

**Department for Work and Pensions
Stronger nudge to pensions guidance - consultation
Response from the Low Incomes Tax Reform Group (LITRG)**

1 Comments

- 1.1 We welcome the opportunity to respond to this consultation.¹ Our expertise is in relation to tax and the interactions between the tax and welfare systems. We are in favour of more nudges being provided to consumers, who intend to access their pension savings, to seek guidance.
- 1.2 Guidance is not advice, of course, and it is left up to the consumer to apply the guidance to their own situation and to decide what action, if any, to take. A PensionWise appointment provides a great deal of information that may be difficult for the average consumer to assimilate even with the follow-up communication. It is unfortunate that the cost of advice is such that those on low incomes may be least able to access the advice that might help them make a better choice.
- 1.3 Rather than only offer guidance at age 50 and above, we do think more signposting should be made available whenever a consumer notifies a provider that they intend to transfer their pension savings. This could help prevent scamming.
- 1.4 Taxation and the potential loss of welfare benefits are serious considerations for consumers and we believe these should be given more prominence.
- 1.5 We commented on these points in further detail in our June 2021 response to the Financial Conduct Authority consultation CP21/11. Rather than repeat those comments, we suggest they are read and taken as part of this submission, as they are of equal relevance to occupational scheme members.²

2 About Us

- 2.1 The Low Incomes Tax Reform Group (LITRG) is an initiative of the Chartered Institute of Taxation (CIOT) to give a voice to the unrepresented. Since 1998, LITRG has been working to improve the

¹ <https://www.gov.uk/government/consultations/stronger-nudge-to-pensions-guidance/stronger-nudge-to-pensions-guidance>

² To read our full submission to the FCA, see <https://www.litrg.org.uk/latest-news/submissions/210611-fca-stronger-nudge-pensions-guidance>

policy and processes of the tax, tax credits and associated welfare systems for the benefit of those on low incomes. Everything we do is aimed at improving the tax and benefits experience of low-income workers, pensioners, migrants, students, disabled people and carers.

- 2.2 LITRG works extensively with HM Revenue & Customs (HMRC) and other government departments, commenting on proposals and putting forward our own ideas for improving the system. Too often the tax and related welfare laws and administrative systems are not designed with the low-income user in mind and this often makes life difficult for those we try to help.
- 2.3 The CIOT is a charity and the leading professional body in the United Kingdom concerned solely with taxation. The CIOT's primary purpose is to promote education and study of the administration and practice of taxation. One of the key aims is to achieve a better, more efficient, tax system for all affected by it – taxpayers, advisers and the authorities.

LITRG
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