

# How to simplify pension decision-making

Pensions & Retirement 2022

Retirement can be difficult to navigate. Pensions management tools can help keep it simple

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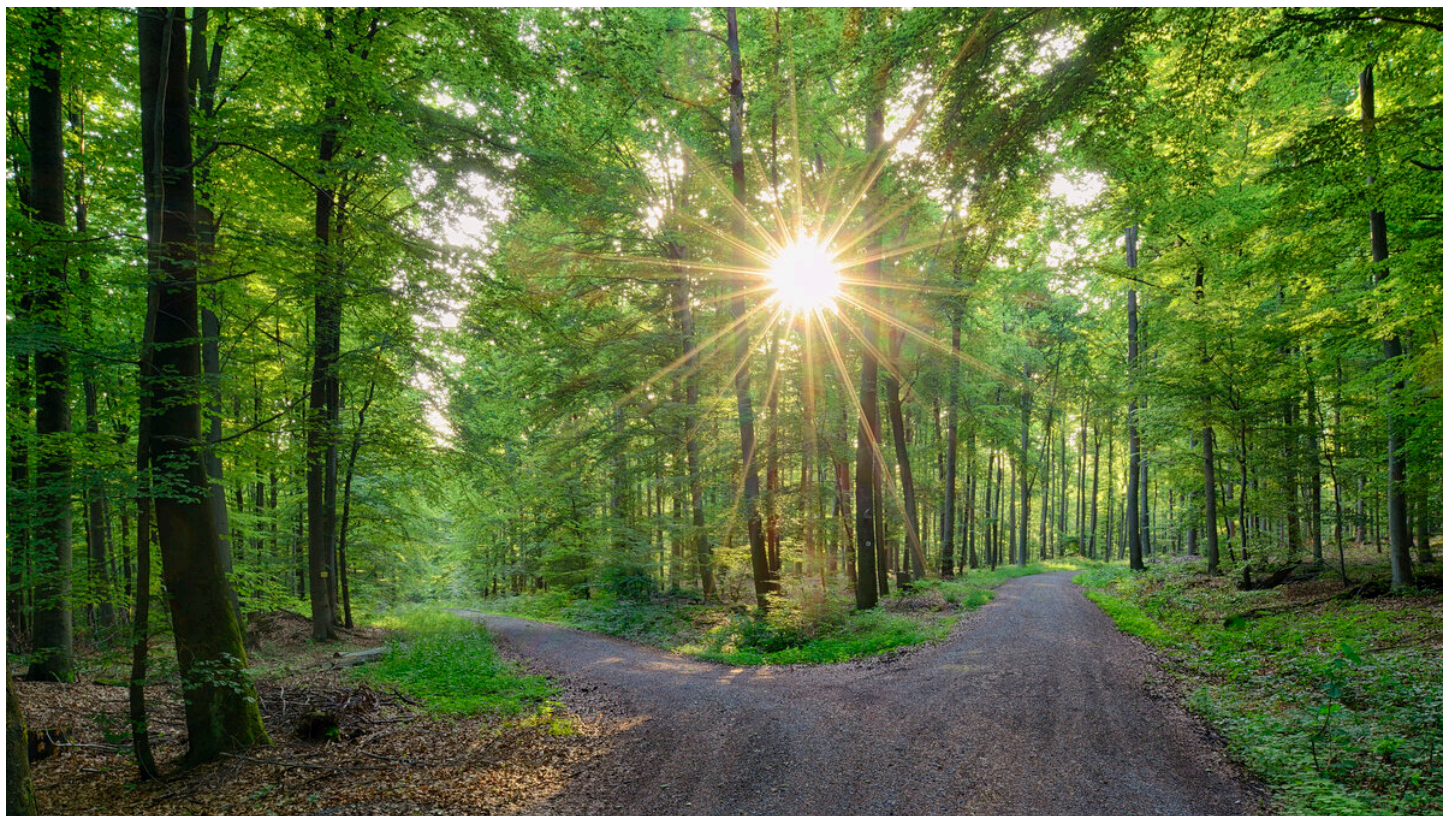
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Making sense of retirement options can be difficult at the best of times. There are many ways that people can choose to receive their income from their pension savings when they stop working, including taking out an annuity or going down the flexible retirement route, where they take control of their own income.

That's why it's key to provide pension scheme members approaching retirement and retirees with the right tools to help them make informed decisions about what happens with their pension savings.

The UK government introduced auto enrolment in 2012 to remove the barriers from saving for retirement by requiring all employers to establish a workplace pension which their employees automatically join and receive employer contributions towards. It makes saving for a pension easier because the employee doesn't need to worry about joining a scheme, determine how much of and where their money is being invested.

The problem is, though, that as people near retirement, they have to consider a host of different factors related to their pension(s). They must think about how large their pension pot will be when they retire, how much income they need to receive when they stop working, how long they might live, and how they are going to bridge the gap between the income they live off now and what they will need to live on in the future.

## **It's key to provide pension scheme members approaching retirement and retirees with the right tools to help them make informed decisions**

With a defined benefit scheme, these difficult decisions are taken out of individuals' hands by the teams of professionals that run their pension schemes, including actuaries, investment advisors and managers and sponsor employers, who protect scheme members' retirement money. In a defined contribution scheme, using a flexible retirement solution, members have to make all of these decisions themselves.

But compounding this is the common problem of having multiple pension schemes with different employers and different pension providers. Because the funds are held in different places, people may find it challenging to assess the complete value of their pension.

To help people understand their pensions better, SEI has built an open banking app in conjunction with Moneyhub. If the user has more than one pension scheme, the app enables them to consolidate all their benefits in one place and see their financial net worth.

This app also provides members with models to calculate how much they need to have in their pension pot if they want to draw a set income for a set period. Similarly, if they have a certain amount of funds and have estimated they are going to live for a certain period of time, and taking into account investment growth, they can work out how much they will receive per month, quarter or year.

The app also allows users to set the amount they receive on a monthly basis and will send out an alert if their outgoings exceed that income. They can then top up that income to make sure there's enough money in their current account, while ensuring their pension funds don't become depleted and remain held in a tax efficient environment.

SEI also provides in-person and online support to help members confidently make

complex pension decisions. That includes face-to-face meetings and seminars designed for people reaching retirement to get them thinking about how much they have in their pension, what sort of income they might need when they stop working and whether they can save more.

Retirement does present people with a number of challenges, particularly around understanding and managing multiple sources of pension savings, but with integrated tools like the app SEI provides its members, the pension landscape can be more easily navigated.

**For more information on SEI's master trust solution or help with your retirement needs, visit [seic.com/en-gb](https://seic.com/en-gb)**

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