

Stronger nudge to guidance on Defined Contribution pension benefits

Since 2015 the Pension Wise service has been providing free impartial guidance to people who are approaching retirement and considering what to do with their Defined Contribution (DC) pension benefits. You can find out more information about this guidance service at <https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise>.

Ever since the guidance was introduced pension schemes that provide DC benefits “nudge” members towards the guidance by making them aware of it when they are considering their retirement options. To increase the uptake of this guidance the government has introduced some new requirements from 1 June 2022 which mean that schemes need to use a “stronger nudge” towards the Pension Wise guidance.

This will apply to:

- any member aged 50 or over who has DC benefits and is accessing their benefits or transferring their benefits with a view to accessing them via another pension scheme.
- any member under age 50 if they are retiring due to ill health or due to having a protected pension age.
- anyone who is inheriting a DC benefit from someone else regardless of age.

There are some exceptions to this – for example anyone who can confirm that they have recently received guidance from Pension Wise or has recently taken regulated financial advice about their DC benefits does not need to be nudged. There is also an exemption for those claiming their benefit with very limited life expectancy.

If the requirement to be given a stronger nudge applies to you it will mean:

- Your pension scheme will offer to book a guidance appointment with Pension Wise at a time that is convenient for you. If you prefer you are of course free to arrange the appointment with Pension Wise directly.
- You will be reminded about the availability of the guidance every time you contact the scheme about your settlement or transfer.
- The settlement of your retirement benefits or transfer value in respect of any DC benefits will not be able to proceed until you confirm that you have attended a guidance session, confirmed that one of the exceptions applies to you or you give a notification that you are opting out of taking the guidance.
- An opt out notification can be given over the phone, by email or in writing (a form will be provided if you wish to do this) – however in the case of a settlement of retirement benefits the legislation does not permit us to accept an opt out notification as part of a phone call where we have reminded you about the availability of the guidance.

Making good choices at retirement is important and the guidance from Pension Wise is available to assist you. If you are eligible for the guidance, you should give serious consideration to attending an appointment. The above rules may seem complicated but the administration team dealing with your case will be happy to answer any questions you have.