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Mapping the pension genome

Henry Tapper

First Actuarial and Pension PlayPen



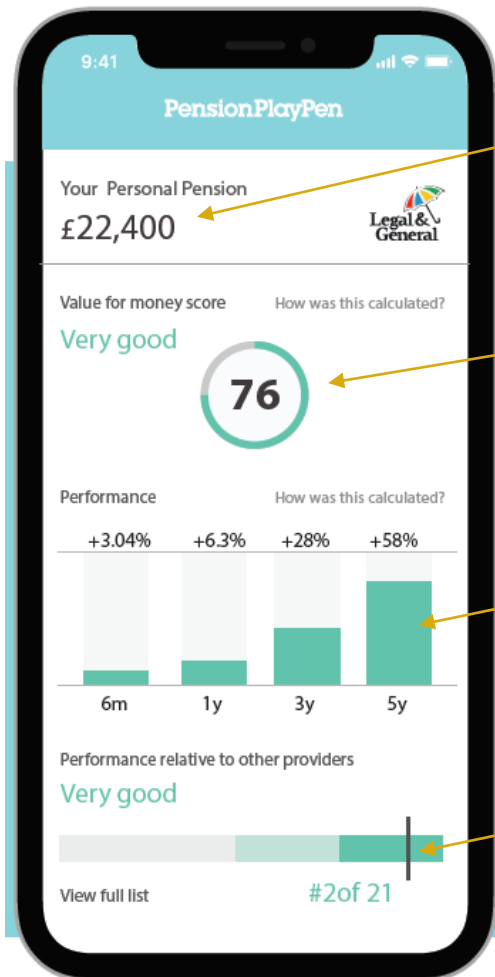


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There is a number to everything

People want to evaluate what they have and what they're buying; - using data

Here's what I want to see when I think about my workplace pension



1. The size of my pot

2. A value for money score

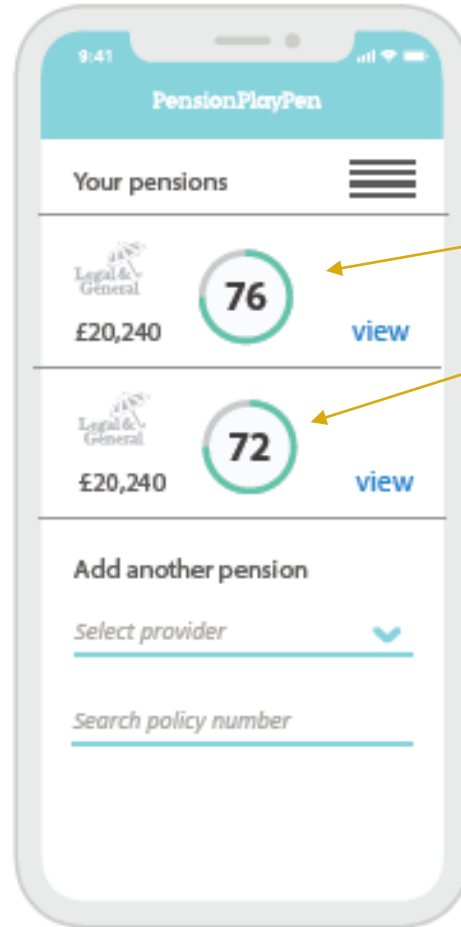
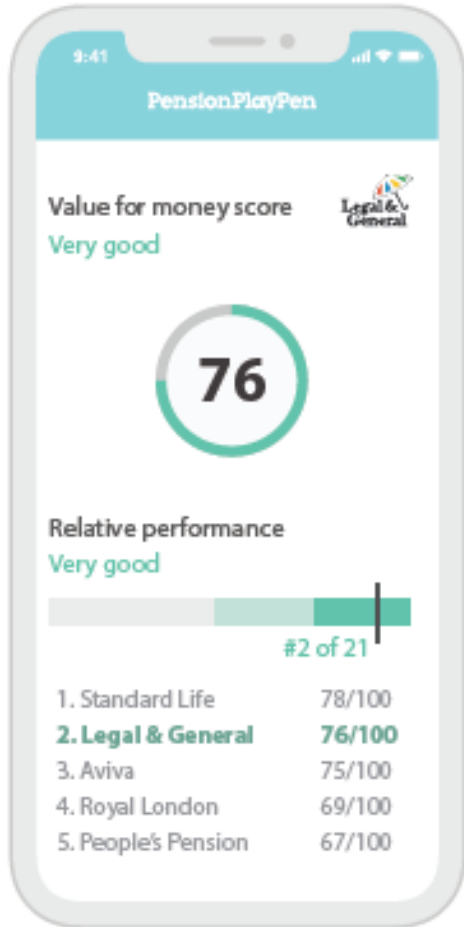
3. How it grows

