Second Pensions Commission Interim Report

L&G response to the Call for Evidence

14 July 2026

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ABOUT L&G

Established in 1836, L&G is one of the UK's leading financial services groups and a major global investor, with £1.2 trillion in total assets under management as at FY25, of which c.43% (c.£0.5 trillion) is international. We are a leading player in Institutional Retirement, Retail, Savings and Protection, and Asset Management through both public and private markets. Across the Group, we are committed to responsible investing and dedicated to serving the long-term savings and investment needs of customers and society.

L&G's Retail business is a leading provider of retirement and protection solutions, supporting c.12.1 million customers throughout their lifelong financial journeys. DC & Workplace Savings bridges our Retail and Asset Management businesses. It combines our expertise in managing assets with our customer insight and member journey innovation, and currently looks after the retirement savings of 5.8 million members, with more than £200 billion in DC assets under management and the sector's largest commercial Mastertrust. By serving over one in six UK DC pension scheme members, we have a practical perspective on how to build a pensions settlement that is adequate for savers, deliverable for employers and providers, and capable of supporting long-term investment in the UK economy.

To discuss this response in more detail please contact publicaffairsteam@landg.com.

EXECUTIVE SUMMARY

L&G welcomes the Second Pensions Commission's Interim Report and agrees with its central diagnosis: the UK has built stronger foundations for retirement over the last two decades, but those foundations need to be renewed for a world of longer retirements, greater reliance on defined contribution pensions, lower home ownership, more varied working lives and greater individual responsibility for financial decision-making at and through retirement. The Commission is right to recognise **automatic enrolment as a major public policy success,** and equally right to conclude that current minimum contribution levels and eligibility rules are no longer sufficient to deliver adequate outcomes for future cohorts.

L&G's ***Building Financial Futures*** research, in association with Public First, reinforces the Commission's diagnosis. It shows that 41% of adults aged 25–54 are not on track for the retirement income they are likely to need; 35% of people in work are not saving into a pension; and 15% of adults aged 18–69 say they are not saving into a pension and never have done. These are not simply problems of individual engagement. They reflect structural barriers in the labour market, housing market, pension system and people's wider financial lives.

This is a **generational moment in pensions reform**. The first Pensions Commission showed that durable, evidence-led reform can reshape saving behaviour for the long term. L&G therefore strongly supports the Commission's focus on building consensus, particularly around contribution increases. That consensus will require difficult trade-offs, but it should be used to build a credible and well-signalled roadmap rather than to leave reform open-ended. The task now is to build broad support for a reform package that is ambitious enough to materially improve outcomes and practical enough to implement. Pensions adequacy should be treated as a long-term systemic challenge that commands cross-party political support and not a short-term partisan issue. The Commission's final recommendations will only endure if political parties coalesce around an agreed roadmap that gives savers, employers, payroll providers and schemes the confidence to plan. A durable settlement would support improved retirement outcomes, reduce future pressure on the State Pension and means-tested support, and help mobilise long-term savings for productive investment where this is consistent with member outcomes.

That consensus will only be long-standing if it is grounded in shared responsibility. Government should set a clear roadmap, but employers, employees, providers and schemes will all need to help make higher saving viable in practice. As the guardians of the second pillar of the pensions system, workplace pension providers have a particular responsibility to show that they understand affordability pressures on employers and savers, and to support reform with evidence, clear communication, operational readiness and practical mitigations where opt-out risks are most acute. We recognise that many employers accept the case for higher pension saving in principle, but will need a phased, simple and predictable route if they are to support reform publicly and implement it successfully. Employer affordability, payroll complexity, employee buy-in and opt-out risk should therefore be treated as core design issues, not implementation details to be resolved later. Together we can build a pensions settlement for the decades ahead.

L&G's preferred package is clear: **widen and deepen automatic enrolment coverage**; reduce the Lower Earnings Limit to zero so contributions are paid from the first pound of earnings; lower the minimum age for automatic enrolment to 18 as soon as practical; reset and then uprate the Upper Earnings Limit in line with earnings; **increase minimum contributions from 8% to 12% over a clear six-year pathway once the reform period begins**; and develop a practical route to pension saving for the self-employed. This should be phased carefully, with employer contributions rising first before moving to an equal 6% employer / 6% employee split. The move to 12% should be treated as a necessary next milestone in adequacy reform, not the final end point of the debate.

These reforms should be seen as an **integrated package** rather than a menu of trade-offs. The package will be strongest if reforms to coverage, pensionable earnings and contributions are designed together, with enough phasing and notice for employers, payroll providers and savers to plan with confidence. In terms of adequacy impact, the priority should be phasing contributions from the first pound of earnings and setting a clear and credible timetable to increase minimum contributions to 12%. Developing a practical mechanism for self-employed pension saving is also critical. Lowering the automatic enrolment age to 18 remains an important and implementation-ready reform, and should proceed as soon as practical, but should be understood as one part of the wider adequacy settlement rather than the main lever on its own.

Some of the **core automatic enrolment reforms should not be treated as starting from scratch**. Lowering the minimum age to 18 and moving contributions towards the first pound of earnings already have a statutory footing through the Pensions (Extension of Automatic Enrolment) Act 2023. The immediate question is therefore how and when those powers are commenced, sequenced and implemented in a way that supports adequacy while managing affordability and opt-out risk.

Our wider research, including insights from L&G's *Decades Ahead* programme also supports a more complete view of adequacy. ***Decades Ahead*** highlights how retirement outcomes are shaped by interconnected factors including work, housing, financial resilience, health and long-term savings, reinforcing the need for a broader view of adequacy than pensions contributions alone. The **Minimum, Replacement, Rent** (MRR) measure combines a minimum acceptable income, target replacement rates and housing costs for those who rent in retirement. The Pension Insecurity Index and qualitative research in pension 'cold spots' show that pension insecurity is shaped by current financial pressure, low institutional trust, low financial literacy and weak engagement.

Alongside this, **voluntary pension saving should be encouraged now** rather than deferred until the 2030s, particularly for mid-life savers who may not benefit quickly enough from the Commission's longer-term reforms. This is supported by the wider evidence base: the Commission estimates that 15 million people are already undersaving, rising to 19 million without action, while IFS analysis finds that 39% of private sector employees are not on track for their target replacement rate. L&G's ***Building Financial Futures*** research adds particular depth on the risks facing mid-life savers, many of whom are too young to have benefited materially from private sector DB provision but too old to benefit fully from a complete working life under automatic enrolment. Employers and providers should be supported to test practical voluntary measures including auto-escalation, contribution prompts at pay review, promotion or bonus moments, clearer communications about the gap between minimum contributions and adequate retirement outcomes, and carefully designed savings resilience mechanisms such as sidecar savings and emergency buffers. These ideas should be tested against the evidence, including whether they improve resilience, support engagement and reduce opt-outs without creating leakage from long-term savings or weakening the pension tax settlement.

