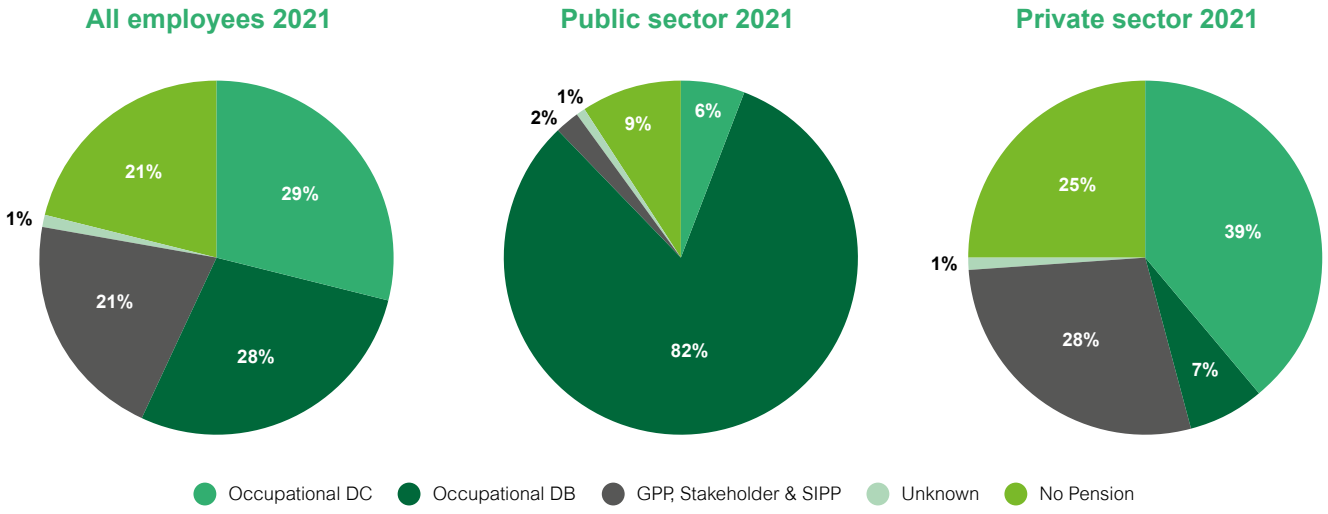

Help with Defined Contribution pensions
first actuarial

The rise of Defined Contribution pensions

For many years, Defined Benefit (DB) workplace pension schemes were the norm, providing an income for life based on your salary. Today, Defined Contribution (DC) pension schemes have become the most common way of saving for retirement across the UK workforce.



Source: Office for National Statistics (ONS) – Annual Survey of Hours and Earnings (ASHE)

The latest ONS statistics suggest that 28% of employees are building up benefits in DB schemes. They are, however, predominantly public sector workers.

By contrast, only 7% of private sector employees are building up benefits in DB schemes, while two-thirds are in DC arrangements.

With the anticipated expansion of auto-enrolment regulations, most private sector employees with no pension (25%) will also join DC schemes.

The size of a member's DC savings pot depends on many factors – including the provider and scheme the employer chooses, contributions paid, investment performance and charges levied.

Not all DC schemes are equal. Some are more suitable than others.

And once a scheme is in place, the employer and employees need to make sound choices. If the scheme is not performing well, some employees will feel they can't afford to retire. That can be bad news for employees and employers alike.

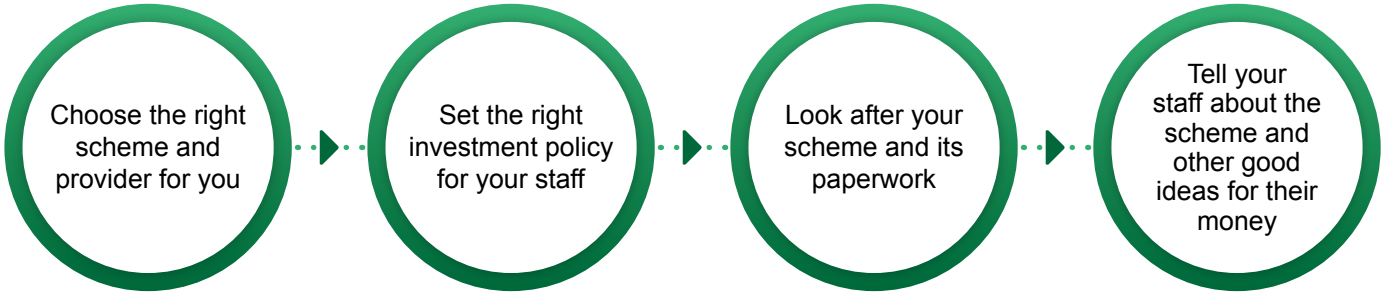
Is your scheme up to scratch and working as hard as it can for you and your staff?


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“
Our main consultant has a good style and is able to help people think through options in easy-to-understand terms, and plan for the future accordingly.
”

How First Actuarial helps with DC schemes

We'll help you get the most out of your DC scheme, simply and cost-effectively. We'll help you with straightforward, practical advice. And we'll help your employees save enough to retire on.

There are four stages:



Choose the right scheme and provider

Your scheme shouldn't just be a cost. It should be an asset to your business that helps you recruit and retain staff. We'll make sure it is, by getting you the right one.