4. How it compares with “peer pots”



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Here's how I'd like to buy



1. Compare with numbers
2. "Financial gravity"
3. Swipe to transact
4. My kind of interface



How did we get to that single number?

76

“

I confess to not being able to make the remotest sense of pensions

Andy Haldane (Bank of England Chief Economist)

Total fund costs

+

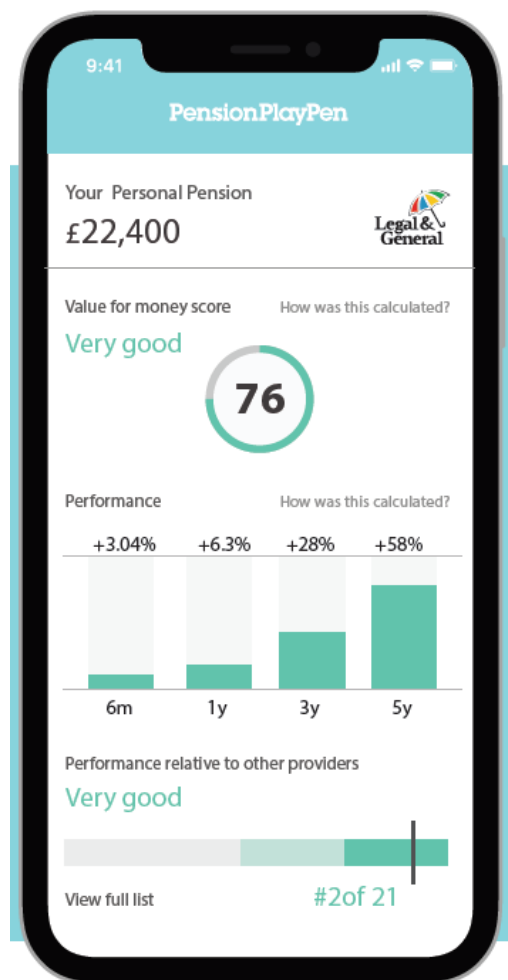
Total contract costs

Adjusted by

Risk adjusted performance

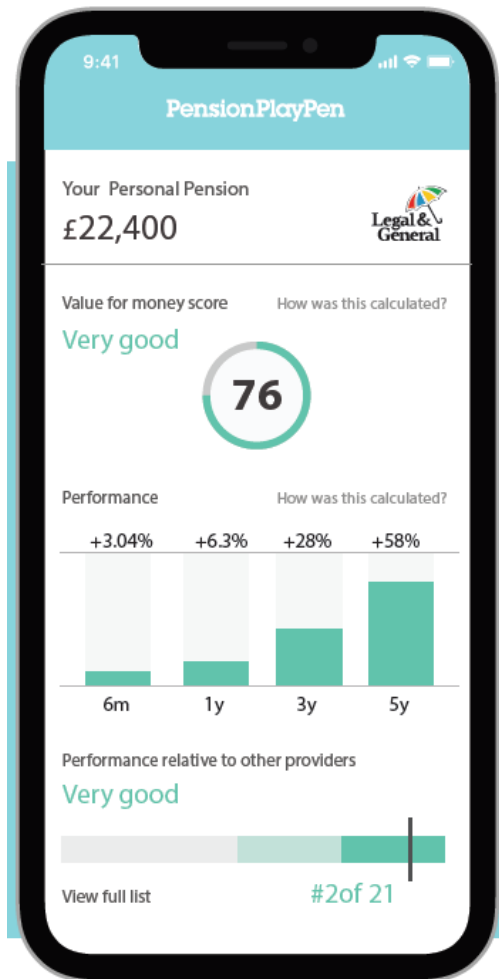
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VFM (value for money) score
(out of 100)