In respect of **decumulation, the Commission should take account of reforms already in train**. Guided retirement, Targeted Support, pensions dashboards, the Value for Money framework, scale requirements and small pots consolidation will materially change how savers engage with, consolidate, invest and access their pension savings. The final recommendations from the Commission should avoid over-prescribing future product design before these reforms have had time to affect behaviour. This is particularly important in decumulation: L&G supports stronger retirement pathways and better guardrails, but these should be segmented, evidence-led and built around engagement first, with defaults acting as a backstop rather than a hard universal solution.

The final report should also **situate pensions adequacy within the wider system**. The State Pension remains the foundation of retirement income and any future change to its level, indexation or age has direct implications for private saving needs. Pensions tax policy should support adequacy, fairness, simplicity and stability, and avoid undermining confidence just as higher saving may be required. Housing, care, later-life work, AI-enabled support, Open Finance and data-driven engagement will also shape what a future-proof pensions system needs to deliver by 2050.

L&G is ready to support the Commission and DWP in exploring practical options for reform. The case for further action has already been made, including by the Commission itself. Our customer and market insights can help Commissioners reach conclusions about how to implement reforms that will genuinely make a difference, taking account of individual behaviours, incentives and scheme design. As a large workplace pensions provider, investor and retirement business, we can offer practical insight into how different policy choices may affect employers, savers and scheme design at scale, including evidence on contribution behaviour, opt-outs, member responses to prompts and defaults, employer and employee phasing, investment design, pot-size thresholds and retirement access decisions. We also believe the next phase should leave space to **explore and test practical savings resilience models**, including sidecar savings and emergency buffers, alongside wider testing of how flexibility, communications and employer support affect opt-outs, contribution behaviour and long-term outcomes.

1. RESPONDING TO THE COMMISSION'S DIAGNOSIS AND EVIDENCE

The Commission's Interim Report provides a substantial evidence base for reviewing whether the pensions settlement created after the first Pensions Commission remains fit for purpose. The last 20 years have shown that evidence-led reform can transform retirement saving. Automatic enrolment has brought millions more people into pension saving and changed expectations around employer-supported retirement provision. The State Pension has been simplified and strengthened. Pensioner poverty has fallen materially compared with the position before the first Commission. Those achievements should be celebrated but not be mistaken for a complete settlement for the next 25 years.

The Commission is also right that the environment facing future retirees is materially different to those at the time of the First Pensions Commission and even today. More people will retire primarily with defined contribution pensions, carrying investment and longevity risk that previous generations often did not face in the same way. Many will not own their home outright, and a growing share will rent in retirement. Working lives are more varied, with more self-employment, part-time work, interrupted careers and income volatility. Retirement itself is less likely to be a single cliff-edge event and more likely to involve phased working, partial access to pension savings and changing household circumstances.

This makes it essential to see adequacy as a lifetime issue, not a problem that can be solved at the point of retirement. L&G's *Decades Ahead* programme starts from this premise: a comfortable retirement is not something which simply happens at the end of a working life, but the culmination of decades of saving, employment, housing, financial resilience and decision-making. Just as savings compound over a lifetime, so too can inequalities, missed opportunities and low engagement.

L&G agrees with the Commission that these pressures are not only about individual engagement. The Interim Report recognises that future adequacy will be shaped by structural labour market barriers, housing tenure, the decline of defined benefit provision, the shift of investment and longevity risk towards individuals, and the complexity of DC retirement decisions. L&G's own evidence reinforces this diagnosis and adds further texture on the mechanisms through which under-saving happens: affordability, income volatility, housing costs, weak trust, low financial literacy and short-term financial coping all shape whether people save and how they engage with pensions. This is why automatic enrolment remains so important: it works with the grain of real behaviour and is still viewed positively even in financially pressured communities. It also suggests that the final report should give particular weight to housing costs, mid-life savers, institutional trust and practical implementation evidence, including employer affordability, payroll complexity, saver behaviour and opt-out risk.

The Commission's final report should focus on a package of reforms that improves outcomes across three stages: getting more people saving; helping people save enough; and helping people convert savings into sustainable retirement income. These reforms need to be ambitious enough to materially improve adequacy, but phased and practical enough to build durable support across government, employers, industry and savers. The same simplicity that works well in accumulation will not be appropriate in decumulation, where member circumstances vary materially by health, household, housing, work, other pension income and wider assets, making engagement essential to ensure individual circumstances are properly reflected in retirement pathways.

The Commission is understandably likely to favour simple, broad-based reforms that can be explained clearly, implemented at scale and command political and industry support. That instinct is right, particularly given the success of automatic enrolment. However, simplicity should not come at the expense of complementary work on more specific barriers to adequacy where targeted evidence, testing or policy design could materially improve outcomes. A durable settlement should combine a small number of major structural reforms with practical work on issues such as opt-outs, emergency savings, self-employed saving, mid-life engagement, employer communications and retirement decision-making.

The remainder of this response therefore sets out the reforms L&G believes are needed to respond to the adequacy challenge, while identifying where our evidence reinforces the Commission's diagnosis and where further emphasis may be needed. It draws on our research, data and experience across workplace savings, investment and retirement to consider how reform can be ambitious enough to improve outcomes, practical enough to implement, and flexible enough to adapt as evidence and saver behaviour evolve. We recognise that pragmatism will be needed to secure implementation, particularly on contribution increases and timetable. Pragmatism should mean a credible, well-signalled pathway rather than open-ended delay, with space for practical testing and innovation where this can support better saver outcomes.

2. THE ADEQUACY CHALLENGE IN PRACTICE

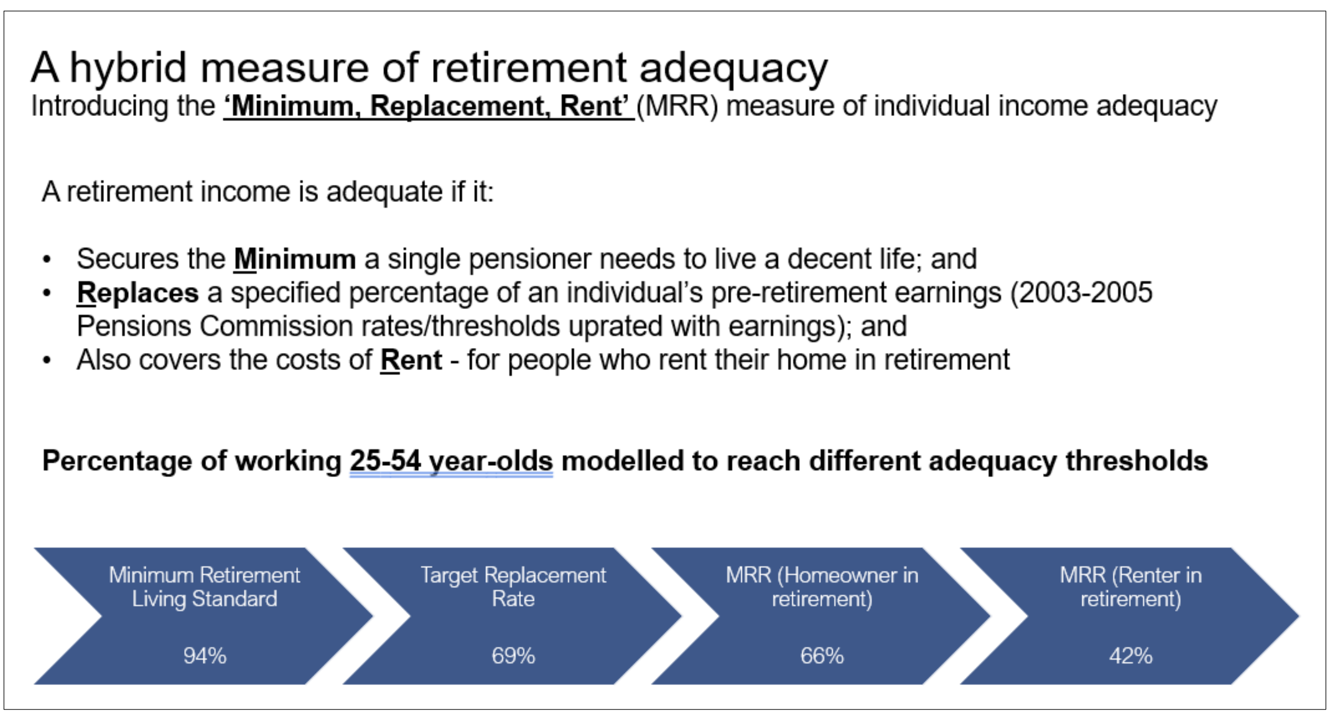
L&G's *Building Financial Futures* research provides a detailed evidence base that supports and extends the Commission's diagnosis. The findings show that under-saving is not simply a problem of individual engagement or poor financial literacy. It reflects a combination of structural, financial, behavioural and attitudinal barriers across work, housing, household circumstances, financial resilience and trust in long-term saving.

