

The Pensions Review

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Challenges managing pensions through retirement



Summary



- Most current retirees making (relatively) low-stakes decisions over DC wealth, but the **importance of these decisions is set to grow**
- Many don't access **information, guidance, or advice** at key stages of decision-making about their DC pension
- **Range of risks faced** when drawing down pension (and other) wealth through retirement
- **Multiple challenges in creating a framework for good pension withdrawal decisions**

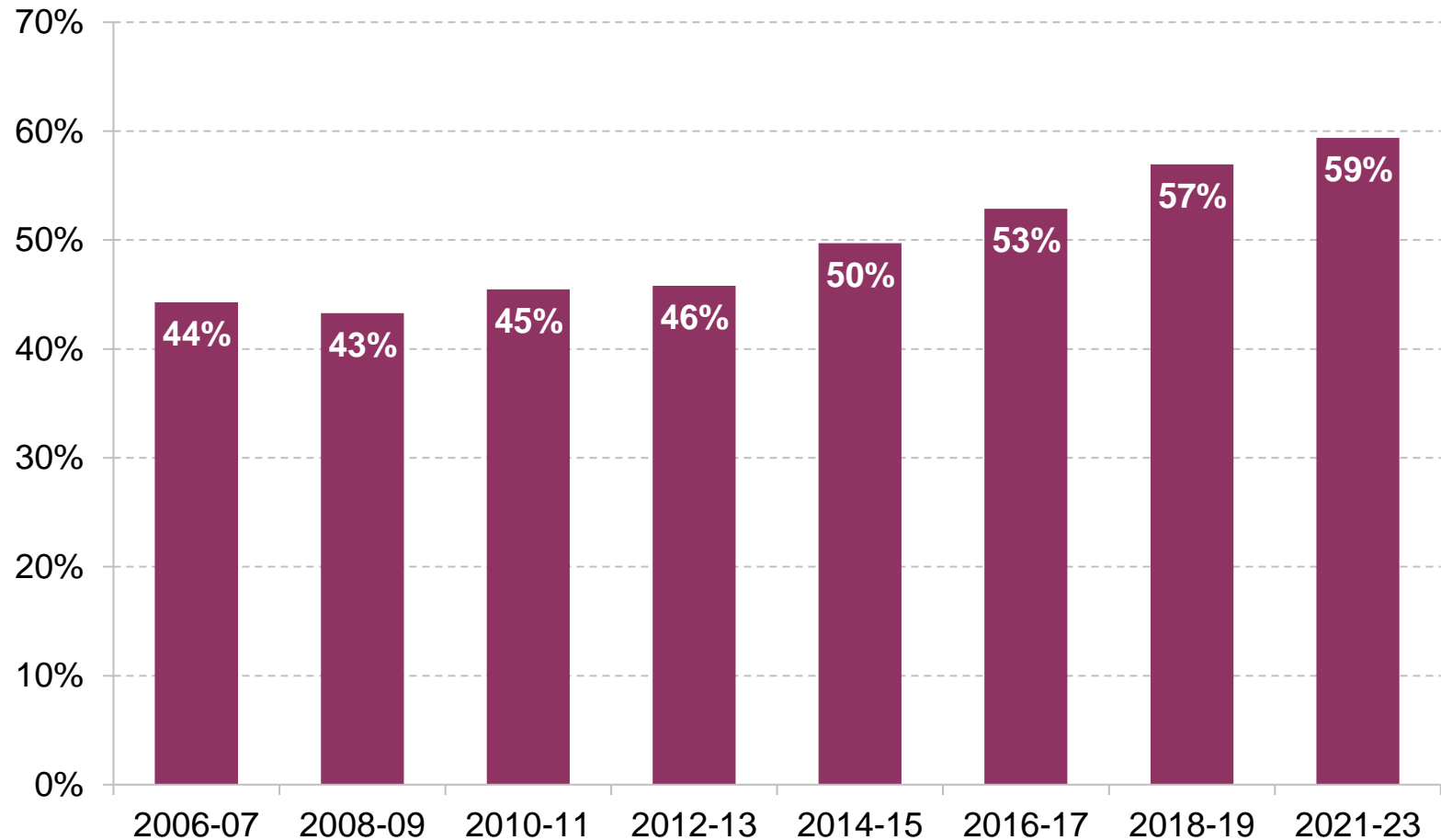


**DC pension wealth is
increasingly important**

More people retiring with DC wealth



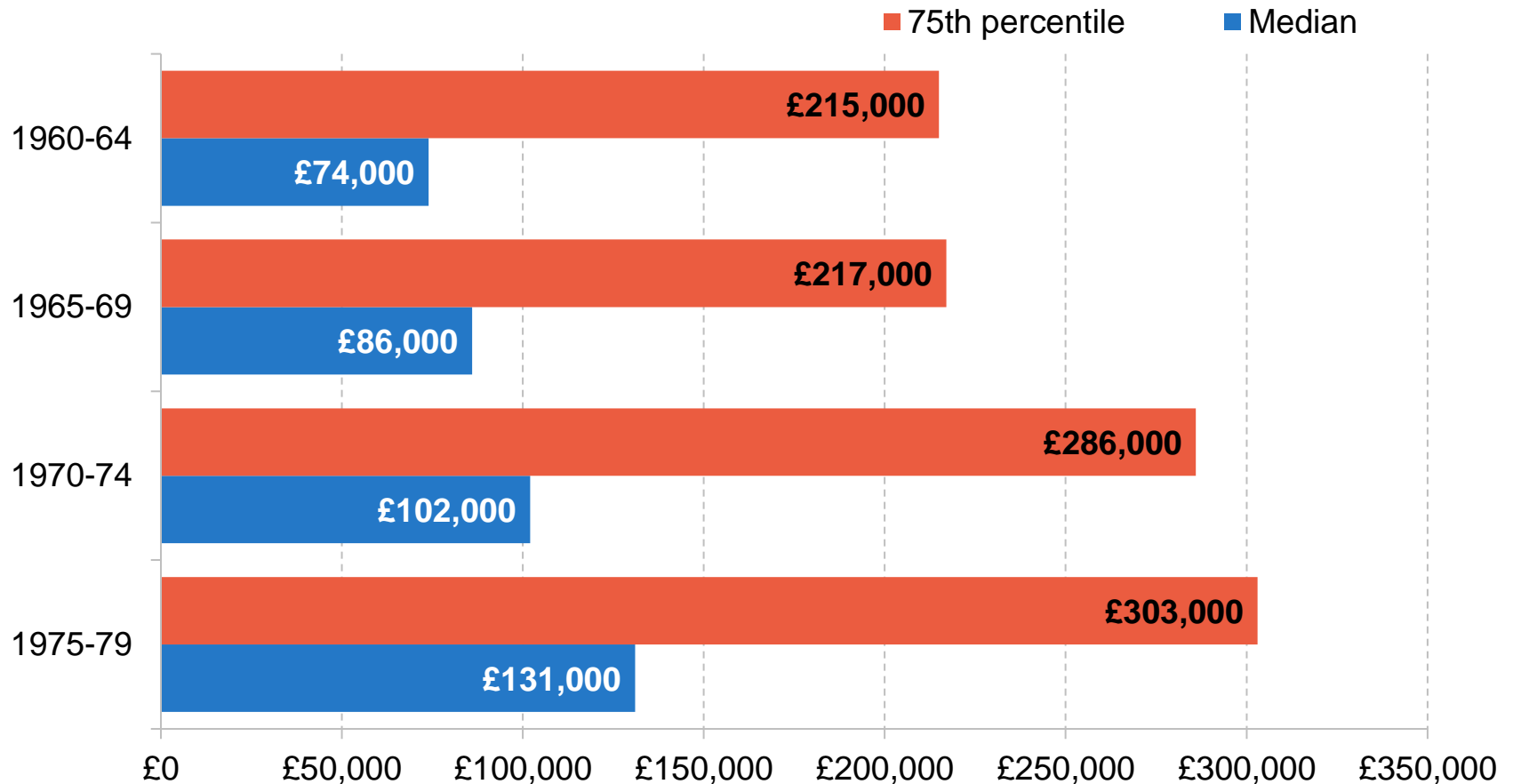
Proportion of 55- to 64-year-olds with defined contribution pension wealth



Source: Figure 2.2, Boileau, Cribb, and Emmerson (2025a)

Value of DC wealth at retirement projected to rise

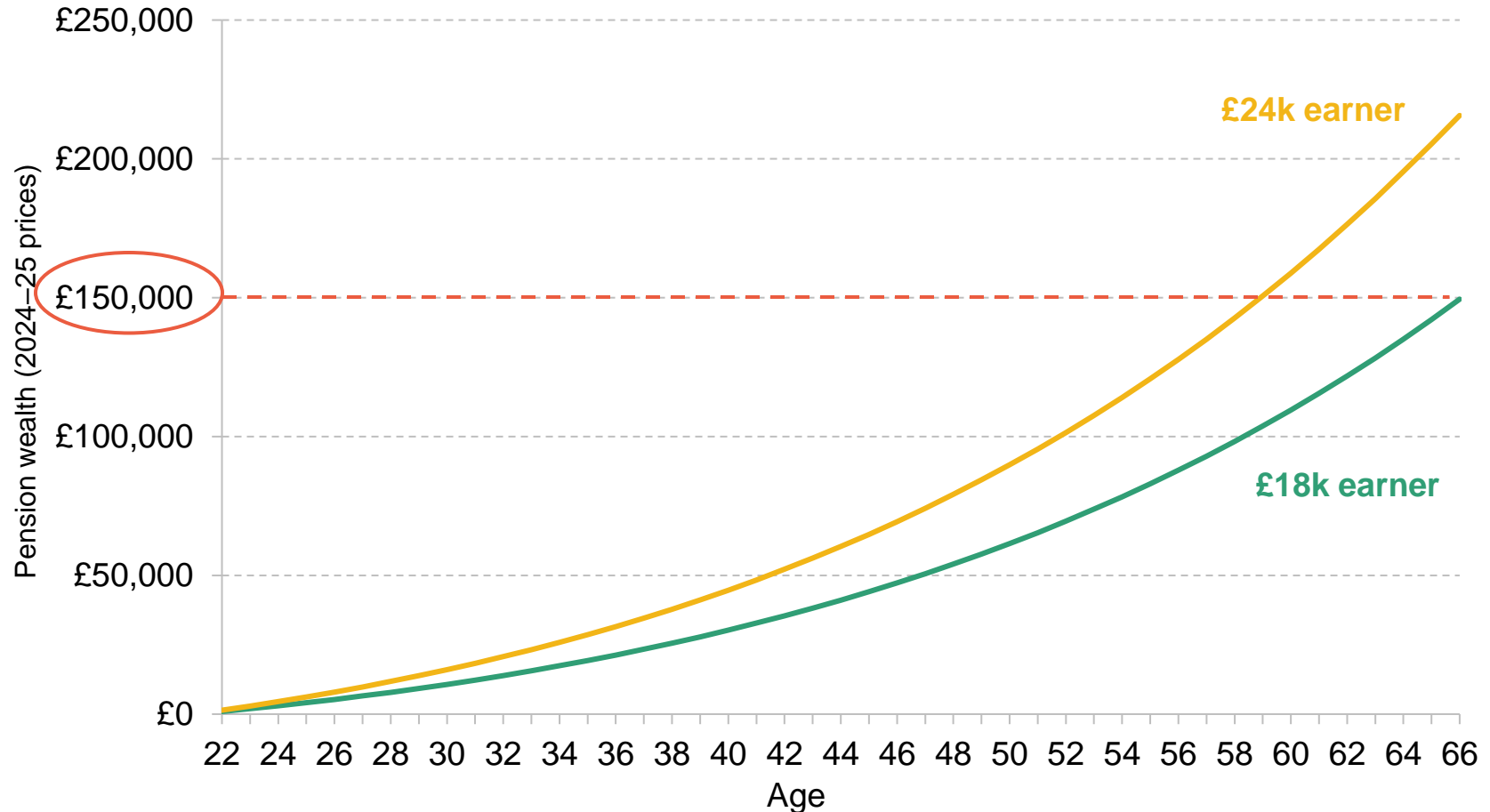
Projected median and 75th percentile DC pension wealth at retirement among those with some DC wealth, by birth cohort