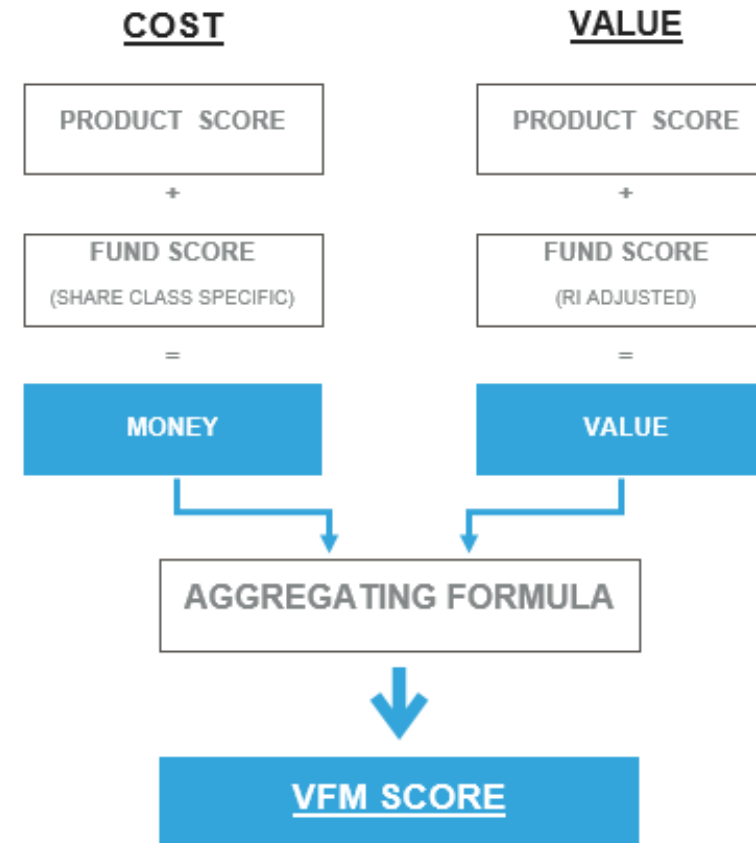


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Aggregating cost and value



MERGING COST AND VALUE



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What else can you do with that score?



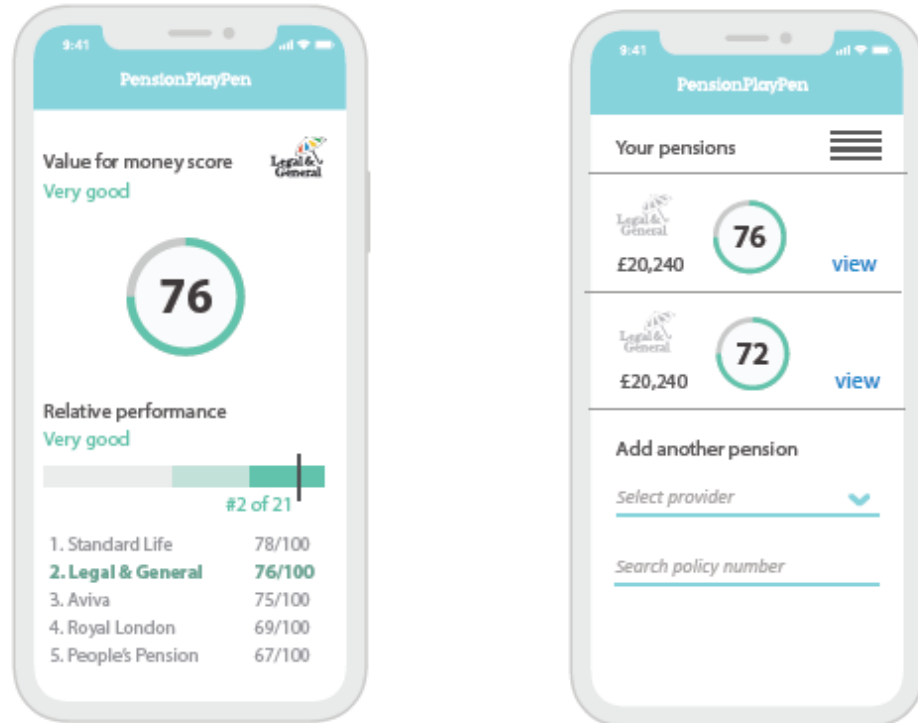
1. Engagement - 75% (pie crust completion)
2. Transferability – Green – no impediments

1. Measure “engagement”
Responsible investment
User eXperience
Admin competence
2. Transferability (impediments)



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Personalisation



VFM is personal – how far can you go?

