



# Workplace Savings

An Isio blog

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## Bespoke or off the shelf: Which default strategy offers the best value?

**Who is this for: Pension Trustees and Governance Committees**

With “freedom day” in the rear view mirror and couples across the UK now able to celebrate with loved ones, one big question remains for all the grooms to be out there. To go with a bespoke tailored suit for the big day or buy off the peg?

A similar discussion is taking place on numerous Trustee and Governance Committee video calls, but with the focus being on the default investment solution offered to the members of their pension plan. Does a bespoke default strategy remain appropriate, or should they consider an off the shelf option?

A bespoke solution may sound like the perfect match, tailored to the membership and the Trustee or Governance Committee retain control with the ability to tweak as they wish. However, in the background, pensions providers have been busy redesigning and embellishing their off the shelf strategies, pushing the boundaries of what we consider “good” from an investment perspective, and embracing new opportunities such as ESG or illiquid assets.

Despite not being made to measure, going off the shelf can have advantages as schemes benefit from the developments made at a provider level, which may ultimately lead to better member outcomes. This includes potentially lower charges, quicker implementation of new ideas into the default, and lower up front and ongoing governance than a bespoke strategy.

Bringing it back to wedding season and the poor grooms in their dilemma, do they pay a hefty price for the uniqueness of a one-of-a-kind suit that fits like a glove, with little intricacies such as the wedding date stitched into the lining? Or with off the rack suits improving in quality and design, do they pay considerably less without the headache of having to pick the buttons or stitch type, and still have a perfectly good suit that does the job?.

Given the recent strategic developments in off the shelf defaults, we think now is a good time to take stock and consider whether retaining a bespoke default remains a match made in heaven for you and your members.

Please get in touch if you would like to have a conversation about your bespoke default and good luck to those tying the knot this year!

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