensions information for everyone. And without that clear information, there will be far less engagement by a huge potential market with the financial industry if the conversation is held at a seemingly impenetrable level.

Ultimately, hard-working taxpayers should not be expected to fret unnecessarily over their pension. Ending over-reliance on jargon would go a long way to easing the problem, and should subsequently lead to products that consumers can absolutely trust and will therefore be much happier to invest in.

**▶ Written by Plain English Campaign media communications Lee Monks**