

HARGREAVES  
LANSDOWN

# HL WORKPLACE

## ● RETIREMENT SERVICE

Keeping you informed

Spring 2023

Welcome to the latest edition of the HL Workplace Retirement Service Newsletter. I hope 2023 started well for you.

Like so many aspects of our lives, the impact of the rising cost of living has also continued to dominate the headlines in the world of Retirement.

It's an incredibly tough time for those planning their retirement, as shown by the Pensions and Lifetime Savings Association's (PLSA) Retirement Income Standards findings in January. This underlines the importance of having a secure income in place as part of retirement planning. As a result of rising interest rates, annuity rates are increasing. Annuities can offer the security of a guaranteed income in retirement.

The third edition of HL's Saving and Resilience Barometer highlights our belief that a holistic approach in the lead-up to retirement is essential to deliver the best outcomes for your pension scheme member's personal circumstances.

In this newsletter, we also cover:

- [Insight on Retirement Income Standards](#) →
- [Engagement and Resources](#) →
- [An update to our Savings and Resilience Barometer](#) →
- [A story of sustainability at HL](#) →

If you'd like to chat through anything, let me know.

Otherwise, I look forward to updating you further later this year.

Kind regards



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## PLSA Retirement Living Standards



Most people strive to live comfortably in retirement. But how much people need to live on, and need to save for the future, can be hard to pin down.

The cost-of-living crisis hasn't helped. It's affecting our day-to-day saving and spending, and we're seeing longer-term impacts on our retirement planning.

The latest data from our resilience and savings comparison tool showed under half of households are on track for a 'moderate' income in retirement – down from our July data. While it's only gone down slightly, given it's taken place over just six months, it's still a cause for concern.

### What are the retirement standards?

A 'moderate' retirement income is defined by the Pensions and Lifetime Savings Association (PLSA) as being around £23,300 per year for a single person and £34,000 per year for a couple living outside London as of January this year. An income like this covers the potential to go overseas on holiday and to run a car.

These figures include State Pension, which has risen to £10,600 in April for those who have accrued the full 35 years of National Insurance credits needed for a full pension. If you have less than this, you'll receive a lower amount and could consider saving more into your workplace pension to make up the difference.

Keep in mind that you can't normally withdraw any money until the age of 55 (57 from 2028).

Many people would expect to be able to enjoy such things like holidays as a matter of course in retirement and they risk facing a nasty shock when they find their retirement reality falls way short of their dreams.

If we drill down into the data further, we see that under saving for retirement is a huge issue, regardless of household income. Just over two thirds of the highest fifth of earners are currently on track. They're facing a huge decrease in their standard of living in retirement.

### What about a 'comfortable' retirement?

Only 15% of households are on track for this income and only around a third of the highest earners.

This is defined by the PLSA as being around £37,300 for one person and £54,500 for a two-person household outside London. This standard allows you to spend more on treats like theatre trips and meals out.

### Reforms to the rescue?

Auto-enrolment has brought many people into pension savings and from this point of view, it's been a huge success. However, not everyone contributes above minimum levels and this can risk leaving people a long way away from living the life they hope for in retirement.

The government's been under pressure to announce a timetable for the introduction of important reforms – reducing the minimum age from 22 to 18 and allowing contributions from the first pound of income.

These reforms would undoubtedly boost saving. But given the current financial challenges people are facing, we support their introduction once the effects of the current crisis have ended.

Incentivising people to boost contributions as and when they can afford it could prove popular. For example, encouraging employers to offer a higher matching contribution for those who contribute more. This would mean people contribute more as they can afford it, while employers would target their spend on those who value it most. It could prove a powerful way of taking pension saving to the next level and boost people's retirement resilience.



**HELEN MORRISSEY**  
Head of Retirement Analysis



# ENGAGEMENT & RESOURCES



## Webinars

Watch and share our popular Financial Wellbeing Webinars:

- [Teaching Children about Money](#)
- [Brick by Brick: Household Budgets & Building Financial Resilience](#)

Look out for your invitation to our upcoming sessions covering key money and retirement topics throughout the year.

We'll provide you with an invitation to share with your members and colleagues.

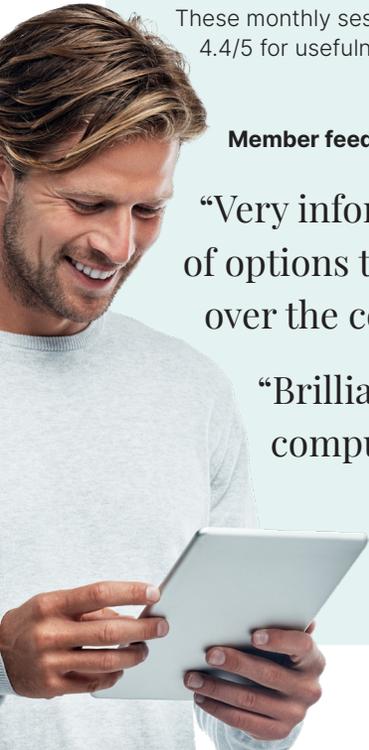
These monthly sessions are really valued by members, scoring 4.4/5 for usefulness based on 1,006 survey responses.

