

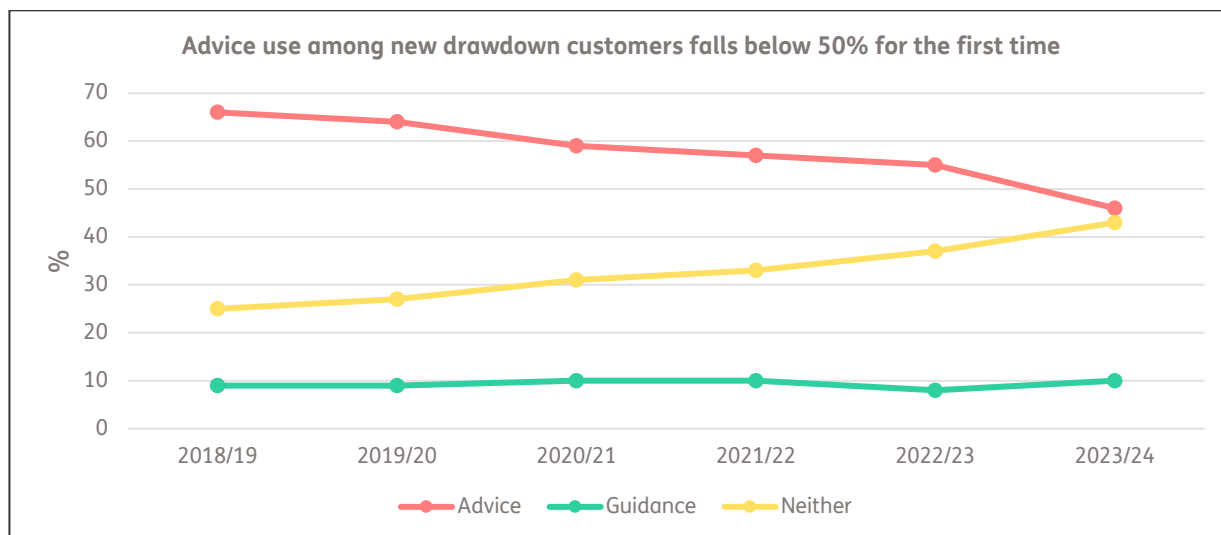


Advice use among drawdown customers slumps to below 50% for the first time, new FCA data reveals

The proportion of savers accessing a pension for the first time using income drawdown with advice has fallen below half for the first time.

Retirement Income Market Data from the Financial Conduct Authority¹ released last week shows that of the 280,000 plans that entered income drawdown during 2023/24, only 46% benefited from professional financial advice compared to 66% using advice five years earlier.

Use of advice has fallen for all methods of accessing pensions over that timescale, except for annuities where it has risen from 26% to 32%.



“The trend towards more pensions being accessed without professional advice looks like a massive red flag,” said **Stephen Lowe, group communications director at retirement specialist Just Group.**

“Retirement decisions are some of the trickiest financial decisions that people will ever face. That’s particularly true for income drawdown where the saver is being asked to shoulder all the longevity and investment risk and is likely to find their income fluctuating over time.”

Stephen Lowe said that with increasing numbers dependent on defined contribution pensions to supplement their State Pensions, increasing take-up of advice is important.

“We are now in the 10th year of the pension ‘freedom and choice’ policy but these are still relatively early days in terms of understanding whether people are managing those withdrawals sustainably.

“These figures reinforce the need for the industry to develop and promote advice models that can help people plan their retirement finances. The government needs to work harder to encourage many more people to take up their entitlement to the free, independent and impartial guidance from Pension Wise which is highly regarded by users but is still only used by one-in-10 accessing pensions.”

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Notes to Editors

Research

1 – FCA, Retirement Income Market Data: <https://www.fca.org.uk/data/retirement-income-market-data-2023-24>

About Just

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- De-risking solutions for pension scheme trustees who want to remove the financial uncertainty of operating defined benefit pension schemes;
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- Long term care plans that provide those people moving into residential care with peace of mind by knowing a regular payment will be made to the care provider for the rest of their life;
- Lifetime mortgages for people who want to safely release some of the value from their home.

Professional services

- Regulated financial advice and guidance services for individuals wanting help in using their pension savings and/or releasing some of the value from their home; and
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