- Age?
- Financial aspirations
- “Attitude” to risk?
- Capacity to take risk?

Can a VFM number include personalisation?



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The challenge of the pension genome

“

The buyer side of the market is one of the weakest the OFT has analysed in recent years ⁽¹⁾

Overly complex



agree with the statement: “Sometimes pensions seem so complicated, I cannot understand the best thing to do” ⁽²⁾



of pension owners don’t know how much they have in pension savings ⁽⁴⁾

Scattered Pensions



of pension owners don’t take their pensions with them when they leave jobs ⁽³⁾

50_M

abandoned pension pots by 2050 ⁽⁵⁾

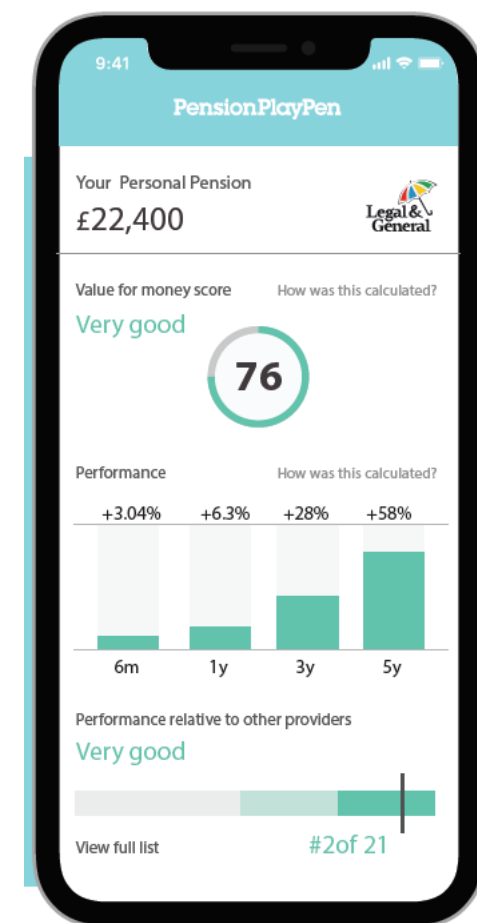
⁽¹⁾ OFT: Defined contribution workplace pension market study ⁽²⁾ DWP, “Attitudes to Pensions: The 2012 survey,” 2012. ⁽³⁾ Pensions Institute, “Caveat Vendor,” 2012. ⁽⁴⁾ B&CE, “Public attitudes towards a Pension Dashboard,” 2015. ⁽⁵⁾ DWP, “Automatic Transfers,” 2013



Mapping the Pension Genome

Pension Category	Access	Data Provider
Workplace DB	(CETV)	Trustee's admin
Workplace DC	IGC/Provider	MTs- insurers -SIPPs
Non workplace DC	Provider	Insurers and SIPPs
Total claims on fund managers (ONS MQ5)	£2.8tr	All

Fund Category	Access	Data template
Institutional Segregated	Investment consultant	IDWG
Institutional Pooled	Investment consultant	IDWG
Retail	Morningstar/FE	Mifid II/Priips
Hybrids (with profits +)	Provider	Proprietary



Our current estimate is that there are 5000 funds and 24,000 products in the pension genome*



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How do we fund the mapping of the genome?



How do we make money?

Put simply, we earn money when you save money, rather than charging you any fees. Across most of the products we can help you switch, it works like this...



You use
MoneySuperMarket.com to
find the deal you want



You click through to a bank,
insurer, energy supplier or
other company's website, and
apply or switch there



If it all works out, the company
will pay us a fee

The deal a company will give you is not affected by our fee – we work hard to make sure you can't get a better deal directly on their websites or in branches.



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How far are we from our objective?



Do we work with every provider?

Our aim is to search deals from as wide a range of companies as possible, so that you can choose the best product for you. But not every company can be included...

- Some companies don't want their products included on comparison websites
- Others choose not to pay us a fee – and we need to be able to make money to pay our employees
- A few smaller providers can struggle to cope with the sheer number of customers who can find their products if they appear on MoneySuperMarket.com



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Registered address: First Actuarial LLP, Mayesbrook House, Lawnswood Business Park, Leeds, LS16 6QY



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