Source: Figure 2.3, Boileau, Cribb, and Emmerson (2025a)

In future, even low earners will have considerable DC pots

DC pension wealth at each age for someone who works every year from age 22 to 66



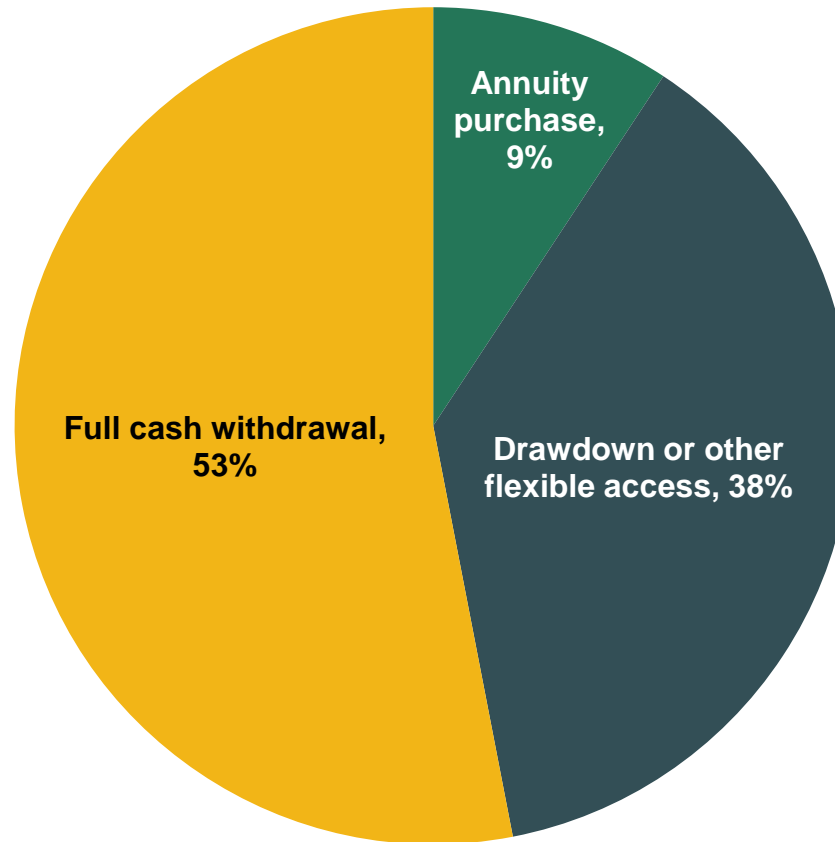
Source: Figure 2.4, Boileau, Cribb, and Emmerson (2025a). Note: we assume 1.8% annual real earnings growth, 3.3% annual real rate of return, and that contributions are made at auto-enrolment minimums.



