

Open Letter - Pension Income Choice Association

Every year many thousands of individuals at the point of retirement are missing out on their right to shop around to secure the best possible income for their retirement.

This process of shopping around can potentially increase income in retirement by 30% or more, not just for the individual pension member but also for their spouse or partner for the rest of their lives. The process costs nothing, yet only around 1 in every 3 people approaching retirement take the trouble to move their pension fund to improve their retirement income. It is hard to think of any one single area of pension policy which could produce greater improvements to pensioners' standard of living for less cost.

Various initiatives from regulators and industry bodies have sought to improve the position. These should continue to be encouraged, but these initiatives have yet to achieve the kind of breakthrough which is urgently required. More radical action is required if we are to avoid millions of pensioners needlessly wasting their hard earned savings over the years to come. Everyone should be encouraged to make the best possible use of their savings at retirement, not only for the undoubted benefits it will bring to the individuals but also to boost tax revenues from their pension income and to minimise welfare costs.

The Pensions Income Choice campaign has been launched with several simple and specific proposals to transform this vital and neglected aspect of the UK's pension system. We hope that the Pre-Budget Report on the 9th December the Government take forward the recommendations of the Pension Income Choice. A copy of the report 'Optimising Value in Retirement' can be found at www.pica.org.uk

Yours sincerely,

Tom McPhail

Chair, Pension Income Choice Association