### Member feedback

“Very informative and covered a range of options that I will definitely consider over the coming months.”

“Brilliant - this should be compulsory for people to watch!”

“I don't think you can be too informed about your future.”



## Engagement

### Retirement journey

We offer free member contact from age 50 through to retirement, complementing your scheme's journey.

### Stronger Nudge to Pension Wise Guidance

Making sure members are aware of the support available.

### Live & recorded webinars

Regular webinars with our Financial Wellbeing Specialists, exploring key & topical retirement planning considerations.

### Annuity mailing

Encouraging members who have not applied to refresh their annuity rates, adding health & lifestyle details.

### Drawdown

Online journey for members moving into drawdown, including access to our Investment Pathways & ESG investing.

### Direct lines, QR codes & online forms

Making it easier for members to get in touch with us.

### Bespoke webinars

We work with you to design & deliver free sessions, so members know what HL can help with.

### Online retirement planning resources

Our calculators, insight & webinars can be accessed on demand via your HL member microsite. Check out our Retirement playlist on [YouTube](#) too.



## Podcast

Our fortnightly Podcast features special guests, as we get the inside scoop of the challenges and opportunities faced by key industry sectors.

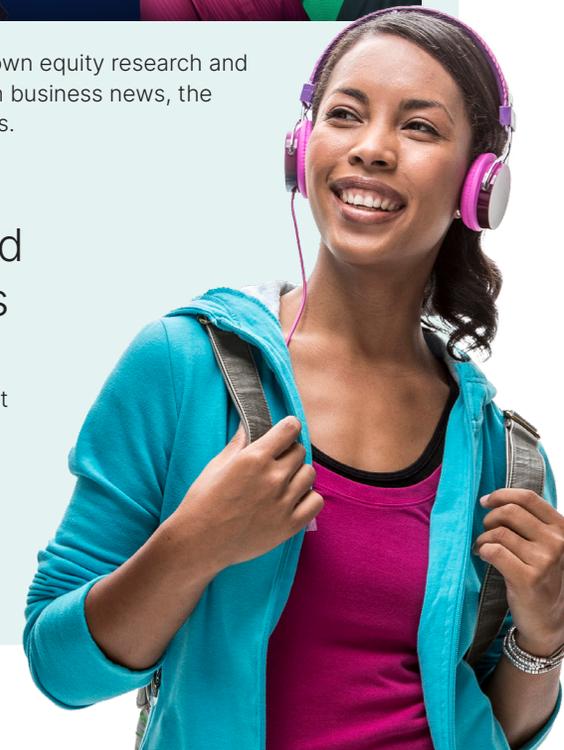


Plus, regular slots from our own equity research and fund management teams, on business news, the economic outlook and trends.



## Enhanced Annuities

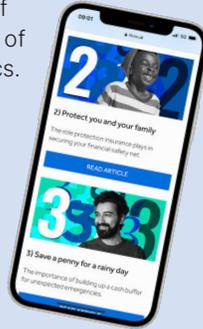
91.8% of the annuities we set up last year qualified for enhanced rates from our whole of open market panel, compared to the industry average of around 33%.



## Savings & Resilience Barometer 3rd Edition (January 2023)

We were delighted to publish the third edition of our bi-annual report into the financial resilience of the nation, in partnership with Oxford Economics.

The barometer is building a picture of people's financial resilience that tells us where people are vulnerable and about the gaps in their finances. The breakdown of data in this third wave is especially interesting for policy makers considering how to support different groups in the cost-of-living crisis.



Read the [full report](#) and use our [interactive tool](#) to find out more.

### THE KEY FINDINGS:



**Household Income** – Almost 9 in 10 of the lowest income households have poor or very poor financial resilience. However almost a third of middle-income households fall into this category, showing the squeeze isn't simply impacting the lowest income households.



**Age** – The most resilient households are those aged 40-49 with almost 6 in 10 having good or very good financial resilience.



**Employment** – Self-employed and those employed part-time have far lower financial resilience than those employed and working full-time.



**Inflation** – Our expectation is that inflation is set to stay higher for longer than we predicted in our July 2022 edition of the barometer, leading to a sustained squeeze on living standards which we expect to erode two thirds of the boost to financial resilience created by the pandemic.



**House prices** – The barometer forecasts a fall of 10.4% to house prices from Q3 2022 to the end of 2023 but also models a housing market crash scenario, which could mean an 18% drop. Anyone re-mortgaging this year is faced with higher interest rates, impacting on both savings and debt. Younger homeowners are expected to suffer the biggest hit to long-term financial security.



**Debt** – We expect debt management concerns to mount in 2023. Runaway inflation hasn't just damaged our ability to make ends meet today, it has also affected the levels of debt we're carrying and the resilience we're building for the future. By the end of 2023 this would mean nearly a quarter of households being forced to adapt financially.



## Age Inclusive Employer Accreditation

HL has achieved Age Inclusive accreditation from 55/Redefined, which is a UK organisation that champions anti-age discrimination.

The accreditation recognises employers that are committed to playing a leading role in changing attitudes and challenging age discrimination.