**DC wealth often accessed
without advice or guidance**

Most DC pots currently fully withdrawn/used to buy drawdown

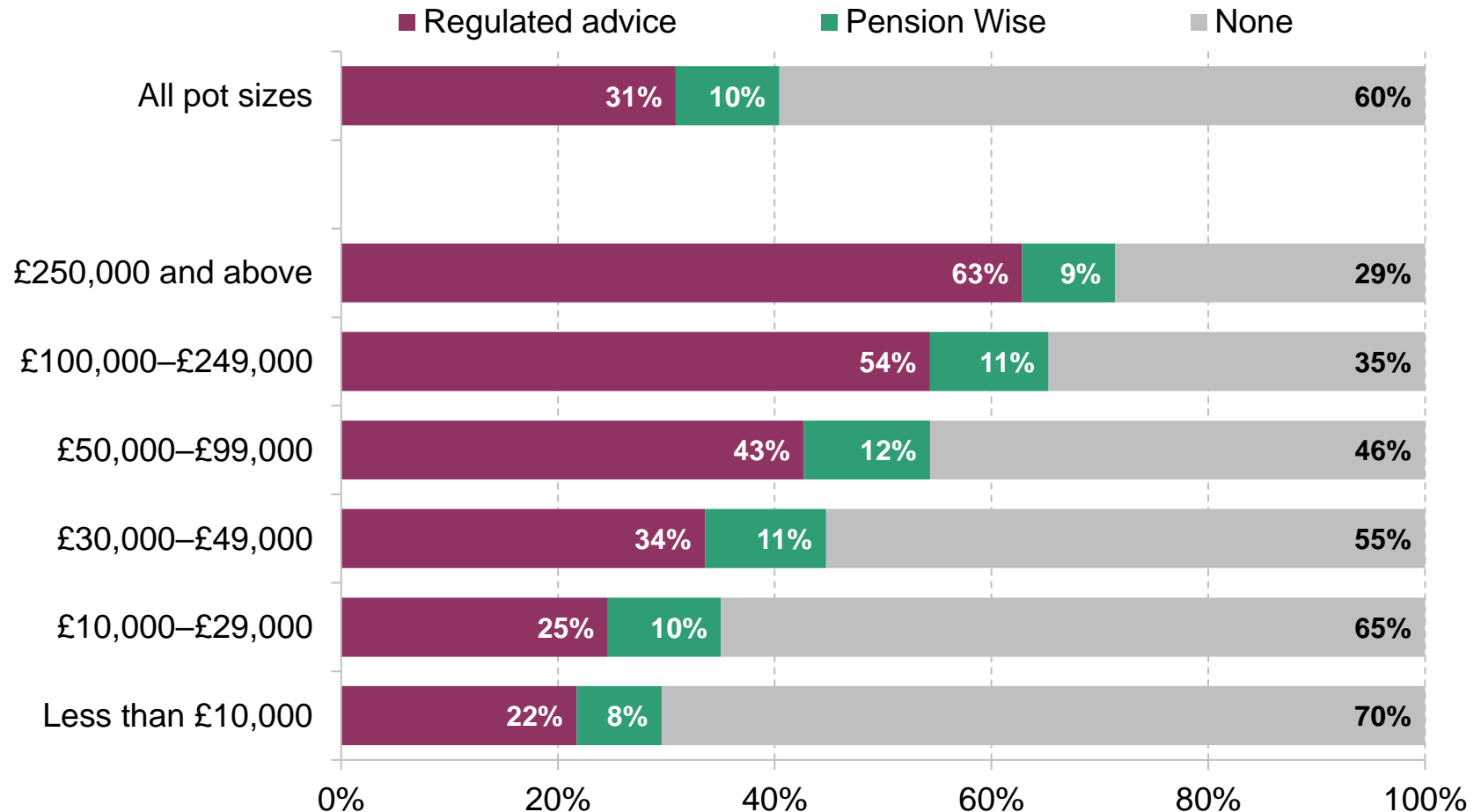
Method of first accessing DC pension pot, 2023–24



Source: Figure 3.2, Boileau, Cribb, and Emmerson (2025a). Note: Drawdown section includes partial UFPLS access, where 25% of each pension withdrawal is tax-free

Most don't use advice or guidance when accessing pension

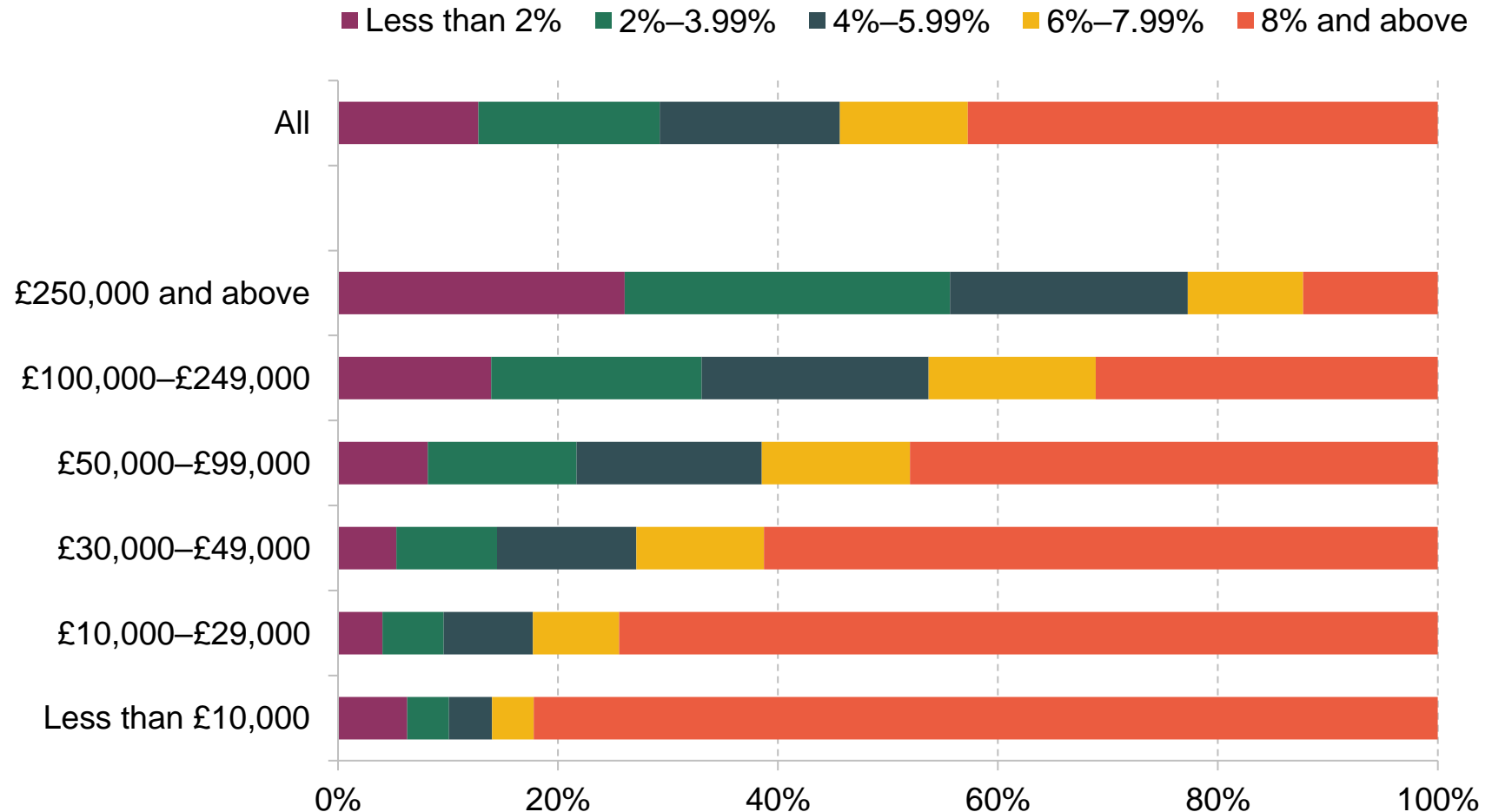
Use of advice or guidance when first accessing pension, 2023–24



