



Summary

- A number of pension schemes in the UK have made great strides to improve their communication with members. But they remain in the minority.
- One of the best ways to engage with employees is to put on seminars and one-to-one sessions.
- Cost is a barrier for many schemes.
- Nevertheless small improvements can go a long way.

Listen up

Budget restraints can be an insurmountable obstacle for many trust-based schemes. But making the effort to get closer to members could provide them with long-term benefits

Last October, the Pensions Quality Mark announced the first winner of its Distinction Award, recognising the “best of the best”, as it put it, in pension communications.

The winning scheme was Heineken’s flexible retirement plan. It won thanks to its strong emphasis on increasing employee contributions; use of friendly and relatable language; establishment of organised roadshows; and deployment of signposting throughout its communication strategies.

The brewer is part of a vanguard of companies in the UK who have ramped up their communications in recent years and reaped the benefits.

Another is Kingfisher. The home improvement company has created a game for its pension scheme members called ‘Bolt to the Finish’. Members download the game’s app, pick one of its bolt-shaped cartoon characters and try to get to the finish line before they are locked down by their adversary, the nut. On their way, they must collect as many

coins as possible and avoid a number of obstacles.

The bolts however, vary vastly in age. So the older the character a member chooses, the harder it is to collect enough coins, emphasising the message that the younger you are when you start saving, the better.

Newton Investment Management’s head of DC, Catherine Doyle, says that Kingfisher saw a 35 per cent increase to its online pension website traffic after it started making use of gamification.

“It shows that the more a communication strategy can be brought to life and made engaging and real, then the more successful it’s going to be,” she says.

Morrisons also won admirers for its ‘Save your Dough’ campaign back in 2012. Launched prior to the supermarket chain’s auto-enrolment date, it not only showcased a number of valuable online tools and videos, but was also fronted by the American television personality and finance pundit Alvin Hall.

Stuck in the past

But these plans currently form a rather select group in the UK.

As Royal London’s director of policy Steve Webb points out, too many schemes have not changed the way they communicate in years, despite the big changes in the way in which people gather information, leaving members dangerously uninformed.

Along with Lane, Clark & Peacock (LCP), Royal London produced a joint policy paper on helping members of occupational pension schemes make good retirement choices last year. As part of that, LCP commissioned a survey of schemes and discovered that communications were very poor in many cases, particularly about the flexibilities that people have within their DB plan.

The survey found examples of schemes that only notified people about their option to take early retirement when it was too late to do anything about it and identified a concerning lack of





contact with deferred members.

“Too many pension schemes are very poor at communicating to members about the flexibilities on offer within the scheme, as well as giving balanced information about the option of transferring out,” says Webb.

“Deferred members in particular are often effectively abandoned by pension schemes, hearing nothing from one year to the next, though this should change under new EU [IORP III] regulations. Smart communications can be in the interests both of the member and of the scheme, and can reduce unnecessary inquiries from people who do not know their options or their rights under the scheme.”

This communications gap has not gone unnoticed of course. The Pensions Quality Mark, as well as various other providers, have all released recent guidance on how to improve interaction with members.

Trustees and pension managers looking to ramp up their communications cannot therefore complain about not having enough knowledge to draw upon.

Cost constraints

However, a wealth of information and resources can only take you so far.

Part of the reason for poor communications, whether it be in DB or DC, says the Pension Quality Mark's managing director Matthew Doyle, simply comes to budget.

“If you look at what Heineken has done, it's an amazing job,” he says.

“But they're a big organisation and a great employer. They're happy to invest in not just contributions but the comms around that for their people.

“Most of the schemes out there are sub-1000 members and don't have the resources that the big ones have. I have a lot of sympathy for them.

“When you're at the bottom of the market in size there is still a desire to do well and do the right thing for their members as there is at the top end. It's

just that they really struggle with the scale that allows them to actually go out and do something.”

The disparity between what the large and small schemes can do is underlined by the approach taken by many of the former when it comes to communications.

As the Pension Quality Mark's Doyle explains, most schemes that have built good connections with members have done so by treating them, first and foremost, as consumers. This outlook dictates how members are segmented into target groups, allowing schemes to tailor their language and to use different methods to reach them.

Larger paternalistic corporations are also able to regularly assess which channels members find the most useful. And according to Matthew Doyle, the two forms of communication that employees appear to value above all others are seminars and one-to-one consultations. They also happen to be the most expensive to run.

“When people can actually talk to someone about their hopes and get some definitive answers to their questions, that seems to be where the engagement levels spike,” says Doyle.

Nevertheless, meaningful advancements can still be made on tightened purse strings.

LV= sales and marketing director, Steve Lewis, argues that small improvements can result in members being better equipped to make the right decisions. LV= advocates delivering personalised information, provided little and often.

Schemes can take advantage of improvements in technology to create a mix of tools that are simple for scheme members to use and understand, says Lewis, including a well-designed portal that provides members with personalised information about their options and risks.

“There are plenty of innovate ways to do it,” says Newton's Doyle.

“We have more choice than we've

ever had to reach out to member bases.”

The right formula

Assuming that budget is no problem, the right formula seems simple enough, as Catherine Doyle says: “Good communication is about getting the right messages, to the right people, at the right time, to help people make informed judgements in a way that resonates with them.

“And in this, there isn't a one size-fits all, it depends somewhat on the type of audience,” she adds. “Whether it be a sophisticated member base, an older one, or one where millennials dominate. In some cases, it's suitable to have a multi-pronged approach.”

Whichever platform (or platforms) a scheme decides to utilise, LV= has outlined five rules that it should follow when addressing its members.

To start with, messages should be provided in simple, bite-sized chunks, one at a time. Secondly, they should be relevant to the life stage of the audience. Thirdly, they must not contain any jargon. Added to that, they must be delivered in a timely manner and so provided well ahead of any decisions that need to be made. And finally, they must be reinforced regularly.

All of this flies in the face of those who have abandoned any notion of member engagement in favour of nudge theory and exploiting people's apathy to saving. But Newton's Doyle argues that this defeatist attitude should be challenged.

“I know there are different schools of thought about the points and merits of communication,” she says.

“But I do believe that if you can communicate with people in a way that speaks to them directly, then they will listen. I don't think that it's a fruitless effort.”

➤ **Written by Marek Handzel, a freelance journalist**