- **Participation remains too low:** 35% of people in work are not saving into a pension. Those most likely not to be saving include the self-employed, workers in small employers, renters, single people, disabled people and people in some sectors such as hospitality, construction and agriculture.
- **Adequacy is not just a low-earner problem:** Middle and higher earners saving at or near the automatic enrolment minimum may not replace a reasonable share of their pre-retirement earnings.
- **Housing is increasingly central:** 25% of adults aged 18–69 expect to rent in retirement, rising to 28% among 35–54 year-olds. L&G/Public First modelling suggests that only 30% of future private renters are likely to have an adequate income under the MRR measure.
- **Mid-life savers face a specific challenge:** Many people aged 40–54 are too young to have benefited significantly from final salary pensions but too old to benefit from a full working life under automatic enrolment.

2.1 MINIMUM, REPLACEMENT, RENT: AN ENHANCED MEASURE OF ADEQUACY

The Commission is right to seek a clearer adequacy benchmark. L&G recommends a hybrid approach because no single measure can adequately capture the different dimensions of retirement security. Target replacement rates are useful for understanding whether people can maintain a proportion of their pre-retirement living standards, but can mask low absolute income for lower-earners. Retirement Living Standards are valuable in describing what a minimum, moderate or comfortable retirement looks like, but do not fully reflect prior income expectations and usually assume no housing costs.

L&G's Minimum, Replacement, Rent measure has been developed to combine the strengths of these approaches while adding a third dimension that is increasingly important: whether someone will need to pay rent in retirement. Under MRR, retirement income is adequate if it secures the minimum a single pensioner needs to live a decent life, replaces a specified proportion of pre-retirement earnings, and covers rent for people who rent their home in retirement. This makes it a useful contribution to the Commission's work because it reflects the fact that future retirement adequacy will increasingly be shaped by housing tenure as well as pension saving.



This is not a marginal issue. L&G's *Building Financial Futures* research found that 25% of adults aged 18–69 expect to rent in retirement, and projections suggest that around 30% of today's 45–49-year-olds may rent by age 65–69. Housing tenure materially changes the adequacy picture: under the MRR measure, 66% of future homeowners are modelled to reach an adequate income, compared with 42% of future renters. Exposure is also unevenly distributed. Among today's 45–54-year-olds, 49% of those in the poorest fifth of the population rent now, compared with 13% of those in the richest fifth. This reinforces the need for the Commission to treat housing costs as part of the adequacy framework, not simply as background context.

Adequacy measures should also be kept under review. The Commission can help establish a durable framework, but the system will need to remain agile as new evidence emerges and as reforms already in train begin to change saver behaviour. Dashboards, Targeted Support, guided retirement, the Value for Money framework, scale requirements and small pots consolidation should all improve the evidence base over time. The right approach is therefore to build consensus around the direction of reform while preserving the ability to refine adequacy measures, contribution design and retirement pathways as the system evolves.

2.2 THE LIVED EXPERIENCE OF PENSION INSECURITY

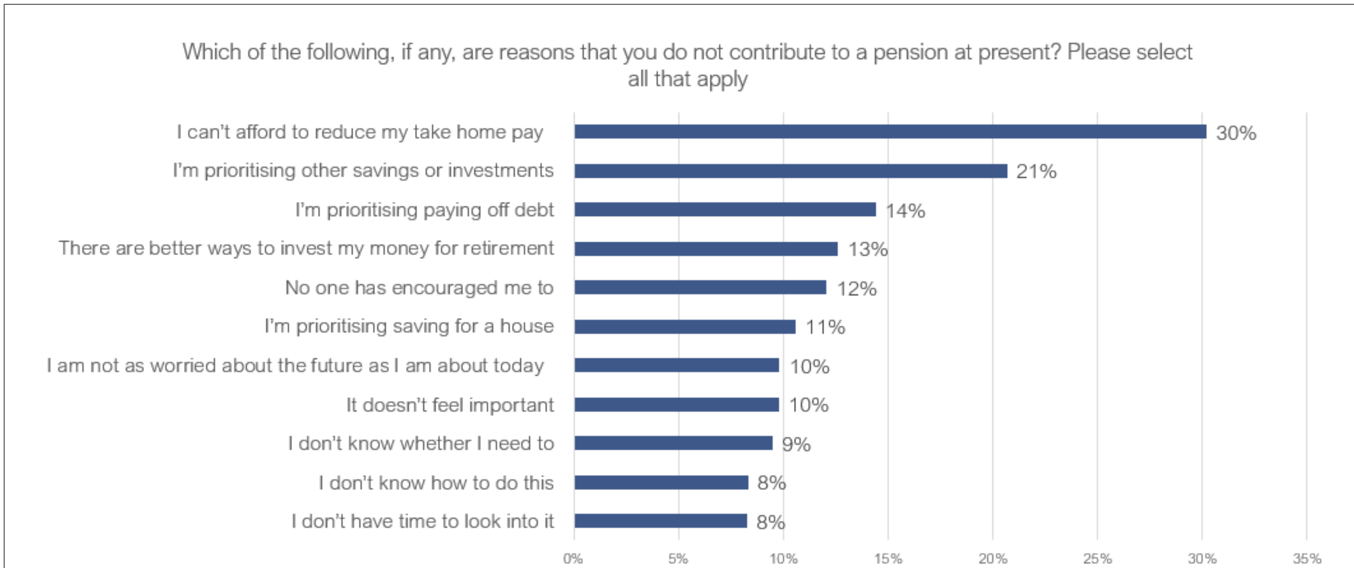
L&G and Public First also developed a Pension Insecurity Index, using survey responses across three dimensions: sentiment, current financial security and engagement. This allows pension insecurity to be understood not just as a savings balance problem, but as a combination of expectations about retirement, present-day financial resilience and interaction with pension saving.