Source: Figure 2.7, Boileau, Cribb, and Emmerson (2025a)

Rates of withdrawal vary considerably

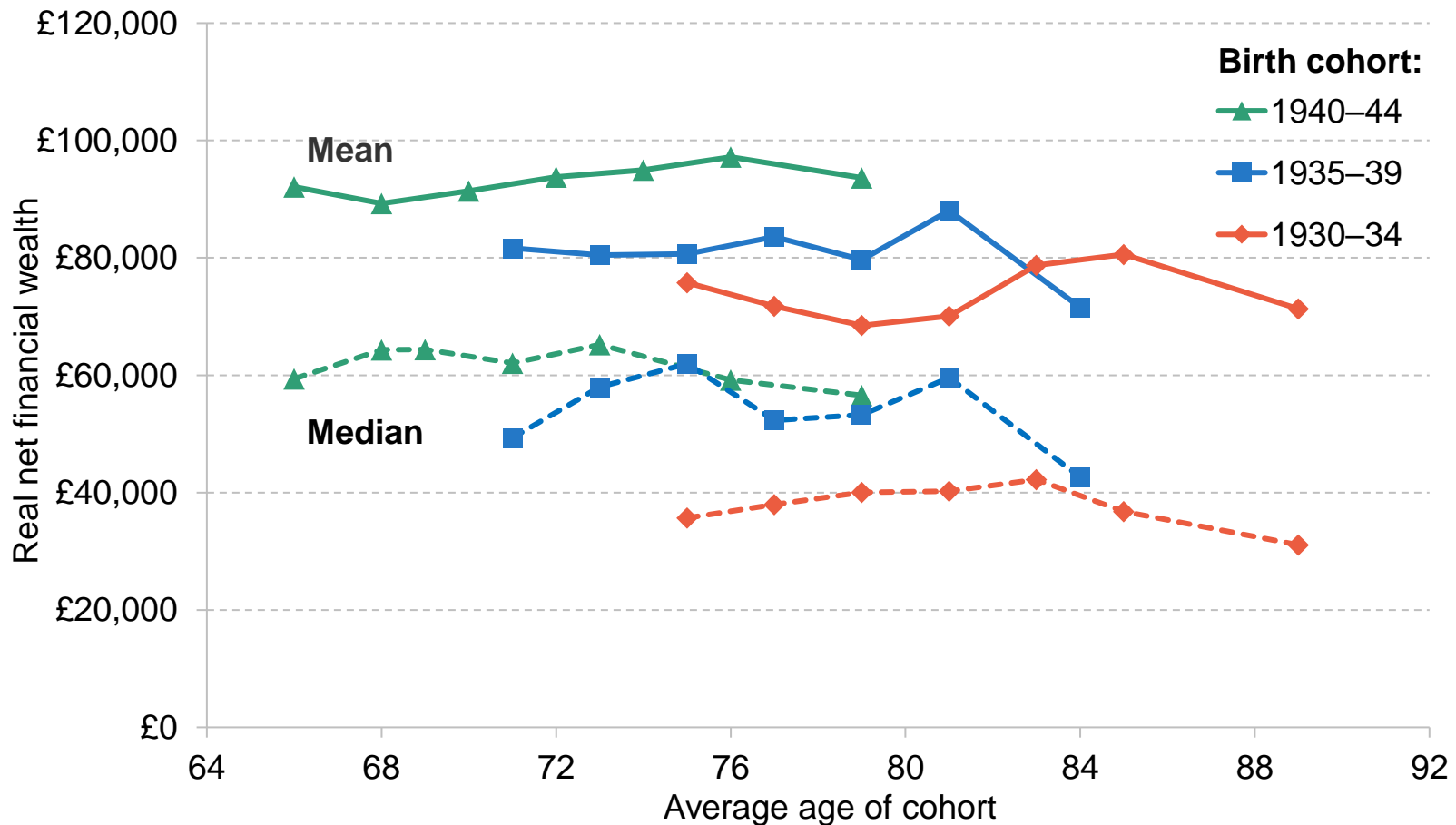
Share of plans from which regular partial withdrawals were being made, by rate of withdrawal, 2023–24



Source: Figure 3.4, Boileau, Cribb, and Emmerson (2025a)

