TALKING PENSIONS

Talking Pensions Episode 23: Margaret Snowdon OBE

Paul: Hello, my name is Paul Newman and welcome to Talking Pensions, the podcast series from pensionsbarrister.com. In this series, I'll be talking to fellow pensions professionals about their careers and issues of topical interest.

My guest today is Margaret Snowdon. There are few more experienced and high-profile people in pensions than Margaret. She's the immediate past president of the Pensions Administration Standards Association, chair of the Pension Scams Industry Group, a governor of the Pensions Policy Institute, a fellow of the PMI, a former director of the Pensions Regulator and a former chair of TPAS. She was appointed OBE in 2010 for services to the pensions industry. Margaret, welcome to the podcast.

Margaret: Thank you, lovely to be here.

Paul: So how did you first get into pensions?

Margaret: It's quite a long story and I'll keep it pretty short. I'm probably one of the few people who actually deliberately tried to find a job in pensions. I finished my studies in Glasgow and was offered an opportunity to do some postgrad research and it turned out into retirement preparation and pre-retirement education. And so I did that looking into the factors that made for better retirement and ran out of money. So I thought, well, given I know a little bit about retirement, maybe I ought to apply to pension companies and see if they'll take me on. And fortunately, one did. So I started with AON and helped them with retirement counselling, pre-retirement counselling. I was probably 24 or 25 at the time. And when I think back, I think, oh my goodness, there was me at 24, 25, telling people how to better retire. It seemed a bit crazy. But my work in pensions started there and I just carried on and sort of moved up the ladder and started to interview more and more things.

Paul: Well, you've had an extraordinary range of roles across the pensions field. Perhaps your most high profile work relates to protecting members from the consequence of pension scams. Looking back, what first drew you to the issue of justice for victims of pension fraud?

Margaret: Yeah, it was actually observing it. And I worked in operations, I was running operations and I was seeing strange things happening, particularly with transfers, with defined benefit schemes, and I couldn't believe that questions weren't being asked. So I started asking questions and discovered that nobody was really interested. It was seen as not important. Pensions were seen as secondary.

Paul: So how long ago was this?

Margaret: This was 2014. So I decided to do something about it and set up a group of like-minded experts from different parts of the industry to set up what's now the pension scams industry group. And what we concluded was that the best way to combat scams is actually to ensure that the people who are at the last line of defence, i.e. pension scheme trustees and managers, can actually spot scams and stop the money going there, because once the money goes out of a pension scheme, it's gone. You almost never get it back.

So that started PSIG. And at that time, we thought it was a temporary stopgap. And we would be then free to do all stuff within a couple of years when the government would pick up the mantle. And 10 years later, we're still here and still doing our bit as best we can.

Paul: And what, from your perspective, are the key challenges facing the industry today in combating pension scams?

Margaret: Yeah, I think the biggest problem is the way scams change, the way scammers change. You know, people think that they would always spot a scammer, because he's bound to be a wide boy. And actually, no, they're very sophisticated, very clever, very persuasive. So that face-to-face, getting to know the customer, pays off dividends for a scammer, but very difficult to spot. So that's an issue. It evolves and it changes. So they're always one step ahead, at least, and you've got to try and catch up. And another one is just purely the volume of online approaches and social media grooming of people so that they don't even need to see a person, but they're already being primed to want to do something, so a need is generated. And that makes it quite difficult to track it and spot it. It means a lot can be done. And the third thing, I think, is really the free-for-all that seems to be available to scammers. They are very rarely caught. They're very rarely prosecuted. And even if they are prosecuted, there's no money that tends to come back and they get a slap on the wrist.

So in the UK, there's something like a one in 3000 chance of a scammer being prosecuted, which is quite awful. And considering we're talking about billions of pounds that are going to scammers and not going to the intended beneficiary, and that intended beneficiary more than likely is going to end up on the state. So there's a huge social cost as well. So I find it astonishing that there isn't a real push by government to go after scammers. And in fact, another sobering thought is that the UK is number 42 in fraud security. That means there are 41 countries do it better than we do, most of the Nordic countries and the rest of Europe and Australasia. But we're number 42 and that's sobering.