As we focus on creating an inclusive workplace with equitable opportunities for all, we realise the importance of valuing the skills and experience of an individual, irrespective of age.

We'll also remain committed to create new opportunities and flexibility for the workforce as they grow older.

## HL IN THE COMMUNITY

### Sustainability

An event coordinated by charity Your Park and sponsored by HL, has brought over 100 people together who have been giving their time to develop parks in Bristol and Bath. Workshops were provided to help the volunteers flourish further, as they begin to introduce and support biodiversity in their local area. There was also plenty of cross pollination at the networking sessions, as experiences and ideas were shared. Those who attended will now work together on projects that support nature, make parks more accessible and improve community wellbeing.

This event was part of HL's thriving partnership with Your Park, to improve health, wellbeing and community life in Bristol's city centre by introducing, enhancing and maintaining natural spaces.

#### Over the last two years, HL volunteers have:

- Completed 264 hours of volunteering
- Planted 15,000 bulbs
- Planted 105ft of hedgerows
- Planted 6 trees
- Planted 450m<sup>2</sup> of meadows

Through the planting of new trees, thousands of wildflowers and a new native hedgerow, this ongoing project will support more than 2,000 species and lock in 36.7 tonnes of carbon in the coming years.

This year, volunteers will transform and maintain College Green further and enable grassroots community groups to improve nature in more parks too, with bulb, wildflower and tree planting.



“HL were delighted to sponsor Your Park’s volunteer get-together. It’s been a wonderful couple of years working together to help rewild Bristol, providing accessible green spaces for all to enjoy as well as vital pollination corridors for our city’s wildlife. This event is a great opportunity for us to be able to give something back to the wider community heroes who volunteer with Your Park too.”

**Jennifer Oaten, Co-head of Sustainability Network, Hargreaves Lansdown**

“We are over the moon we were joined by so many committed and passionate volunteers. They are the lifeblood of our local green spaces. They spend hundreds of hours bringing our parks to life. Their work can be quite isolating, which is why events like this are so important. They remind us of the bigger picture and give everyone a chance to connect with equally passionate people. We can’t wait to see how these new relationships inspire ideas to be taken back to parks across both cities.”

**Charlee Bennett, Director, Your Park Bristol and Bath**



### Financially Fearless

HL have launched an exciting initiative unashamedly aimed at women, with the goal of creating a space where people can learn how women can build their financial resilience and save and invest with confidence.

We’re on a mission to tackle money inequality and help every woman become Financially Fearless. We focus on practical solutions to common money problems, and help to build knowledge along the way.

Check out our tools at <https://www.hl.co.uk/financially-fearless>, and follow the progress of our initiative on Instagram too [@financiallyfearless\\_hl](https://www.instagram.com/financiallyfearless_hl)



# HL RETIREMENT SERVICE – A RECAP

We work hard to help people achieve the best retirement outcomes for them.

Retirement can be daunting. We understand there isn't a one-size-fits-all solution. HL's personal service supports all retirement options under one roof, with free expert guidance for all your members, and financial advice for a fee for those who want it.

- Whole of open market annuity broking, with live enhanced rates
- Drawdown, including Investment Pathways & ESG investing
- Lump sums (UFPLS)
- Pension consolidation
- Mix & match options
- Financial advice
- Coming soon - Augmented Advice

We've been helping members retire with confidence for more than 20 years, so you can be certain that our award-winning service will be a good fit.

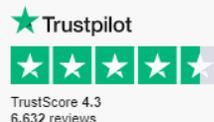
“Very informative. Laid all information out in a clear and concise way which is very useful in terms of what I can do to save money!”

## What's included?

Free proactive contact from age 50. Early engagement nurtures better retirement outcomes.

- ✓ **Free education and guidance resources.** Retirement tools, topical articles, regular live and on-demand webinars.
- ✓ **Personalised service.** Speak with a retirement specialist by phone, online or face-to-face.
- ✓ **Administration support.** Help with forms and bridging the gap with providers, to simplify retirement for members.
- ✓ **Access to more income.** An opportunity to explore medically enhanced annuity rates. **91.8%** of the annuities HL set up in 2022 qualified for an enhanced rate, compared to the industry average of **33%**.
- ✓ **Scheme relationship manager & regular reporting.** Keeping you close to how your members are using our service.

All of this and more is provided at no cost to the scheme or member, so nobody is put off from asking for help.



## Working with Master Trusts

Did you know you can bolt on our retirement service for free?

Many of our Clients choose to continue using our Retirement Service if they move to a Master Trust arrangement.

Appointing an independent party like HL ensures that members in Master Trusts are given all the information and support they need to fully engage with their retirement options, so they don't sleepwalk into an option which isn't right for them.

We recognise that most Master Trust providers offer an in-house Drawdown solution. We can present annuity rates to members, with Drawdown as an alternative. And if members find that an in-house retirement option is a better fit, they'll be under no obligation to use HL and they won't owe us a penny.

## Want to hear more about our service?

Contact [katie.hooper@hl.co.uk](mailto:katie.hooper@hl.co.uk)

