

## PRESS COMMENT

**Thursday, 5 April**

In its [Pensions Freedom report](#) published today, the Work and Pensions Committee recommends that every pension provider offering drawdown should be required to offer a default decumulation pathway, suitable for its core customer group, with charges capped at 0.75%.

**Commenting on the proposal Malcolm McLean, senior consultant at Barnett Waddingham, says:** “The Committee is right to be concerned about the number of people who appear to be entering non-advised drawdown arrangements without any clear plan as to how to manage their funds throughout the remainder of their retirement. It echoes the previously voiced concerns of the FCA who similarly seem to favour some kind of default into drawdown which affords better protection for the consumer.

“Whilst these views are clearly legitimate and have merit, we need to be very careful of moving into a system which effectively nudges consumers into a drawdown arrangement which may not be the best option for them. In a sense it takes us back into the former default annuity process which preceded pension freedom, and arguably at least, does not sit easily with the philosophy underlying it.

“The Government and the FCA need to think carefully and consider all other options before accepting and implementing the Committee’s well-intentioned but possibly flawed proposals in this respect.”

**- Ends -**

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## About Barnett Waddingham

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We are proud to be a leading independent UK consultancy at the forefront of risk, pensions, investment and insurance. We have over 1000 people, 68 of whom are partners, each delivering on our values and our promise, ensuring the highest levels of trust, integrity and quality.