



# Workplace Savings

An Isio blog

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## They say retirement is a week of Saturdays - let's start with a brew

**Who is this is for? Trustees, Pension Managers, HR Business Partners, DC Governance Committees, Benefits/Reward Managers**

In 2015, members of DC pension schemes were given more flexible ways to access their pension pot. These flexible options are technically about benefit crystallisation, but I prefer to think about it as making a pot of tea. When you are building up your DC pension pot, it is untouched or uncrystallised. When you dip into your pension pot, you touch or crystallise some of your savings.

Think of your pension pot as a kettle of water. You fill the kettle over your working life through pension contributions and investment returns. When you crystallise some of your pension pot on retirement, you pour some of the water from the kettle into a teapot and add a tea bag. After a few minutes, you pour yourself a cup of tea. The water that's left in the kettle (if any) represents your residual uncrystallised pension pot.

You can still top the kettle up with future contributions, although the speed at which you can do this may be reduced due to the Money Purchase Annual Allowance. The tea in the pot now represents your crystallised pension pot.

Then, think of the tea in the cup as either your UFPLS or your PCLS and Annuity. For these options, you've emptied the tea pot in one go. However, for the PCLS and associated Flexi-Access Drawdown (FAD) option, the tea in the cup represents the PCLS or FAD income payment and the tea left in the tea pot is your residual FAD account.

Anyone for a slice of lemon drizzle cake?

Isio has a dedicated DC pensions advisory team who avoids the jargon and makes pensions as simple as a real cup of tea. The team can help with all aspects of the design of your DC pension scheme and to help your pension scheme members make sense of their at-retirement options through bespoke employee education and engagement programmes.

**Philip Davies is a Senior Manager at Isio.**  
[philip.davies@isio.com](mailto:philip.davies@isio.com)