Qualitative immersive research in Glasgow North East, Merthyr Tydfil and Aberdare, and Birmingham Hodge Hill and Solihull North should be treated as illustrative rather than representative, but it reinforces the Commission's wider evidence that those most at risk of undersaving often face overlapping pressures: current financial strain, low trust, limited engagement, weak pension literacy and short-term financial coping. This suggests that fixing one part of the cycle will not be enough. Education alone will not persuade people in financially pressured communities to make difficult sacrifices now; but structural reform without engagement risks leaving people passive and mistrustful.

This also highlights why automatic enrolment remains so important. Many participants viewed automatic enrolment positively because it helps people save when they would otherwise struggle to prioritise the future. At the same time, distrust linked to State Pension age changes, poor health expectations and financial pressure showed why reform must be carefully communicated and supported by credible institutions. The same research also found that every community includes people who are engaged and understand pensions, suggesting that trusted community or workplace messengers and advocates may have a role alongside national communications.

Financial literacy should not be treated as the central answer to under-saving. Information alone will not overcome affordability pressures, low trust or weak engagement. But it would be a missed opportunity to give financial capability only marginal attention. Better understanding, trusted communications and timely support can help people understand reforms, sustain saving, make use of employer contributions and navigate retirement choices.

Reasons people give for not saving: Explanations linked to finances but also behavioural or attitudinal factors



Public First / Legal & General Survey. Question asked to in-work non-savers only, n=1278

3. AUTOMATIC ENROLMENT: COVERAGE, THRESHOLDS AND CONTRIBUTIONS

Automatic enrolment has succeeded because it is simple, universal in its core logic and built around inertia. The next phase of reform should preserve those strengths while updating eligibility, pensionable earnings and contribution rates so that the system reflects modern working lives.

In terms of adequacy impact, the most important reforms are phasing saving from the first pound of earnings and setting a clear, credible path to 12% minimum contributions. Lowering the age threshold to 18 should proceed as soon as practical, with careful communication and monitoring, while reviewing the earnings trigger and resetting the Upper Earnings Limit will require more design work to balance adequacy, affordability and administrative simplicity.

This timetable gives businesses and individuals notice, starts contribution increases in Year 1, and reaches 12% by Year 6. It allows LEL removal and contribution increases to proceed in parallel, rather than delaying the contribution pathway until all threshold changes have been completed. This combined package should be easier to communicate to employers and employees than lots of individual and unrelated changes.

The package should also be designed with clear attention to distributional impacts. Women, disabled people, some ethnic minority groups, carers, low earners, part-time workers, multiple job holders and the self-employed are more likely to experience periods of low or no pension saving. Lowering the age threshold and phasing first-pound saving should be treated as the most implementation-ready elements of the package, while reviewing the earnings trigger and resetting the Upper Earnings Limit will require more design work to balance adequacy, affordability and administrative simplicity.

L&G's preferred roadmap to widen and deepen AE coverage

Year	LEL	Employer	Employee	Total	Age threshold	UEL
Preparatory phase	Current	3.0%	5.0%	8.0%	Lower to 18	Current
Year 1	£80/week	3.5%	5.0%	8.5%	18	Begin staged reset
Year 2	£40/week	4.0%	5.0%	9.0%	18	Continue staged reset
Year 3	£0	4.5%	5.0%	9.5%	18	Continue staged reset
Year 4	£0	5.0%	5.0%	10.0%	18	Uprate with earnings once reset
Year 5	£0	5.5%	5.5%	11.0%	18	Uprate with earnings
Year 6	£0	6.0%	6.0%	12.0%	18	Uprate with earnings

3.1 MINIMUM CONTRIBUTIONS: A CLEAR SIX-YEAR PATH TO 12%

L&G supports raising minimum automatic enrolment contributions from 8% to 12% over a clear six-year pathway once the reform period begins and there is sufficient political consensus, industry support and employer and employee visibility and support in place. This is the most important single policy lever for improving adequacy among the mass market and should be treated as the next necessary milestone in adequacy reform, not the final end point of the debate.

Over time, further evidence may suggest that some groups need higher contributions, additional voluntary saving routes or more targeted interventions. The immediate priority should be to build consensus around a deliverable move to 12%, while leaving space for future evidence and innovation to shape what comes next. Consensus on the destination and timetable matters, but it should not become a lowest-common-denominator settlement or a reason to defer implementation.

That consensus needs to be active rather than passive. Government will need to set a clear direction and timetable, but employers, employees, providers and schemes will also need to take shared responsibility for making the move to 12% work in practice. For providers, that means recognising the responsibility that comes with being part of the UK's second pillar: supporting reform with evidence, clear communication, employer insight, operational readiness and practical mitigations where affordability or opt-out risks are most acute.

Pensions UK's *Closing the gaps* research, co-sponsored by L&G, supports the case for a gradual, well-signalled route to 12%. Savers questioned were open to a 1% increase in their contribution, particularly where it coincided with pay rises or was introduced gradually, while employers recognised that minimum contributions may need to rise but emphasised the importance of phasing, simplicity and careful implementation.

There is also useful precedent for this approach. Australia's Superannuation Guarantee has moved to 12% through staged 0.5 percentage point increases, showing that small, predictable steps can help employers plan for higher statutory saving rather than absorbing a single large increase. The UK's own experience points in the same direction: there were around seven years between the first Pensions Commission's core recommendations and automatic enrolment going live for the largest employers in 2012. This shows that successful pension reform needs a clear roadmap so Government, employers, payroll providers, schemes and employees can plan ahead with confidence.

L&G's preferred pathway is employer-first. Employers currently pay the smaller share of the statutory minimum, at 3% compared with 5% from employees. Increasing employer contributions first would help rebalance the system while preserving the principle of shared responsibility. It would also protect take-home pay in the early years, which is particularly important for lower-earners and financially pressured households where opt-out risk may be most acute. This sequencing reinforces pensions as part of the wider reward package rather than simply an individual saving burden, and should help build public and employee confidence: if employers are seen to contribute more first, employees are more likely to accept later increases. Employee contributions would therefore increase only in the final two years of the pathway, once employer contributions reach 5%, with the end point remaining an equal 6% employer / 6% employee split.

The model in Annex I illustrates that moving to higher pension contributions can be delivered through a staged and incremental glidepath, with annual cost increases that are relatively manageable when phased gradually, clearly signalled in advance, and aligned with pay growth. For an employee earning £30,000 in Year 1, with pay rising by 3% a year, the employee's net cost after basic-rate tax relief rises from around £1,034 in Year 1 to around £1,669 in Year 6. That is an increase of around £636 a year, or about £53 a month by the end of the period. The largest increase in any single year is around £184, equivalent to about £15 a month. For the employer, the annual contribution rises from around £904 in Year 1 to around £2,087 in Year 6. That is an increase of around £1,182 per employee per year, or about £99 a month by Year 6. The largest increase in any single year is around £279, equivalent to about £23 a month. The combined pension contribution rises from around £2,196 to £4,173 over the six-year period. Compared with the Year 1 contribution level, the additional savings would generate a projected cumulative value of £6,204 by Year 6, assuming 5% annual compound investment growth.