If you need a new scheme provider, we'll make it easy for you by reviewing the market and recommending one to you. Or, if you want to be more hands on, we can guide you through the selection process.

Whether you're looking at a new scheme or improving your existing one, we'll talk you through what others in your industry are doing – what their schemes look like and what level of contributions employers are making. We'll show you the different contribution structures you could use, what they would mean for your business, and how they would affect your employees' retirement.

Set the right investment policy

Once the money's going into the scheme, it needs to be invested well. Over 90% of members invest in the default fund, often ending up in it because they express no preference. Either way, you need to be sure your default fund is suitable for these members. You also need to offer other fund options for those who want to invest differently.

Firstly, your funds (especially your default fund) need to reflect what members might eventually do with their money.

Until recently, you could safely assume that most members would retire at a set age and promptly buy an annuity, providing them with an income for life.

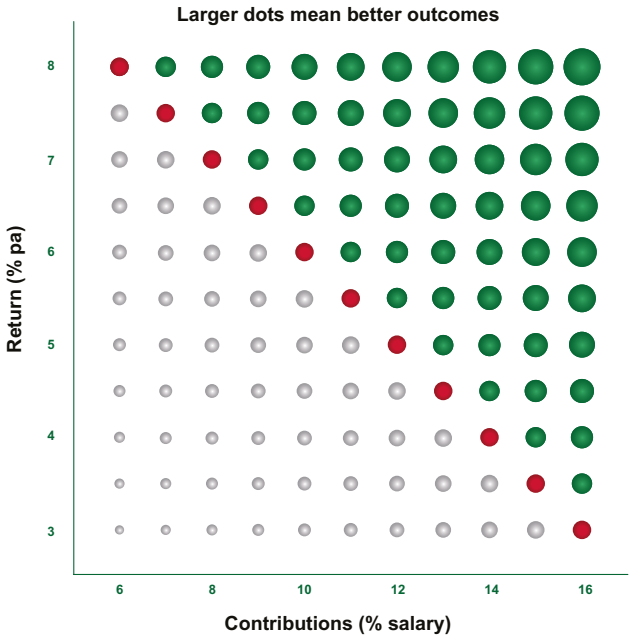
But pension freedoms give members several distinct choices for their money, that they can act on at any time from age 55. Some might still want an annuity. But others will want to take out cash, or reinvest some or all of their money. So your default fund must be flexible enough to meet the needs of all the members in it.

Our DC team works with our investment team to make sure that your default fund is fit for purpose.

Secondly, you need to offer funds that have an appropriate balance of risk and return.

A degree of risk is essential if members are going to get the returns they hope for. Without it, the value of their investments might not even keep up with inflation. So, even if they contribute generously to their pension, low returns can mean the member ends up unhappy. Good returns can produce a better outcome even from lower contributions.

But members often worry about investment risk, thinking it's something to be avoided. We'll help members understand that investing is about balancing risk and return, so they're clear about their choices and are comfortable making them. And we'll help you choose default and alternative funds that have the right balance.



Good returns can produce a better outcome even from lower contributions.

Look after your scheme and its paperwork

However good the scheme and its investment policy, members won't get what they need from it unless it has good governance. And you won't sleep at night if you're worried about whether your scheme's running smoothly and complying with regulations.

We'll help your governance committees and trustees to put simple, effective and robust systems and processes in place. We'll make sure you comply with the spirit and the letter of The Pension Regulator's requirements.

We organise and manage regular meetings on the governance side. This makes sure that everyone is following good practice and that you have the information you need to monitor your scheme. And we'll regularly reassess your provider on key areas like administration, investment, charges, member and employer support, communications and support at retirement.

As a result, you'll be free to get on and run your business without worrying about what's happening with your pension scheme.

Tell your staff about their pensions and improve their financial wellbeing

Tell them about the scheme

We'll check that your provider's communication material is fit for purpose, and help you make the most of it. We'll help you put together a plan for when and how to explain the scheme to your staff in a clear and timely way.

This will help your members understand what their benefits are, the value of those benefits, and how to get the best out of them to plan confidently for the future.

Scheme members now have lots of choice about what to do with their pension pots from age 55. But that choice brings responsibility.

To understand their options and make good decisions, we think members need face-to-face discussions. This shouldn't be a one-off meeting on the day they clear their desk. It should be a programme spread across the years leading to the date they expect to retire.

Tell them about other good ideas

We can also help you do more for your employees, by helping them understand more about personal finance – things like budgeting, borrowing and saving.

You'll benefit from our experience of designing and delivering financial well being projects for FTSE 100 companies.

We'll tailor your project to your company and your budget. We'll guide you towards what works, and we'll steer you away from what doesn't.

We can organise a programme of independent financial well being for you, through a mix of group seminars and webinars, one-to-one sessions, booklets, websites and other paper or digital media. We'll deliver simple, meaningful information so your staff understand how to make better choices with their money.

This makes sense for them and for your business. Because less financial stress means happier and more productive employees.

Get in touch

We'd love to talk to you about how we can help you with your DC plans.



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About us

First Actuarial LLP is a nationwide partnership with more than 450 staff covering six offices.

We'll help you to run your Defined Contribution pension arrangements smoothly and effectively, at reasonable cost.

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(10/2025)