Non-annuitised financial wealth withdrawn slowly

Mean and median net financial wealth, by age



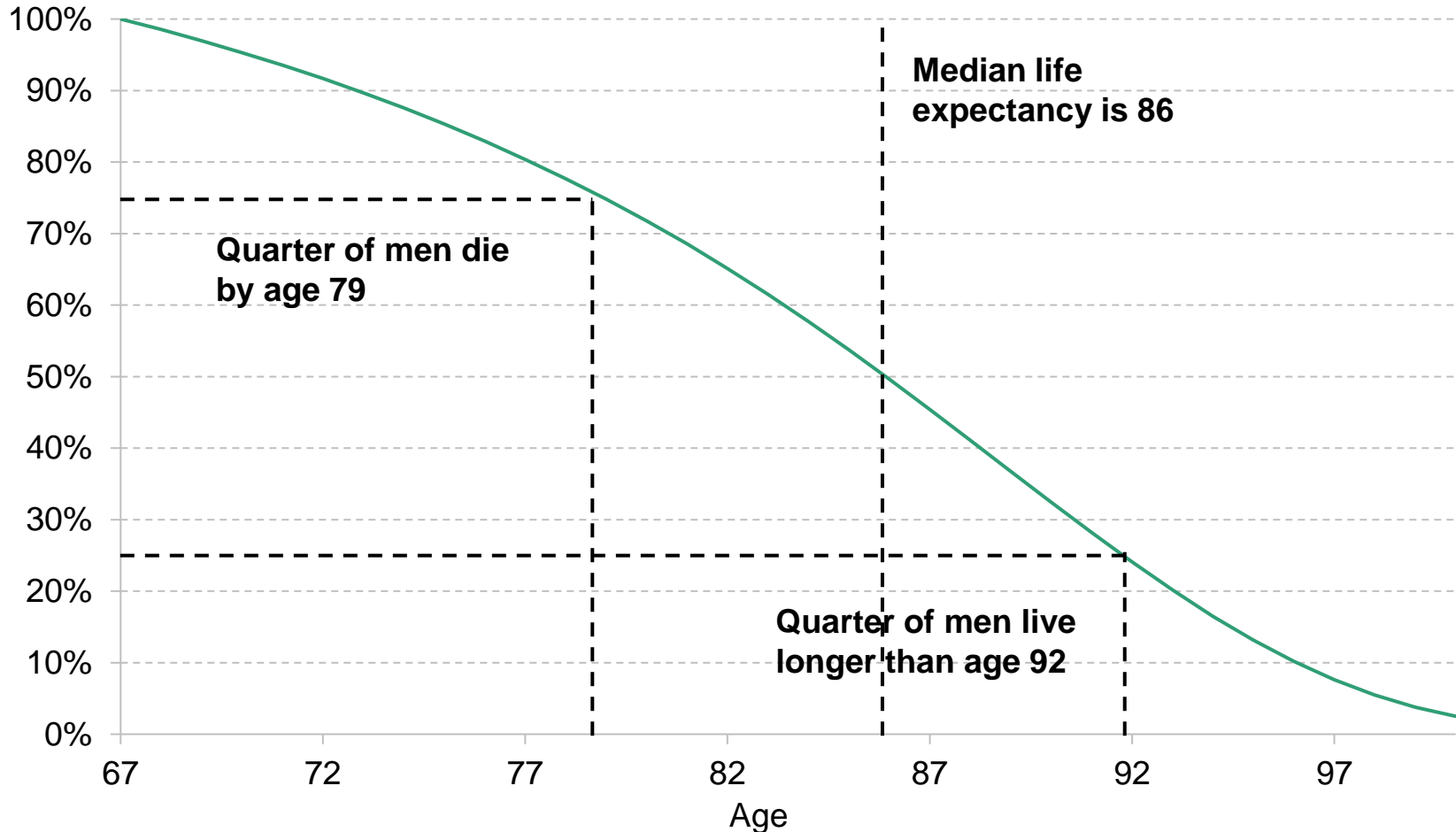
Source: Figure 3.5, Boileau, Cribb, and Emmerson (2025a)