The path to higher contributions should not be contingent on economic indicators or economic shock tests. The right way to manage affordability is through phasing, advance notice and sequencing. Formal economic tests would weaken certainty, make the timetable vulnerable to repeated delay, and risk leaving future cohorts with inadequate DC savings for even longer. A future Government would always retain the ability to respond to an exceptional crisis if it judged that temporary adjustment was necessary. That is different from designing uncertainty into the reform framework from the outset.

Taking account of the cost of living or cost of business backdrop, the roadmap should include practical safeguards, including clear notice periods, phased implementation, monitoring of opt-out behaviour, employer readiness and distributional impacts, and scope to refine mitigations where risks are most acute. However, these safeguards should support delivery rather than become gateway tests for reform: waiting for perfect economic conditions would risk indefinite delay and leave future cohorts under-saving for longer.

3.2 LOWER THE MINIMUM AGE TO 18

L&G recommends reducing the minimum age for automatic enrolment from 22 to 18 as soon as practical. The policy case has already been made and the Pensions (Extension of Automatic Enrolment) Act 2023 gives the Secretary of State powers to make regulations lowering the age threshold, although those regulations have not yet been made. While this is not the largest adequacy lever, starting saving earlier has a clear long-term benefit because contributions and investment returns compound over time. Being part of a meaningful pension early in working life can also support financial engagement and long-term financial capability. As a result, it makes sense to keep this policy under review and potentially extend further to 16 year olds in work, subject to suitable notice and deliverability for employers and providers.

We recognise concerns about youth labour market participation and the increase in young people not in education, employment or training. Those concerns should be taken seriously, and implementation should be carefully communicated and phased where necessary. However, they are best addressed through labour market, skills and education policy, rather than by delaying a low-friction pensions reform without evidence that lowering the age threshold would materially worsen NEET outcomes. A simpler system may also reduce administrative complexity for employers compared with multiple age and earnings thresholds.

3.3 PHASE FIRST-POUND SAVING AND TEST FLEXIBLE APPROACHES

L&G recommends contributions from the first pound of earnings. The current Lower Earnings Limit means that a significant share of earnings is not pensionable, which disproportionately affects lower-earners, part-time workers and workers with multiple jobs. Removing the LEL would improve fairness and transparency, and would particularly help groups who currently lose out because a large proportion of their income sits below the pensionable earnings band.

However, the removal of the LEL should be phased to avoid short-term shocks for lower-earners and employers in sectors with significant numbers of low-paid staff, such as retail and hospitality. For someone earning just over the £10,000 automatic enrolment trigger, removing the LEL in one step could more than double pension contributions immediately. A phased approach gives individuals and employers time to adjust and reduces the risk of opt-outs.

This is especially important for lower-earners and under-saved groups. L&G supports reforms that expand coverage and increase pensionable earnings, but the Commission should be explicit about the trade-offs: the same policy that improves adequacy over a lifetime can reduce take-home pay today. Potential mitigations, including opt-downs, temporary pauses, sidecar or emergency savings, and non-contingent employer contributions, should therefore be tested carefully. The key question is whether they help people sustain pension saving over time without weakening adequacy, adding excessive complexity or undermining the pensions contract.

This caution is reinforced by the Pensions UK *Closing the gaps* research, co-sponsored by L&G. It found that while flexibility could help address affordability pressures for some households, savers and employers value the simplicity of automatic enrolment and can be wary of options that add complexity, create perceived unfairness or weaken saving behaviour. That supports an evidence-led approach: flexibilities should be tested for how they are understood and used in practice before they are embedded in system design.

For women in particular, first-pound saving and a careful review of low-earner thresholds could help address structural disadvantages because women are more likely to work part-time, have multiple jobs or experience career breaks linked to caring. These pensions reforms must sit alongside wider action on labour market participation, childcare, care, flexible working and career progression.

3.4 RESET AND UPRATE THE UPPER EARNINGS LIMIT

The Upper Earnings Limit should be reset and then uprated in line with average earnings. The current freeze means that pension contributions are falling relative to earnings for employees whose contributions are calculated on banded earnings. This creates a risk that some higher and upper-middle earners assume they are saving at a meaningful rate when in practice contributions apply only to part of their earnings. Resetting and then uprating the UEL should be framed as ensuring automatic enrolment provides a fair and meaningful foundation for retirement saving, not as an attempt to guarantee full replacement rates for higher earners through mandatory saving alone.

3.5 SELF-EMPLOYED SAVING: MECHANISM, GOVERNANCE AND PARTICIPATION

The self-employed remain one of the largest structural gaps in the UK pensions system. Existing voluntary approaches have not delivered sufficient participation. The problem is not the absence of a pension product; it is the absence of a mechanism that creates workplace-style participation, governance and protection for people without an employer. Existing pension vehicles can serve self-employed savers, but the route into saving needs to reflect the absence of an employer, the volatility of self-employed income and the need for workplace-style protections if any default or nudged model is introduced.

L&G supports Government exploring an HMRC-led or self-assessment-based mechanism to nudge or default self-employed people into pension saving. If an individual does not actively choose a provider, a carousel-style allocation model could be considered (i.e. defaulted savers are allocated in rotation across approved providers or schemes that meet minimum value, governance and consumer protection standards). The tax system could also be used to make pension tax relief and the cost of opting out more visible.

Any self-employed solution must include workplace-style consumer protections and governance standards. It should not result in self-employed savers being defaulted into poorer-value arrangements with weaker protections. The Commission must also consider the supply-side design: which providers or schemes would receive contributions, how small and irregular contributions would be administered, how value would be assessed, and how the model would interact with small pots consolidation. Recognition should also be given to the different nature of self-employment, such as those that own their own businesses, contractors or gig economy workers where different policy interventions may be required.

4. MID-LIFE SAVERS AND THE 'LOST GENERATION'

Mid-life savers should not be overlooked in the Commission's final report. Many people aged 40–54 are caught between two pension systems. They are largely too young to have benefited from the widespread availability of private sector defined benefit pensions, but too old to benefit from a full working life of automatic enrolment into defined contribution schemes. Long-term reforms that primarily benefit younger cohorts will come too late to close the gap for many of this group.

L&G/Public First research found that the average pension pot size for a working 45–54 year-old without a defined benefit pension is £27,000. For a working 40–54 year-old with a rented home, median pension wealth is around £4,000. For a part-time worker in this age group, it is around £6,000, and for a single adult it is around £12,000. These balances offer limited resilience against what may be 25 years or more in retirement.