Paul: Well, let's dwell on that a bit. So from a legal and regulatory standpoint, do you think the current legislative and regulatory framework around pension scams is robust enough? Or are there any other areas you think could be improved to better protect members?

Margaret: I don't think it's robust enough. And partly that's because the government's been a bit slow to the past in thinking there isn't an awful lot of scamming going on. They're aware of it. But because people who are scammed out of their pensions don't necessarily know about it straight away, because pensions is not uppermost in everybody's mind. And they trust these people so much that there's sometimes quite a time passes. So they think then, oh, my goodness, I've done something foolish. I don't want to tell my family. I don't want to tell anybody. I don't want to tell the police, because they're not going to help, and they don't report to Action Fraud. So there's serious underreporting, therefore, it doesn't get the attention that it ought to get. But the government introduced some regulations. They've done a number of things that have helped. Some have helped, but with unintended consequences.

And I suppose the first one, where government stepped in to do something we were asking for, which was to stop cold calls. So after a few years cold calls were made illegal. Took a while longer for that to mean, and that means calls overseas or ones, it took quite a while, but that stopped some angles. But then they just moved on to social media and online advertising. But that was a positive move. And another one was introducing freedoms in 2015, which what that did was it made it less attractive to try to scam defined benefit schemes. Apart from the fact that we were working to try and stop it, it was quite difficult. There was a lot of effort had to go in to try and target DB, so they moved to DC. So the favoured approach then became transfer from DB into a bona fide DC scheme, and then use the DC scheme to move it into scam vehicle. So in essence, scammers learned all the time.

And in '21, the government introduced some regulations to try and reinforce what PSIG was doing, and help people to recognise scam signs. And that was very good. But unfortunately, it was a bit of a victim of its own wording and it sent hairs racing in all sorts of different directions. And we're still waiting for those regulations to be modified so that they are effective. But yeah, so stuff has been done, but it's always a bit late, it's always a bit unintended consequences…

Paul: Where do you feel the remaining greatest gaps are in legislational regulation?

Margaret: There are a couple of gaps. One is on the regulations where you've got red and amber flags; and while the red flags and the amber flags are pretty good, the way it's worded, it's black and white, it's all or nothing. So there's no real room for discretion. So if you find a red flag, you don't have a right to a transfer. And a lot of people don't know that means that you could have a discretionary transfer. But that's another story. But what it means is, for example, one of the worst elements is giving an incentive to transfer is a red flag. That means there is no right under those circumstances. But one of the red flags is giving an incentive. And almost everybody gives an incentive.

So my personal view is they shouldn't. I don't really see the huge benefit in giving somebody a free pen or £100 or something without it trying to change their behaviour and trying to get them to go to you as opposed to somebody else. But they all do it and no one will blink. So they've all got to keep doing it or they feel disadvantaged. So they're now, a lot of them are in sort of opposition to the regulations because it stops them doing what they do. But that's one that needs to be changed because either you deal with reality and say, well, as long as it's 100 quid and it's really for engaging rather than actually doing something, then I think that's probably fine. But that's not how the regulation works. The regulation just says no right to a transfer.

So on amber flags, the problem has been that if there's a less serious flag, you're supposed to take guidance from MAPS. And that slows up the process. So if every time somebody has an overseas investment scheme they're transferring to, which is virtually all schemes, then they have to go and have an appointment with MAPS and MAPS get backed up and then it takes time to do it. My personal view is everybody should have guidance before they make a transfer if they've not got advice from a bona fide UK specialist. But we have that consequence that MAPS get a bit annoyed and then the receiving schemes get a bit annoyed. So we need to change the regulations to allow schemes to make a reasonable judgment of whether this is likely to be a scam or not, and then act in that way and then be safe. So I would like to see a safe harbour that says if you follow the code and the guidance and you make a judgment as a trustee or as a provider, you're not going to be hounded forever for making that judgment unless it was perverse. And that's consistent with other pensions and trust law is to try and be reasonable.

So it's all solvable but we don't have time, I mean parliamentary time, we're lacking parliamentary time to get some of these changes done. So I was hoping it would be in the Pension Schemes Bill but it's not, it'll be some time after that.

