



# Workplace Savings

## An Isio blog

Blog 16: June 2021

## Do you provide members with the red carpet treatment at retirement?

**Who is this is for? Trustees and Pensions Managers**

Whilst we all like to think that a pension supports members cradle to grave, this is not the case for many own trust schemes when members look to access income drawdown. Given the growing popularity of drawdown at retirement, could a bolt on vehicle be the answer and what do Trustees need to consider?

Understandably, own trust schemes have been unwilling to offer income drawdown within the trust given the additional governance and oversight responsibilities. However, from a member's perspective, they are suddenly left stranded to find a suitable vehicle for their savings and an appropriate investment strategy – all for an appropriate price. This is in stark contrast to their experience before retirement where they have been well looked after.

This has been one factor driving recent moves to Master Trust, as employers and Trustees look for a modern solution with user friendly post retirement strategies. For those keen to retain own trust, we are seeing more Trustees considering a bolt on provider, often on preferential terms, to 'plug the gap', supported by access to independent guidance/ advice.

A number of DC providers now offer their drawdown solution as a bolt on option targeted at own trust schemes. But to maximise the value, the member experience must be seamless with a smooth transition between pre and post-retirement.

Whilst there is a lot to think about, here are some key features Trustees should consider to get the most out of a drawdown bolt on:

- **Review the investment strategies available, how these align to the own trust scheme, and how they fare in terms of costs.**
- **Understand what flexibilities members have once in drawdown, and whether the provider can offer access to more than just drawdown.**
- **Consider what support and guidance is available both pre and post retirement, and how to communicate the bolt-on arrangement.**
- **Be clear on your ongoing governance and monitoring responsibilities, including how the bolt-on provider's SLAs compare to the own trust scheme and whether these can these be aligned.**

So rather than pulling the rug from under your members feet, why not give your members the red carpet treatment and provide them with improved options and support at retirement by considering a drawdown bolt on?

**Hannah Tebbutt is a DC Consultant at Isio**  
[hannah.tebbutt@isio.com](mailto:hannah.tebbutt@isio.com)