**Those withdrawing from
DC pots face range of risks**

Uncertainty over how long people will live

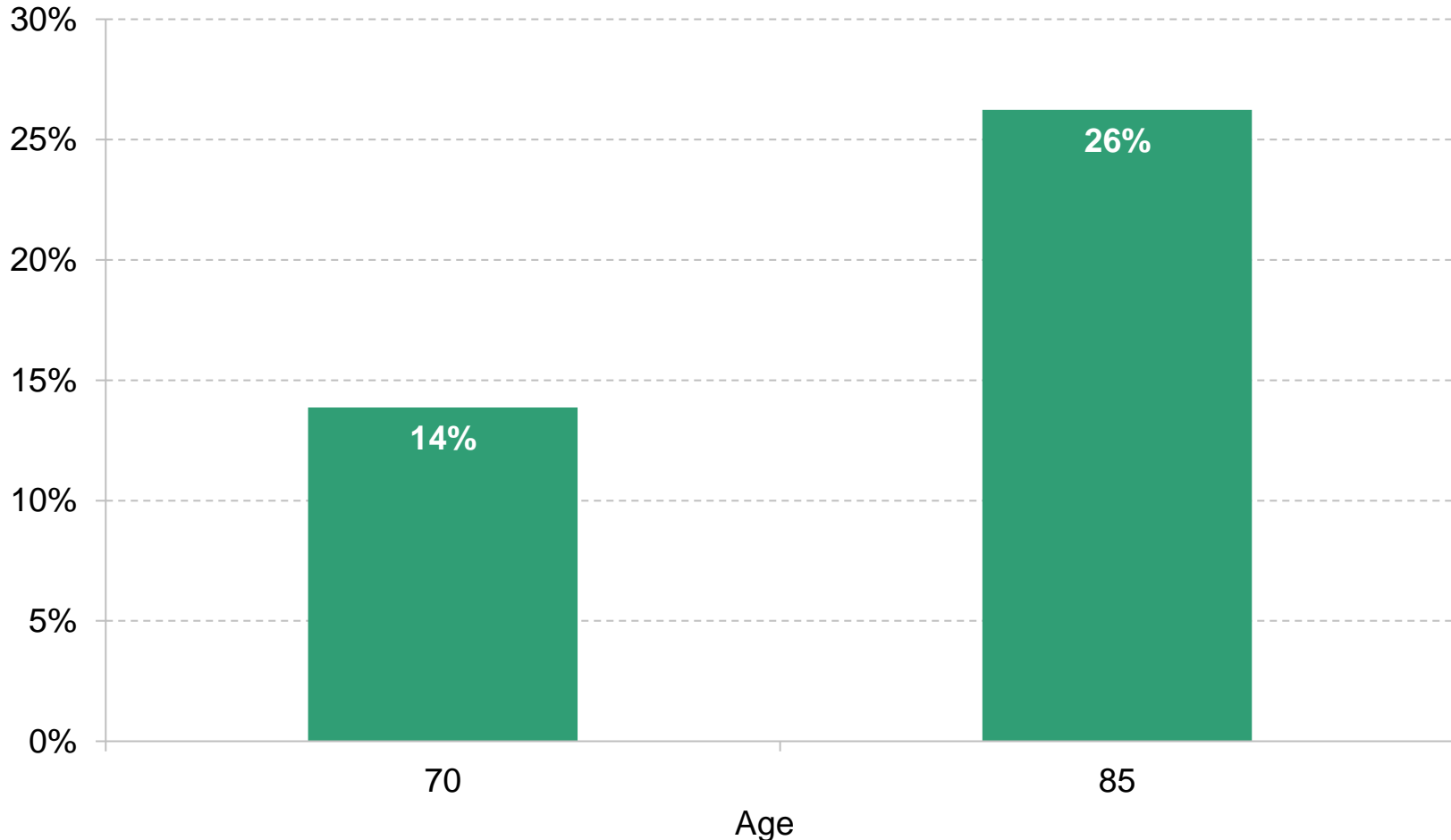
Share of 67-year-old men in 2024 who can expect still to be alive at each age



Source: Authors' calculations using 2022-based life tables

Growing relative uncertainty at older ages

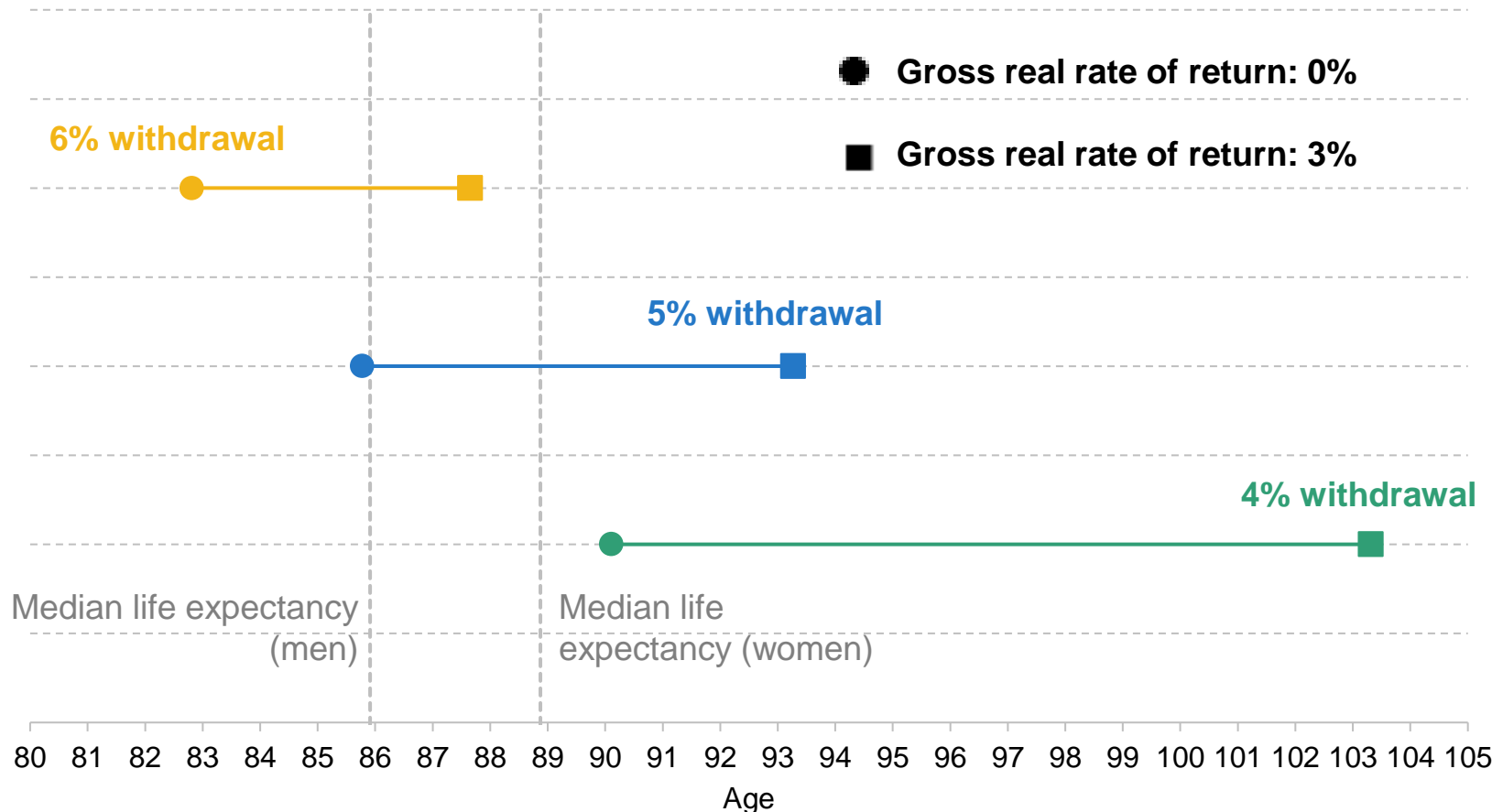
Probability men in 2024 survive 50% longer than median life expectancy