Engagement is also weak. Among people aged 40–54 with private pensions, 25% cannot estimate how much money they have in them, 41% have not engaged with a pension in the last 12 months, and 31% have never looked for information or advice about pensions. This is not simply a knowledge deficit. Many people in this cohort face competing priorities, including housing costs, debt, caring responsibilities, insecure work and support for children or older relatives.

The Commission should therefore recommend near-term action for mid-life savers, alongside long-term statutory reform. Employers and providers should be encouraged to test voluntary auto-escalation, prompts at pay review, promotion or bonus moments, clearer communications using language that resonates with this age group that explain the gap between minimum contributions and likely retirement needs, and Targeted Support that helps people understand whether they are on track and what action is still possible. The Commission should also encourage industry, employers and Government to test whether sidecar savings, emergency buffers or other carefully controlled savings resilience mechanisms could help some mid-life savers sustain pension saving where short-term financial pressure is the main barrier. These tools should be considered as practical tests of appetite and feasibility, not as substitutes for higher long-term pension saving, and any model would need robust safeguards against leakage, complexity and unintended weakening of pension adequacy. L&G's research suggests that language around 'security' and 'planning' is particularly motivating for adults over 35.

5. INVESTMENT RETURNS, GLIDEPATHS, CHARGES AND VALUE

Contribution increases remain the primary lever for improving adequacy, but investment returns, charges and long-term value also materially affect outcomes. The point is not that investment performance can substitute for higher saving. Rather, wider automatic enrolment coverage and higher contributions give more savers the time, scale and contribution base needed to benefit from compounding, while effective investment design helps convert those contributions into better retirement outcomes.

Higher contributions should be justified first and foremost by the need to improve saver adequacy. They may also increase the pool of long-term capital available for productive investment where suitable opportunities exist and where investment decisions remain consistent with fiduciary duty, value for money and member outcomes. L&G's *Blueprint for Growth*, prepared with Oxford Economics, illustrates the potential wider economic benefits of a stronger long-term savings system. However, the Commission should avoid any implication that higher pension contributions are primarily a mechanism for directing capital into particular assets or geographies.

The Commission should also recognise that the DC market has changed materially since the first Commission. Charge caps, scale, consolidation, stronger governance, competitive pressure and the incoming Value for Money framework have all changed the context. A narrow focus on minimising visible cost risks crowding out attention to long-term value, asset allocation, service quality and net returns. Lower charges matter, but adequacy will not be solved by focusing on charges alone.

The Value for Money framework should be central to this shift, because it is intended to assess long-term investment performance, costs and charges, and service quality together. It must be implemented carefully, with reliable data and sufficient testing, so that comparisons are accurate and do not create perverse incentives or lead to herding. But the direction of travel is right: the system should reward better member outcomes, not simply the lowest price.

L&G’s view is that modelling should be realistic and evidence-led. The Commission’s questions on long-term real return assumptions and accumulation glidepaths are important, and L&G would be happy to provide further practical evidence on current provider practice, default investment design and the balance between growth exposure and member protection. Private markets can play an important role where they support diversification, risk-adjusted returns and long-term member outcomes, but policy should focus on whether assets are investable, suitably structured and capable of being delivered within DC governance, liquidity, charging and value-for-money constraints. Contribution adequacy should not depend on optimistic return assumptions.

There is already significant work underway across the DC market on default investment design, including how glidepaths balance growth exposure, risk management and expected retirement journeys. L&G would be happy to talk the Commission through current provider practice, including how default strategies are governed, how decisions on de-risking are linked to member behaviour and expected access patterns, and how investment design is likely to evolve as guided retirement, dashboards and the Value for Money framework mature. There should not be a single policy-prescribed glidepath. Glidepath design should remain evidence-led and linked to retirement pathway design, pot size, member behaviour, likely access age and whether the member is expected to draw income, consolidate, buy longevity protection, or use the pot alongside other resources.

6. DECUMULATION: ENGAGEMENT FIRST, DEFAULTS AS BACKSTOP

Decumulation is becoming increasingly important to the adequacy debate because more savers will reach retirement with defined contribution pots and will need to make complex choices about how and when to access them. Pension freedoms have given savers valuable flexibility, but they have also placed greater responsibility on individuals to make decisions about tax-free cash, drawdown, annuities, consolidation, investment risk and longevity. A system that has relied heavily on inertia during accumulation cannot assume high levels of technical engagement at retirement.

L&G recommends stronger retirement pathways, better support and clearer guardrails. However, we would not support a hard universal default, a single prescribed product pathway or strong policy push towards inflexible solutions. Decumulation differs fundamentally from accumulation. Defaulting a worker into pension saving is generally a no-regret action. Defaulting a retiree into a particular access route can be inappropriate where their health, housing, household circumstances, DB income, other assets, debt, work plans or care needs point to a different solution. Annuities can play an important role as a form of longevity protection, but they are irreversible and may be more appropriate later in retirement or as part of a wider flex-and-fix journey than as a universal default at the point of access.

The Commission should also be mindful of the risk of inconsistent support between trust-based and contract-based pensions. L&G has previously highlighted that Targeted Support could improve decumulation decision-making and income sustainability, but there is not yet an equivalent regime for trust-based schemes. If guided retirement duties, targeted support and the information members are presented with develop differently, savers could receive inconsistent support because of the legal form of their pension rather than being focused on their needs. That would risk confusion, further disengagement and weaker trust in the system. L&G therefore supports closer alignment between DWP, FCA and TPR so members receive coherent retirement support across all types of workplace pension and any later transfers into retail markets.

The Commission should also consider the risk of workplace pension assets moving into the retail market at retirement without equivalent standards of support, value, governance and guardrails. This is not an argument against retail solutions, which may be appropriate for some members, but it underlines the need for consistent consumer protections as savers move from accumulation into retirement. Where members transfer or are signposted out of workplace schemes, product quality, charges, communications and retirement support should remain robust, particularly for less engaged savers.

L&G's position is therefore that engagement should come first, at least at a basic level, with defaults underpinning a guided journey towards a solution that is suitable for people with similar characteristics. Guided retirement, Targeted Support and pensions dashboards should materially improve the evidence base and support available before the Commission makes any recommendations on how default solutions should operate in the future. Dashboards in particular should help members and providers understand whether a DC pot is the member's main retirement resource or a smaller pot sitting alongside DB income, other DC savings or other assets.

This does not mean leaving disengaged savers unsupported. Defaults and backstops will be particularly important for members who do not actively engage, have limited confidence making retirement decisions, or are at risk of poor outcomes through inertia, full encashment or unsuitable product choices. Targeted Support, even in a limited form, could materially improve this journey by helping providers identify broad needs, present proportionate options and guide savers towards more appropriate retirement pathways without relying on rigid or over-prescribed defaults.

This matters because current decumulation data can be misread. Many small pots are subscale for sustainable drawdown and may be fully encashed for understandable reasons. Some members with small DC pots may also have DB income or other resources that are not visible to the provider. The risk will grow for future cohorts if more people retire without DB income and without adequate DC contributions over a full working life, but the remedy should be based on holistic evidence rather than assumptions from pot-level data alone.