Paul: Right. And how much of the current problem do you think is down to the complexities of pension provision and what do you think could be done to simplify pensions to cut down on scams?

Margaret: Yeah, I mean it's a complicated answer as well as a complicated situation but people don't understand pensions. They have a fair idea that having a pension is a good thing but they don't actually understand the regulations and the complexities around it. So I think it's far too complicated. Even money purchase schemes are complicated and people don't know what the limits are, they don't understand tax relief, so they don't understand investments. So there's a whole lot of complexity there which scammers play on. They know full well how it all works but they just need to say don't worry about the complexity, I'll fix it for you and people go thank goodness that's what we need. So we need to become a bit smarter and we need to start engaging with customers much the way scammers do which is treat them with respect and genuinely try to get a good outcome but the good outcome should be for the individual and not for the scammer.

So it's quite complicated but one thing I'm quite keen and have been for decades really to see is scheme simplification meaning simplification and not just meaning layer something complicated on top of something that's already complicated and we get in a tizzy over trying to make sure that nothing slips through the net and we need to get over that a little bit and think what do we want pensions to do. We want pensions to provide an income for people when they get beyond a particular age and build it that way. So you could take out all of the complication and I won't mention GMP equalisation because people will just cringe but that's just one very small example that costs millions and millions of pounds and people have no idea what it does, they've no idea what the benefit is to anybody. In fact the benefit is so small that it really isn't worth the candle, that's my view.

Paul: Do you see the chief culprit as being trust law or regulation, the Regulator or the tax regime or is it everything? Because obviously if you're looking at it in isolation all of these things have a role to play…

Margaret: They do.

Paul: ...You bring them all together and you get a very complex unit.

Margaret: It's true. And you can't pick out one and say that's the culprit and therefore it needs to be changed. It is the way the whole thing moves. But we have sort of strange regulations and legal wording that can sometimes contradict or weigh against one thing rather than another. And I think what we try to say to people is it's important to save. You should save for your retirement and we'll try and encourage you to save for retirement by giving you some tax relief. Now that's great. But then they go oh we don't want to give too much tax relief, therefore we have to limit the amount that you can put in and then we also need to limit the amount you can take back out again and that's confusing when if you just said well you'll get so much tax relief as a contribution towards your pension, you put in the rest and if you're really good and you have you put in enough and you get some good investment in terms you'll be pretty well off which would be great for the country as well. So I think we need to think more broadly in terms of simplification and not trying to say well if you have 12 years in the company you get 12/80ths, but maybe you'll get, you know that's just too complicated people don't get that.

Paul: So moving from prevention to redress, quite a lot of victims of historic scams have yet to receive compensation. What principles do you think should guide any compensation scheme for those affected?

Margaret: Yeah I mean it's a complicated and pretty lengthy battle. But I think one of the issues is that there's almost an institutional bias against people who've had pensions scammed, and I say that not lightly because there's just a general mood that seems to be if you fell for a scam it's your own fault; you must have deserved it when in reality 50% of people and that's from intelligence here to just 50% of people wouldn't spot a scam. And particularly HMRC who I've got a little bit of a battle with at the moment, they view everyone who goes into a pension scam as in it for themselves and trying to cheat the revenue.

Paul: Being greedy.

Margaret: They're being greedy, you hear that a lot. They're greedy, they don't deserve it. People are not being greedy, they're just trying to do the best for their families and HMRC's own charter says that it should treat people, they call them customers, they should treat them with respect, believe them before accusing them anything. And as soon as it comes to pension scams and investment scams, it just goes out the window and they just go almost you are the enemy, you tried to cheat us, therefore we'll have every penny back. And people have lost their entire life savings. Nobody's helping them to get that money back, so they're they're down in that and then the Inland Revenue in some of those cases asks for a significant amount of tax. That, I think, is patently unfair but that's the law and the law says they can do that and they say their job is to collect tax.

Parliament says how much they have to collect and they go and do it, and they're technically correct. But that tax law was set up before pension scamming and before fraudsters really got into their groove on this and I think that legislation there ought to change. It could be done very simply. I've already proposed a very small change to pensions Act, Finance Act 2004 which would actually change the definition of an unauthorised payment which would exclude where the payment is part of a third party fraud. So that means it's not the individual trying to defraud anybody, it's the individual being defrauded and the legislation doesn't actually allow for that at the moment.

