

# DC pensions: The big picture

Exploring the **three big themes** influencing defined contribution pension schemes for employers and trustees



# Executive summary

Since the introduction of automatic enrolment in 2012, workplace pensions are a legal requirement for all U.K. employers. We've conducted research with a number of companies and trustees which shows that, for many companies, pension schemes are more than a legal obligation and they remain a highly valued employee benefit. But the market is changing, with the emergence of three big themes which are influencing the evolution of workplace DC pensions.

## 1. Financial wellbeing

Only 3% of companies want to focus solely on helping employees save for retirement, with the majority wanting to support all-round financial wellbeing. The COVID-19 pandemic and 2022 cost of living crisis have exposed the low levels of financial resilience across the U.K. and shone a light on the importance of a more holistic approach to supporting employees' financial wellbeing.

## 2. Responsible investment

67% of respondents expect to include environmental, social, and governance (ESG) criteria in their pension scheme investment options, with 44% saying that the default fund should incorporate ESG principles. This is a big change of sentiment since our last DC research in 2018.

## 3. Consolidation

Just 6% of respondents want to take formal responsibility for monitoring and managing their workplace DC pension scheme, reflecting an increasing desire to delegate responsibility of running the pension scheme to external specialists - consistent with the decline of single employer trusts and the continued rise of master trusts.

Workplace pensions are becoming part of a bigger picture. They are integrating with holistic financial wellbeing, incorporating responsible investment, and consolidation is leading to a smaller number of large DC schemes/providers.

Our research explores what is driving this change and how DC pension scheme providers are reacting to this evolving landscape.



## Stay up to date with market trends and news

### Seminars and webinars

We hold regular seminars and webinars on a diverse range of employee benefit related issues.

If you are not receiving our event invites, please do let us know and we will ensure we add your details to our mailing list.

You can access details and recordings of some of our past events here:

[buck.com/uk/events](https://buck.com/uk/events)

### Articles and blogs

In order to keep you to date on market trends and issues throughout the year, we publish regular blogs.

If there are any areas of interest that you would like to see a focus on, then please do share these with us, and we will include this on our list of considerations for future blogs.

You can access our history of articles here:

[buck.com/uk/type/blog-uk](https://buck.com/uk/type/blog-uk)

### FYIs

In addition to our blogs, we also publish regular "FYI" documents, which provide more technical updates, usually around the topic of pensions.

If you would like to discuss any of the FYIs with a specialist colleague, please do let us know and we would be happy to set up a call.

You can find our previously published FYIs here:

[buck.com/uk/type/fyi-uk](https://buck.com/uk/type/fyi-uk)

## About the authors

### Mark Pemberthy | Benefits Consulting Leader

Mark is a Benefits Consulting Leader at Buck. With over 25 years of experience in DC pensions and employee benefits, Mark helps our corporate and trustee clients deliver better outcomes from their pensions and benefits, whilst staying compliant with an ever changing regulatory and legislative landscape.

Mark is a member of the CFA Society of the U.K., the Chartered Insurance Institute, and a Council member of the Society of Pension Professionals.

### John Yates | DC Proposition Leader

John is the DC Proposition Leader at Buck. With over 30 years' experience, John manages our team of DC consultants and sets our DC strategy to help our corporate and trustee clients improve the financial lives of their people through DC pensions and financial wellbeing solutions.

John holds the Diploma in Financial Planning from the Chartered Insurance Institute and is one of Buck's Certified advisers who is able to offer regulated advice to employers, trustees, and members.

## Get in touch

If you want to explore the issues discussed in this white paper in more detail, or want more information on any other aspect of pensions and employee benefits, please do get in touch with us.

[talktoug@buck.com](mailto:talktoug@buck.com) | 0800 066 5433

## About our research

For our 2018, research we asked 55 employers and trustees a series of questions to determine their opinions and objectives across a wide range of workplace pension related topics. Over the last two years, we have used many of the same questions when supporting employers and trustees through strategic reviews of their DC pension arrangements. We have analysed responses from 35 employers to identify their current workplace DC pension priorities and how these may differ from the research participants four years ago.

We recognise that the two participant groups contained different organisations; therefore, our findings are intended to be indicative of broad trends rather than a direct comparison of how attitudes have changed for a particular group of companies.

The contents herein may not be reproduced without the specific written permission of Buck. This document is for informational purposes only and does not constitute a contract or an offer to contract.

Buck is a trading name in the UK for Buck Consultants Limited (registered number 1615055), Buck Consultants (Administration & Investment) Limited (registered number 1034719), and Buck Consultants (Healthcare) Limited (registered number 172919), which are private limited liability companies registered in England and Wales. All have their registered office at 160 Queen Victoria Street, London EC4V 4AN. Buck Consultants (Administration & Investment) Limited and Buck Consultants (Healthcare) Limited are authorised and regulated by the Financial Conduct Authority.

©2023 Buck Consultants Ltd. All rights reserved.