Retirement pathways should be segmented, proportionate and capable of review. They should take account of pot size, age, health, household circumstances, housing costs, other pension income, DB income, other assets and whether a member is still working. Retirement CDC, drawdown, annuities and flex-then-fix models may all have a role, but none should be treated as the only answer. Where a pathway includes a later-life "fix" or longevity protection element, consent should be obtained at the point that decision becomes relevant, rather than assumed many years in advance. This is particularly important where a member's health, household circumstances or wider financial position may change materially before that point.

Retirement CDC should be considered as part of this broader decumulation toolkit. L&G sees Retirement CDC as a potentially valuable innovation where it can pool longevity risk and support more collective retirement income design, but it should be presented transparently, not as a risk-free or universal solution. Investment risk remains within Retirement CDC and can be redistributed across members, so fairness, transparency, communication and governance are central to good design. Retirement CDC may have a role where it helps members convert DC savings into a more sustainable income stream, but it should sit alongside drawdown, annuities and flex-then-fix approaches rather than displace them. The Commission should therefore consider Retirement CDC through the lens of segmented retirement pathways and member outcomes, not as a single default answer. More background on our views is set out in A Guide to Understanding CDC.

7. WIDER SYSTEM AND FUTURE-PROOFING

The final settlement will not be durable if pensions are treated in isolation. Adequacy in 2050 will depend on the interaction between the State Pension, private saving, tax, housing, care, technology and work. The Commission should therefore use its final report to set a pensions framework that seeks to withstand changes in work, housing and longevity, while being clear that the State Pension cannot be used as a substitute for improving private pension saving.

7.1 STATE PENSION

The State Pension remains a key element of the UK's three-pillar approach to adequacy and the foundation of retirement income for many households. It is particularly important for groups with lower private pension wealth, including many women, carers, disabled people and people with interrupted working lives. Any future changes to its level, indexation or age would have direct implications for the contribution rates and private saving required to deliver adequacy. L&G does not propose to set out a detailed view in this response on whether, or how, the State

Pension should change, and recognises that there is a separate review of State Pension age. The Commission should take the findings of that review into account once published, and its final report should make clear how assumptions about the State Pension interact with private saving, contribution rates, housing costs and retirement income needs. Any future policy change would need to be clearly communicated, phased with adequate notice, and assessed against its impact on adequacy, fairness between generations and trust in long-term saving.

7.2 TAXATION

L&G recognises that pension tax policy is a matter for the Chancellor and sits outside the formal terms of reference for this Pensions Commission. However, tax policy still affects adequacy and saver confidence, so it should be considered as part of the wider pensions context even where it is not for the Commission to make detailed fiscal recommendations. Tax relief remains an important incentive to help individuals build adequate retirement savings over the long term, and the overall system should be judged against adequacy, fairness, simplicity, stability and sustainability. Poorly signalled or frequent changes risk undermining confidence at precisely the point when the system may need to ask employers and individuals to save more. This is particularly important while the Commission is considering whether employers and individuals may need to save more, because confidence in the stability and purpose of pension tax relief will be central to any durable adequacy settlement. Recent and prospective changes affecting employer National Insurance contributions and salary sacrifice also matter for adequacy because they add to the cost pressures facing businesses and households, and may affect employers' ability or willingness to support higher pension contributions. Employer contributions are likely to remain one of the most powerful and equitable mechanisms for improving saving across the core workplace population because they work through the automatic enrolment architecture and are visible as part of the reward package.

That stability becomes even more important as minimum contributions rise. Reducing, narrowing or making pension tax relief less predictable at the same time would risk being self-defeating: it could weaken the perceived value of pension saving and make contribution increases harder to sustain. The future of pension tax relief should be assessed through the lens of the central adequacy objective.

L&G supports the objective of increasing productive investment in the UK and recognises the role long-term pension capital can play where this is consistent with fiduciary duty, value for money and strong member outcomes. We are already supporting this agenda through voluntary, market-led initiatives, including the Mansion House Accord and Sterling 20. However, pension tax relief should remain an incentive to support long-term retirement saving by individuals, not a mechanism for directing capital towards prescribed geographies or asset classes. Making relief conditional on particular investment choices would amount to mandation by another name, even if presented as an incentive. It would also risk adding complexity, undermining saver confidence, reducing diversification and weakening the principle that pensions policy should prioritise long-term retirement outcomes. The right focus is to create the conditions for UK investment to stand on its own merits: where the pipeline, scale and risk-adjusted returns are there, the market should allocate capital without government needing to direct it through the tax system.

7.3 HOUSING AND CARE

Housing should be treated as a core adequacy issue. Rising rental exposure in retirement means that future pensioners may face higher fixed costs than previous cohorts, and those costs will vary significantly by household type and region. Adequacy measures, pension communications and retirement pathways must increasingly recognise whether people are likely to rent, own outright, have mortgage debt or face insecure housing in later life. Care should also be given greater attention as part of the adequacy framework. Retirement income needs are not static: they change with health, caring responsibilities, household composition and later-life support needs. Uncertainty about future care costs can affect behaviour before care is needed, including by encouraging some households to preserve pension savings or housing wealth as a precaution rather than using them to support living standards in retirement. It also has implications for the millions of unpaid carers, often women, whose ability to save adequately for their own retirement may be constrained by providing care to others. As the population ages and care needs rise, any greater reliance on unpaid care would have direct consequences for pension saving, retirement confidence and adequacy for those carers themselves. That may contribute to under-consumption for some retirees, while others with limited pension or housing wealth may have little scope to absorb care-related shocks at all. The Commission does not need to solve social care funding, but it should recognise that unresolved care costs shape retirement confidence, financial capability, decumulation choices and perceptions of what constitutes an adequate pension. This reinforces the case for segmented retirement pathways, better support at later-life decision points and adequacy measures that consider housing, health and care alongside pension income.

7.4 AI AND FUTURE LABOUR MARKET CHANGE

The pensions system also needs to be future-proofed for technological and labour market change over the next 25 years. AI could materially reshape working patterns, job design, income volatility, career transitions and the boundary between employment and self-employment. The first Pensions Commission created a durable framework for employees, but the self-employed gap shows the risk of designing a settlement around today's labour market and then allowing new forms of work to sit outside the system for too long. The next settlement should therefore include a mechanism for periodic review, so Government, regulators and industry can assess whether coverage, contribution rules, default design and consumer protections remain fit for purpose as work changes. This should not mean reopening the whole settlement every few years, but it should create a disciplined way to test whether major shifts in labour market structure, technology or household finances require adjustment.

7.5 OLDER WORKERS AND LABOUR MARKET PARTICIPATION

The ability to work for longer can support retirement adequacy, but it cannot be assumed equally across the population. Health, caring responsibilities, occupation, region and employer practice all affect whether people can remain in work. The Commission should encourage a cross-government strategy for supporting labour market participation among workers aged 50 and over, including flexible work, support for carers, workplace health and age-friendly employment practices. This should be treated as a central part of adequacy policy, not a peripheral labour market issue. Without a stronger age-friendly employment culture, there is a risk of creating an opposite-end equivalent of the NEET challenge: people in later working life who are willing or needing to work, but unable to remain attached to the labour market long enough to improve their retirement outcomes.