But we have lots of examples of regulators and government being a bit too timid, not going after scammers which means investing because there's a reluctance to pay money, we're not that wealthy in some respects. So that creates a tension and it creates an environment where scammers manage to waltz off with 10 billion pounds of people's money and who's going to end up paying for that, well, the state is. But we have a terrible state at the moment where people's money was stolen by a scammer, they're also having to pay tax. Now you mentioned compensation, there is the FSCS but it's only available in a limited number of cases and that's cases where the bad action was by a UK regulated advisor and that advisor is still in business. So it makes it quite difficult, most of the advisors that do pension scamming and investment fraud aren't FCA regulated, some of them are, most of them pretend to be and it's quite difficult to tell the difference, to be honest, but it means there's no recourse to that.

But also, there is a fraud compensation fund and that's available not to individuals but to schemes. So if you can prove that scheme was operated fraudulently which in most of the cases of pension liberation that is the case there was fraud, so the scheme can get compensation for that, but it's the scheme that gets the money. And the scheme then distributes that money to the members in the way that they see fit which is absolutely correct. But unfortunately, both the scheme and the individuals have to pay a tax charge, so virtually all of the compensation that will be awarded goes to HMRC which effectively means HMRC are benefiting from crime and they need to sort that because that's just not wholesome at all.

Paul: In your view what role should pension scheme trustees or administrators be playing in identifying victims and supporting them through the claims process?

Margaret: It's very difficult for trustees or providers to be at the coalface for a victim because it's sometimes quite some time after the money has gone from a pension scheme, so in essence there's no liability. But I think administrators and trustees ought to be sensitive to the fact that people were once in their scheme and were persuaded to move out of it. It doesn't mean that there's liability in that saving scheme, but I think there's a moral obligation to treat them with the respect and try and get them help and if that means referring them to the money and pension service for a bit of financial guidance then that's fine or direct them to legal or to HMRC or to Action Fraud. But I think the role for trustees and providers is to be the barrier, the last line of defence that actually stops the money going.

And I think there should be a national victim support service available to pension and investment scam victims, firstly they've got to recognize victimhood which the authorities tend not to, but then we need to have a support system that looks at financial as well as emotional, mental, psychological damage and helps them to navigate where they might be able to get some compensation. But the opportunities are actually quite limited for individuals and that's something that I'd like government to look at as well. But I think we should have a service there is one already there for violent crime but somehow financial crime seems soft; but yet when you see the damage done to people by financial crime it's of meaning you would have to have a very stony heart not to be moved by the plight of some of the people. But I suspect I'll probably take deaths before we get some movement in this, and I think we're getting pretty close to that which is a terrible situation.

Paul: In the 10 years or so you've been heading the pension scams industry group, what advances in this area are you most proud of?

Margaret: Well, I think it's probably pointing out and giving advice to government about how these things work and signalling sort of trends in scamming. I mean I'm particularly proud of a forum that we set up which is where practitioners, that's trustees and pension companies, can get together and talk about the issues they face. They talk about bad actors. They share that intelligence among themselves and then in a sort of soft way they get to learn who the bad guys are and then do their utmost to stop money going in that direction, sometimes they can't because the law doesn't always help, but that awareness raising and intelligence sharing is very good and I'm very proud of that. I'm also very proud of my team because they give their time voluntarily, everything's pro bono. And they thought they were only going to be doing it for a couple of years at the most and they've been doing it for 10, so hats off, they do that and we're looking now at what we do next because we would like the regulations to change so that we can write some more positive guidance. But we're not quite sure when that change is going to come, so we're sitting in the fence a little bit which none of us like.

Paul: Yeah. So moving on now to the pensions dashboards programme, you were on the original treasury steering group for this project, are you happy with the programme in its current form and what do you think of its prospects for a successful future?

