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Nucleus calls for independent long-term savings commission

Nucleus has reignited its call for an independent long-term savings commission with an open letter to the pensions minister and his counterparts across political parties.

The firm urges there needs to be greater cross-party agreement for pension and savings policy to ensure more people can feel confident about their retirement prospects.

It has called for a stop to the constant tinkering to pension tax rules, which is deterring people from engaging with the pension system.

Nucleus has written to pensions minister Paul Maynard and shadow minister for pensions Gill Furniss, among others, highlighting that pension savers want to see a stable tax and policy environment.

The pension legislation merry-go-round of recent years has further eroded trust at a time when people need to be saving more for later life.

Auto-enrolment has successfully created millions of new savers, but people are not saving anywhere near enough for a comfortable retirement.

Nucleus highlights the policy, proposed by an independent Pensions Commission in 2005, had wide cross-political party support from the outset and continues to do so today.

It suggests a similar independent body needs to be established now to bring the much-needed consistency to pension savers.

The letter follows a research study conducted by Nucleus last year in which it asked the thought-provoking question: 'How confident are you that you'll have enough money to live comfortably for the rest of your life?'

As part of the 2023 Nucleus UK Retirement Confidence Index, 2,000 adults aged 50 and over were polled by YouGov to gauge how they feel about some of the most important decisions they will need to make around retirement.

The study highlighted pension savers want to have trust in the long-term savings market. It included consumer and adviser research and demonstrated the need for greater collaboration to effect positive change.

This new annual index will track UK retirement confidence over time. The inaugural report contained 14 calls to action for the industry, policy makers and consumers, around pensions legislation, financial education and communication.

One of the major arguments put forward was the need for an independent long-term savings commission. Nucleus has reiterated this call in the letter.

Andrew Tully, Technical Services Director at Nucleus and author of the letter, said: "To make meaningful positive change to long-term savings habits, our recent UK Retirement Confidence Index highlighted that we need more people to save more into their pension, to understand why they are saving and what for, and are empowered to save in an environment of trust and stability.

"Our research suggests constant tinkering and changes to rules has a negative impact on confidence. Setting up an independent long-term savings commission to depoliticise and develop proposals for pension and savings policy would bring much needed consistency and stability, which would deliver greater levels of trust and engagement."

Nucleus outlines the aim of such a non-departmental public body would be to review the regime for UK pensions and long-term savings and make recommendations accordingly.

A full copy of the letter follows:

Proposal to establish an independent long-term savings commission

Nucleus is one of the largest, independent investment platforms in the UK. We help over 250,000 customers manage a collective £80bn of their wealth, exclusively through independent financial advisers. Our purpose is to help them make retirement more rewarding.

We take our responsibility as the custodian of customers' money very seriously. As such, we believe the UK needs greater political consensus around pension and long-term savings, to help more people save more for their retirement in an environment of trust and stability.

One way to achieve this would be to establish an independent long-term savings commission.

We recently conducted a major piece of customer research, The Nucleus UK Retirement Confidence Index. Via YouGov, we sought to assess whether people over the age of 50 have confidence they'll be able to retire comfortably.

In these uncertain times, with widespread cost-of-living concerns and volatile markets, it's more important than ever for people to feel confident about their financial future.

Our research clearly – and predictably - highlights those with defined benefit (DB) pensions are most confident. But we know DB is in sharp decline following most private schemes being closed to new joiners or bought out over the past 20 years, and there's a rapidly growing reliance on defined contribution (DC) pension provision. We've evidenced that those relying solely on DC pensions are much less confident of their financial future.

Automatic enrolment is one key policy that has been a huge success in getting more people to save for their retirement, within the DC environment. This policy was proposed by an Independent Pensions Commission in 2005. Perhaps at least partly because it was proposed by an independent body, the introduction of auto-enrolment had from outset, and continues to have, wide cross-political party support.

While auto-enrolment has successfully created millions of new savers, it's widely agreed that people are not saving anywhere near enough. The complexity of retirement and tax planning involved in turning a pot of money into a retirement income can't be overstated.



Added to that people need to decide when and how to use money held in other assets such as ISAs, investments and property, alongside pension savings.

There are many persuasive reasons for people to not engage with their retirement, both practical and psychological.

Building up informed, appropriate retirement confidence will require co-operation, communication, and collaboration. Each and every participant in the retirement income sector has a role to play – and should feel obliged to play.

A key area highlighted within our research is the desire for pension savers to have trust in the long-term savings market and have a stable tax and policy environment. Pensions are a long-term investment, and over many years, under various different governments, there have been constant changes and tinkering to the pension tax rules which deter people from engaging with the pension system, and negatively affects their confidence.

To make meaningful positive change, our research highlights we need more people who save more into their pension, to understand why they are saving and what for, and are empowered to save in an environment of trust and stability.

It's for this reason that we believe the creation of an independent long-term savings commission is needed. The aim for this non-departmental public body would be to review the regime for UK pensions and long-term savings and make recommendations accordingly. Its existence should make it easier to gain cross-party support for proposed changes and engender more stable pensions and long-term savings policy. And ultimately give more confidence in retirement.

I'm more than happy to meet and discuss our research and thoughts in more detail, along with our CEO, Richard Rowney. I look forward to hearing from you.

Yours sincerely

Andrew Tully
Technical Services Director

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Notes to editors:

The Nucleus Financial Platforms group offers investment platforms and products exclusively to financial advisers, that ultimately help make retirement more rewarding.

Renowned for its SIPP expertise, **James Hay Partnership** has been working with larger financial advisory groups for more than 40 years, providing the means to administer pensions, savings and investments in a cost and tax efficient way.



Our award-winning platform **Nucleus** was founded in 2006 by advisers committed to altering the balance of power in the industry by putting the customer centre stage.

Curtis Banks is one of the UK's largest administrators of SIPP and SSAS solutions for customers and businesses. It is one of Europe's largest commercial property landlords, a specialist area for self-invested pensions. The business maintains a focus on providing high levels of technical support, robust service, modern technology and innovation.

Together we're one of the UK's leading, independent, adviser platform and product groups, with approximately £80 billion in assets under administration, helping nearly 5,000 advisers make retirement more rewarding for almost 250,000 customers.

To find out more visit: www.nucleusfinancial.com