8. L&G'S ROLE IN SUPPORTING IMPLEMENTATION

L&G will play an active role in supporting the Commission, DWP, employers and industry as the next phase of reform develops. As one of the UK's leading financial services groups with significant capabilities across workplace savings, asset management, institutional retirement and retail, L&G can provide practical evidence on how different policy choices may affect employers, savers and scheme design at scale. This includes contribution behaviour, opt-outs, member responses to prompts and defaults, employer and employee phasing, investment decisions, default investment behaviour, pot-size thresholds, encashment behaviour, decumulation choices, member engagement and employer implementation.

That role carries responsibility as well as opportunity. Providers should not simply call for higher contributions and leave Government, employers or savers to absorb the implementation challenge. As part of the second pillar of the pensions system, providers need to demonstrate that they understand the affordability, communication and operational pressures that reform will create, and that they are prepared to work pragmatically with employers, Government and the wider industry to make the next settlement viable in practice.

L&G is ready to share data, client insight and practical experience with the Commission and DWP where this would be helpful. We can support evidence sessions on contribution phasing, employer implementation, investment assumptions, glidepaths, guided retirement and decumulation behaviour. We would also be willing to help facilitate structured engagement with employers (drawing on our significant workplace client base and wider relationships through ABI, Pensions UK and the CBI) to help the Commission hear directly from employers in a structured way, including those who may support the direction of travel but are cautious about public advocacy while cost, employee buy-in and implementation questions remain unresolved. This could include employer roundtables, client-facing sessions or a Commission-focused employer forum to test views on contribution phasing, affordability, payroll complexity, communications, voluntary auto-escalation, pay-review or bonus prompts, sidecar or emergency savings models, mitigations for lower-earners and under-saved groups, and the design of retirement support. The Commission's final recommendations will be more durable if they are shaped by a broader mix of employers, schemes and providers who will need to implement them, rather than only by those already most engaged in pensions policy.

This also means moving beyond a purely "set and forget" model. Higher statutory contributions are necessary, but members will also need better visibility of their savings, timely prompts and appropriate support to make informed decisions. L&G can help the Commission test what works in practice by drawing on member insight, contribution behaviour, engagement data and employer experience.

9. CONCLUSION: BUILDING A PENSIONS SETTLEMENT FOR THE DECADES AHEAD

The Commission has made the right diagnosis: the UK has stronger pension foundations than it did 20 years ago, but those foundations are not yet sufficient for the retirement realities of 2050. As L&G's *Decades Ahead* work has consistently highlighted, future financial wellbeing will be shaped not only by pension saving, but by the interaction between housing, work, health, care and longer lives. The next settlement must widen coverage, deepen saving, improve long-term net outcomes and support people through retirement choices that are increasingly complex and consequential. It must also recognise that adequacy is shaped by housing, work, tax, care, technology, trust and the way reforms are implemented in practice.

L&G supports an ambitious but deliverable package centred on automatic enrolment reform: lower the automatic enrolment age to 18; phase contributions from the first pound of earnings; reset and uprate the Upper Earnings Limit; increase minimum contributions from 8% to 12% over a clear six-year pathway once the reform period begins; and develop a practical self-employed saving mechanism. This should be supported by targeted action for mid-life savers, carefully tested mitigations for lower-earners and under-saved groups, realistic investment assumptions, a value-for-money approach focused on net outcomes, and segmented, evidence-led retirement pathways built around engagement first and defaults as a backstop.

This should not be delayed by formal economic tests or diluted into a set of incremental measures that do not materially improve outcomes. Nor should it be over-prescribed in ways that cut across reforms already in train, use tax policy to create mandation by the back door, or assume that today's labour market will remain stable over the next 25 years. L&G supports durable consensus around the direction of reform, particularly on contribution increases, but that consensus must preserve ambition, innovation and timely implementation. It must also be a shared endeavour: Government should provide the roadmap, but employers, employees, providers and schemes all have a responsibility to make reform viable. As a major workplace pensions provider we take very seriously our responsibility to help deliver the second pillar of the UK's pension system. We stand ready to support the Commission and DWP with evidence, employer engagement, client insight and practical testing so the final recommendations are ambitious enough to matter, practical enough to last, and broad enough to reflect the real drivers of financial wellbeing in later life.

ANNEX: IMPACT OF CONTRIBUTION INCREASES MODEL

Illustrative model for an employee earning £30,000 in Year 1, with pay rising by 3% each year

Model basis: Contributions are calculated on salary above the Lower Earnings Limit modelled against our proposed changes. The Upper Earnings Limit does not affect this example because earnings remain below it throughout.

Year	Salary	Employee gross contribution	Tax relief	Employee net cost after tax relief	Employee net increase from previous year	Company contribution	Company increase from previous year	Total contribution	Total increase from previous year	Projected value of additional pension savings with 5% growth
Year 1	£30,000	£1,292 (5%)	£258	£1,034	£0 (£0/month)	£904 (3.5%)	£0 (£0/month)	£2,196	£0 (£0/month)	**£0**
Year 2	£30,900	£1,441 (5%)	£288	£1,153	£119 (£10/month)	£1,153 (4%)	£248 (£21/month)	£2,594	£397 (£33/month)	**£397**
Year 3	£31,827	£1,591 (5%)	£318	£1,273	£120 (£10/month)	£1,432 (4.5%)	£279 (£23/month)	£3,024	£430 (£36/month)	**£1,244**
Year 4	£32,782	£1,639 (5%)	£328	£1,311	£38 (£3/month)	£1,639 (5%)	£207 (£17/month)	£3,278	£255 (£21/month)	**£2,388**
Year 5	£33,765	£1,857 (5.5%)	£371	£1,486	£174 (£15/month)	£1,857 (5.5%)	£218 (£18/month)	£3,714	£436 (£36/month)	**£4,026**
Year 6	£34,778	£2,087 (6%)	£417	£1,669	£184 (£15/month)	£2,087 (6%)	£230 (£19/month)	£4,173	£459 (£38/month)	**£6,204**

Footnotes

1. Salary assumes a starting salary of £30,000 in Year 1, increasing by 3% each year.

2. Contributions are based on the six-year L&G pathway in the draft response: the Lower Earnings Limit phases from £80 per week to £40 per week, then to £0, with contributions reaching 6% employee and 6% company by Year 6.

3. Tax relief assumes the individual is a basic-rate taxpayer and receives 20% income tax relief on employee pension contributions.

4. **This model does not assume salary sacrifice.** It shows employee contributions after basic-rate income tax relief only. Where salary sacrifice is used, the employee's take-home cost may be lower because of National Insurance savings, although this will depend on employer arrangements/future tax rules.

5. The projected additional pension savings column assumes the total additional pension saving above the Year 1 contribution level is invested each year and grows at 5% per year, compounded. It is illustrative only and does not model charges, inflation, investment volatility or tax in retirement.

6. Figures are rounded to the nearest pound. Year-on-year increases are calculated from unrounded underlying figures, so may not always equal the difference between rounded figures shown in the table.