Margaret: To be honest I'm very disappointed, because I started looking at it 10 years ago, it was 2015 when it started. And we built a prototype to see how good it could be and how we could share data etc. Well, we've moved quite a lot since that day but it's taken us 10 years and we should really have had it out five, six years ago, to be honest, but there's been quite a bit of nervousness, and it's somehow a bit like resistance from one party and lack of confidence in another means it just doesn't go. There's always one other question to answer. But having said all that, I'm delighted to see it coming, it's long overdue, I think it will be fundamental and I think it will change things for pensions because for the first time people will be able to see what they've got and they'll be able to see what they are more likely to need and be more motivated to do something about it and make some better choices perhaps in what they do saving-wise.

I think it won't go far enough to start with. I'd rather see a slow start and then get better than wait until it's like perfect and then try and launch it because nothing's ever perfect in its first launch anyway. But I think there's been a lot of work, a lot of commitment from a lot of people. So I sincerely hope it launches with a big bang and a lot of positivity. But I'm one of life's cynics and 'Mrs Grumpy' I think a lot of time and I think there'll be a lot of questions will come as a result of that. But I think that's positive, a lot of companies are a bit scared of that because it's going to consume resources, well it had to come sometime, and we need to have data cleaned up and that's a whole different story. But yeah, I think it's a start, I think it's very good and some people say is that going to increase scamming. And I think no scammers have got all the tools that we need at the moment just the fact that people know where their schemes are, where their benefits are, isn't going to make a whole heap of difference to scamming, so…

Paul: Democratising the knowledge in a way that everyone has surely go some ways to sort of level the playing field.

Margaret: Totally. Totally. And I think if people feel they can see it, they can touch it, they'll be more interested in it and they'll probably be less willing to give it away to somebody else because they'll be able to see that it's been quite well run at the moment. So I'm very hopeful, very confident that it will be good but we have to watch out for the rocky road ahead.

Paul: You mentioned the delays, do you think there's been a sufficient degree of cooperation between the regulator and the industry on dashboards or is there still room for improvement in that respect?

Margaret: I think there's been a lot of cooperation. There's been a lot of sort of negative comments but they're kind of well meaning in that people don't want mistakes to be made and that overabundance of caution, I think, has caused a lot of delays but it's not been intransigence. And I know people who are on the delivery group and they're very enthusiastic, very knowledgeable people and the regulator is keen to see it happen safely and government absolutely committed to getting it done now.

I think there was a period a few years ago when it was just another thing that was on the government's agenda, listening to government now talk about it, it really is a very high priority on their agenda so I'm pleased about that.

Paul: You mentioned earlier about issues related to data cleansing, there have been challenges around data accuracy and security in the development of pension dashboards, how can these be overcome to make sure the system is reliable and secure for users?

Margaret: Yeah. Well, the system itself will take care of the security and reliability, I'm hoping, from what I see so far it looks fairly robust, one or two bits I might have tightened up a little bit but I think it's a good start. But data has always been poor and it's always been poor because it's never been invested in. And I had a meeting with government earlier today actually and I was saying that pension scheme data, financial data should be treated as a national asset and therefore it should be invested in, it should be kept up to date because then it becomes useful. So I think there is a big crunch coming where people know that the data isn't as good as it should be and then they address it. But there's a little missing link and that's the blame game, and a lot of people say the data is poor because the administrator hasn't kept it up to date and to some extent there is truth in that, but the administrators have not been paid to keep it up to date.

If you try and run a Cinderella service, you shouldn't be surprised that it's wearing rags. So I would much prefer we had a bit of sort of understanding and say, well what can we do about all of this? We shouldn't be saying well every single pension scheme, every single company should have to pay to do the same thing over and over again. We should think of it more holistically and think what we can do. So I would suggest a national fund that's available for schemes to draw on to get the expertise and to get the pension scheme data sorted and that can be paid back over time when efficiencies then are possible with dashboard etc. But that's almost like a long game as opposed to a short one.

Paul: With pensions dashboards aiming to bring greater transparency, how do we ensure that vulnerable individuals or those who are less digitally literate than others are left behind in the transition to a more automated member-facing pension system?