Source: Figure 4.4, Boileau, Cribb, and Emmerson (2025a). Note: these are cohort life expectancies, using 2022-based life tables

Investment risk affects DC pot withdrawal strategies

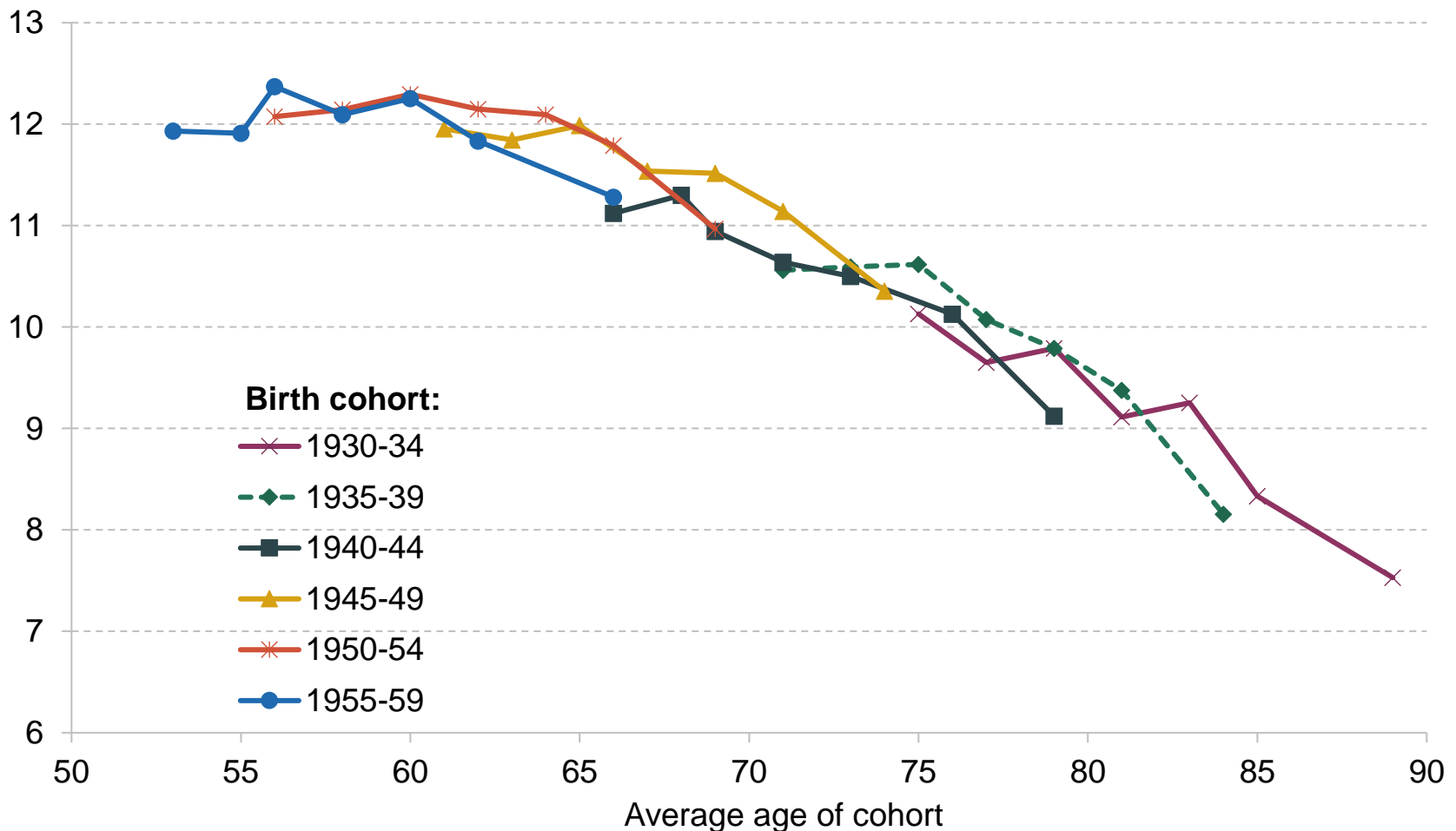
Age at which a pension pot is exhausted, based on different initial withdrawal rates



Source: Figure 4.5, Boileau, Cribb, and Emmerson (2025a). Note: we assume drawdown starts at 67.

Cognitive abilities decline at older ages

Average number of words remembered (of 20), by age and birth cohort



Source: Figure 4.6, Boileau, Cribb, and Emmerson (2025a)

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