Mapping the pension genome
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First Actuarial and Pension PlayPen
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”
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?

“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

= 

VFM (value for money) score
(out of 100)
Aggregating cost and value

MERGING COST AND VALUE

COST

PRODUCT SCORE

+ 

FUND SCORE

(SHARE CLASS SPECIFIC)

= 

VALUE

PRODUCT SCORE

+ 

FUND SCORE

(费 ADJUSTED)

= 

AGGREGATING FORMULA

VFM SCORE
What else can you do with that score?

1. Measure “engagement”
   Responsible investment
   User eXperience
   Admin competence

2. Transferability (impediments)

   1. Engagement - 75% (pie crust completion)
   2. Transferability – Green – no impediments
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?
The challenge of the pension genome

“The buyer side of the market is one of the weakest the OFT has analysed in recent years.”

- **Overly complex**
  - 63% agree with the statement: “Sometimes pensions seem so complicated, I cannot understand the best thing to do” (2)

- **Scattered Pensions**
  - 80% of pension owners don’t take their pensions with them when they leave jobs (3)
  - 59% of pension owners don’t know how much they have in pension savings (4)
  - 50M abandoned pension pots by 2050 (5)

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Mapping the Pension Genome

<table>
<thead>
<tr>
<th>Pension Category</th>
<th>Access</th>
<th>Data Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace DB</td>
<td>(CETV)</td>
<td>Trustee’s admin</td>
</tr>
<tr>
<td>Workplace DC</td>
<td>IGC/Provider</td>
<td>MTs- insurers - SIPPs</td>
</tr>
<tr>
<td>Non workplace DC</td>
<td>Provider</td>
<td>Insurers and SIPPs</td>
</tr>
<tr>
<td>Total claims on fund managers (ONS MQ5)</td>
<td>£2.8tr</td>
<td>All</td>
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</tbody>
</table>

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<thead>
<tr>
<th>Fund Category</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Institutional Segregated</td>
<td>Investment consultant</td>
<td>IDWG</td>
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<tr>
<td>Institutional Pooled</td>
<td>Investment consultant</td>
<td>IDWG</td>
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<tr>
<td>Retail</td>
<td>Morningstar/FE</td>
<td>Miﬁd II/Priips</td>
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<tr>
<td>Hybrids (with profits +)</td>
<td>Provider</td>
<td>Proprietary</td>
</tr>
</tbody>
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Our current estimate is that there are 5000 funds and 24,000 products in the pension genome*

01 June 2018

* Source; Pension PlayPen research
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...

1. You use MoneySuperMarket.com to find the deal you want
2. You click through to a bank, insurer, energy supplier or other company’s website, and apply or switch there
3. 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.
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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