Margaret: Yeah, that's always a danger. But I think we tend to underestimate the digital awareness that's there, and so many things now are digital and people get used to it. But I think it comes back to what I said before is what we need is guidance so that people understand it but we also need to keep a human voice. I think there's a huge opportunity here, and that's use technology to deal with people who just want to have a quick look, they want to know what they've got, they want to play games with it, that's fine. But other people who have to come to decision points need guidance, they need help and there's a whole army of expert administrators out there. So we don't need to look entirely to MAPS and central government to do it all but look at alternative sources of guidance and if you free up administrators from doing the sums, then it makes them more available to answer the questions and actually that's much more rewarding work for an administrator. So I see dashboard being a springboard as opposed to a dashboard.

Paul: Given the pace of technological change what further innovations or developments would you like to see in the pensions field to improve accessibility and security and engagement?

Margaret: This relates, I think, to what I said earlier that I think technology will be a great enabler. I think AI will help with processing with answering questions but it can also be used to identify vulnerabilities so that you know to channel somebody and technology will allow you to do that, you can channel people to a different source of information and help. So I think that's all the potential that we've got of using technology. Dashboard is really the first step and technology itself can lead to things like making pensions simpler, making pensions easier to understand, making pensions easier to manage and easier to run, and if we do that, it takes out a lot of the cost which means that the benefit can go to the people who are supposed to get the benefit of pension saving and that's good for all of us.

Paul: A lot of your recent work addresses how people prepare for retirement, what's the single biggest misunderstanding people still have about their pensions?

Margaret: Well, I think the first thing I would say is that people always think they're going to have enough and it doesn't matter, it will all be all right on the night. And I think the world has changed quite a bit, so that's no longer reliable. We know that people aren't saving enough for retirement and things are getting more and more expensive, so having virtually no savings is very very bad news. So we do need to make sure that people make the right choices and there are points in a life cycle where people ought to attend to financial matters and that would be like getting a first job, getting married, getting a house, having children and retiring. So there's a spectrum of areas where people can prepare.

I started off as a 24-25 year old looking at pre-retirement education and it was even to my young eyes I could see that the people who had gone through some guidance before they retired lived a bit longer, had a better quality of life and it wasn't through some strange scientific discovery, it was simply because they knew where to go and get help because they'd been told so that made them more robust and less afraid and less isolated. So, I'm a great believer in guidance at the right time. And I think as a country we ought to be prepared to pay for that because it will reap its benefits later when there isn't such a burden on the state.

Paul: And what about getting younger people more interested and engaged with pensions, can that be done? Is that possible and if so how?

Margaret: It is. But you've got to take life into account, it would be great. I mean the younger you start saving, the better. So essentially, children should be saving, and that would make a big difference at the end of the day and if you can make it fun and interesting even better. But no young person looks at pension and said I want to prepare for 50 years down the line because you don't know what's going to happen in 20 years, 10 years, you've no idea. And the cost of living is high, people have different priorities and in fact, government has for the last couple of generations tried to encourage people to spend rather than necessarily save, so you've got all of that in the mix. So I think yes, people should be encouraged to save early. We need to differentiate between people who are on a bread line who can't possibly afford to save. And people who can afford to save, we need to make sure that people can see which category they sort of fit into. But make it not a life sentence when life events are reached without penalty then I think that would make everybody much more comfortable with saving because they would be able to do what they need to do at that particular time. Obviously, you would need some constraints around it, but the earlier you start on that sort of process, the more flexibility you can build in without it meaning you hit a dead end when you come to retire and you've no money left.

Paul: Are current communications from schemes and providers truly fit for purpose in your view especially for people with perhaps lower financial literacy or declining cognitive capacity?

Margaret: Yeah, that's always a tricky one. I think pension communications tend to be very dry, very lengthy, very wordy, very technical. And people don't really have a hope of understanding it therefore they'll just tip it in the bin because that's easier but I'll worry about that later on, who are they anyway. So we should make our communications better. I see lots of terrific examples though so it's not all doom and gloom. There are some really good examples. There are some really good communication companies who are thinking outside the box and really thinking how to engage with people depending on their own interests and their own abilities etc. And I think that's to be welcomed.

