

UK Workplace DC to more than double in size by 2031

Defined contribution pensions are the future of occupational pension saving in the UK.

In early 2021, assets held by the UK's burgeoning Workplace DC system stood at £515bn, a 14% growth on the previous year, despite the havoc wrought by the Covid-19 pandemic. Over the course of the next decade, we expect the landscape to achieve a CAGR of 9%, passing £1.2trn by 2031.

The engine of growth will be the ~£700bn of contributions made by the 17 million plus active members and their employers. Auto-enrolment has brought a new generation of savers into pensions, while a series of escalations in statutory minimum contribution rates and wage growth have increased the new money allocated to each member's pension pot annually. The impact of investment returns (which we have assumed at to be a relatively conservative 4%) on growth, will pale in comparison to that driven by contributions.

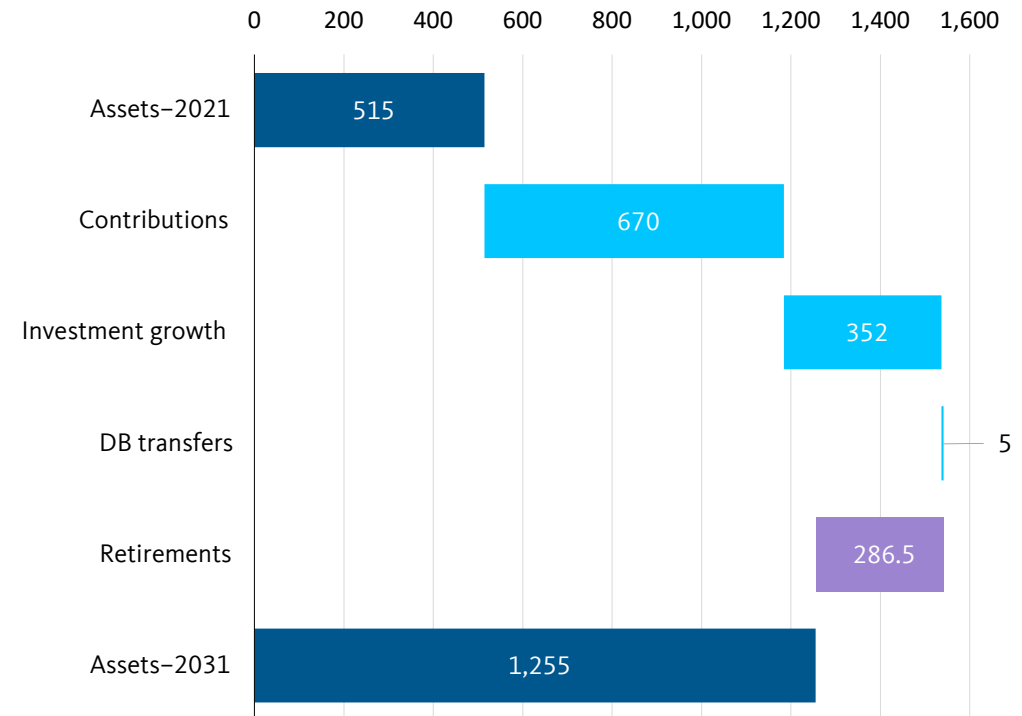
While the ~£300bn of retiring money appears to be a drain on the opportunity at first glance, the 2015 Pension Freedoms have transformed the market for retirement income. Rather than buying an annuity from an insurer, many retirees now choose to enter drawdown and generate income flexibly from an investment portfolio within a personal pension wrapper.



Get in touch to discuss this trend: Insights@broadridge.com

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UK WORKPLACE DC TOTAL MARKET: SOURCES OF ASSET GROWTH AND DECLINE - £BN – 2021 - 2031



Source: Broadridge Analysis from UK DC & RI Navigator 2021.

Navigator

Insights drawn from UK DC & RI Navigator

UK Workplace DC: How large is the addressable opportunity? What investment products are in demand? Which asset owners and intermediaries should managers target? All these questions and more are answered in our UK DC and Retirement Income Navigator report.