What I hate to see is, people in insurance companies are probably the worst and for this, is having very, very lengthy complicated communications because they feel they have to, they feel they have to dot every i and cross every t because they think that's what the Regulator expects them to do and the Regulator when I talk to them don't expect that at all. But really they do, they want people to comply in every aspect and compliance means telling everything all at once and that's just not helpful. But there are some terrific examples out there, some of them are online, some of them are still paper-based which is perfectly fine. But it's things like videos, questionnaires as in little quizzes, lots of colour, cartoons, people like me type of things, and I think that's great and I'd like to see a lot more of that to really take a lot of the mystique out of pensions. So I mean if I had a perfect world, it would be really good data, use of technology, it would be really innovative communications and guidance available at various points.

Paul: Looking a lot more broadly at pension policy, how well do you think current pensions policies align with the needs of today's workforce particularly younger workers?

Margaret: Yeah, I think the policy is probably fine. There's a bit of a struggle with should we get younger people to save, should the age of auto enrolment for example be reduced, and you get contradictory voices on that. I think the idea is laudable because the earlier people save the better. But as I said earlier, people don't really show a great deal of interest in what's going to happen in 50 years, you really can't envisage it. And today honestly, I think it's much worse than it used to be: we're talking about war fighting, just this week, so you think how can you then expect people to relax into a preparing for my retirement, 50 years away. But we do have an affordability problem and I think policy needs to look a little bit at pay levels. And this is going to sound terribly political, but there is a huge gap between executive pay and worker pay, and we also have a huge problem with productivity and I think the two are probably related. So I think we should think a little bit about pay levels and what pay levels could then do to saving and then what we which could then help the country. So I think policy ought to be thinking a little bit more in sort of life cycles than in two to three year short spells.

Paul: You mentioned auto-enrolment a little earlier, how do you assess the effectiveness of the auto-enrolment regime, and do you think further changes are needed to increase participation?

Margaret: I think the short answer is yes. I think it's been extremely good, but it's been mandatory with an opt-out which isn't a way to get people connected to their pension, it's just to get them to save by default. And I think that's good, and it has been very successful because it's grown the amount of money in decent pots and I think that's fine. But my anxiety around it is that people think well I'm paying into pension therefore I'll be all right when the amount that's being paid in is way too low. So I think first of all, we need to make sure that people understand that it's way too low. We need to make sure that people who are in the lower categories don't end up subsidising benefits, so in other words you put into a pot and then when it comes to you, you've got enough just to not get benefits and you could have spent that money and helped the economy that way years ago. But it's a difficult one and you've got to in a sense satisfy so many different factions with it.

But I'm a believer in saving, saving what you can. What I'm not quite so keen on is saying well you've got to pay 8%, 12% of your pay for the rest of your life I think it should be flexed a little bit more. And that's why I quite like things like side car savings where you can save a little bit more when you can afford it. And I think that's probably a pretty good model. But people need to understand what it's for. And as I say saving for some event in 50 years is not the answer, they've got to have some motivation which is save now and if you need a little bit at this point, you can get it out, and if you need a little bit more as long as you always leave a certain amount in the pot, I think that would be a progressive way to deal with pensions.

Paul: So Margaret, given your long career in the pensions industry what unfinished business still keeps you motivated?

Margaret: Quite a lot of things actually that keep me grumpy! But…

Paul: If you can channel that positively?

Margaret: What would I do? The unfinished business for me I think is scammers getting away with it, that really bothers me that our attitude to fraud is a bit too laissez-faire, and I think we ought to really grapple with that and do what we can. Two things, one is to support victims, and there's a very good model in the US where the IRS in the US gives tax relief to people who've suffered investment fraud so that they can then recover themselves and that means they're not burdened for the rest of their life with a loss. I think we could adopt some of that here. But you're to be able to go after scammers. You need to put resource into it. But if you catch them and if you're bold enough to use the powers that you've already got, you could actually seize assets which would help to deliver those resources and get you on the right foot. At the moment we're kind of chasing our tails a little bit, but we need to be bold and therefore get the money to help us then get back on the right track.

So, I think that would probably be the unfinished business, for me it's getting money from the guys who've stolen it and use it to good effect.

Paul: Well, Margaret, that's been fascinating. Thank you very much.

Margaret: You're welcome.

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