



# Levelling the playing field

**➤ Much effort is being made to push for greater diversity in the pensions industry, but how much further does it need to go? And what can it learn from other industries?**

When shining a spotlight on diversity in the pensions industry, you don't have too look far to realise that much still needs to be done in order to create an equal playing field, and not just at a senior level, even though according to the Institute and Faculty of Actuaries, men held 77 per cent of board level and 86 per cent of executive committee positions in 2017.

You can see that efforts are being made throughout the industry. Last year the Pensions and Lifetime Savings Association (PLSA) launched the 'Breaking the Mirror Image' campaign, supported by The Pensions Regulator, looking to encourage greater diversity on trustee boards by "putting diversity at the top of the agenda".

Elsewhere, in October 2017, a mentoring scheme for female actuaries was launched in October at the Institute and Faculty of Actuaries, named Project AMP.

The project, designed to improve diversity at senior levels of the actuarial profession, was launched in cahoots with the Pensions Insurance Corporation, and other industry big hitters.

A review commissioned by HM Treasury found that 77 per cent of women felt that mentoring schemes would make a difference to their career progression and recognised that gender balanced workforces deliver better productivity and performance.

State Street Global Advisors (SSGA) senior client relationship manager, Sophie Ballard, agrees, and MSCI research suggested that companies with a strong female leadership can improve returns by over 3 per cent.

Off the back of this, the firm developed a framework to help companies improve diversity on boards, including initiatives such as establishing simple goals to address behavioural and unconscious bias in the selection process, identifying 'diversity champions' and enhancing transparency and communications of the board.

The Pensions Management Institute (PMI) president Robert Branagh says: "Britain's most successful companies tend to have a large proportion of women in senior management roles but the UK lags behind the US and Australia on diversity at the top."

But, while aiming to improve the gender balance is a hugely important challenge for the industry, the issue of diversity spreads its seed much further.

Branagh highlights the many aspects of diversity, be it gender, ethnicity, sexual orientation, ability or disability, socio-economic background and highlights McKinsey research that the most successful companies are the most diverse.

"The McKinsey research also found correlation between ethnic diversity and financial performance, particularly in the UK. Globally, those companies with a low proportion of both female and ethnic minority executives were 29 per cent more likely to financially underperform than their peers."

Branagh added that while financial services firms top the charts for gender diversity, telecoms, media and technology companies were the best for ethnic diversity, according to the report, and stresses that we should not just look in gender terms.

"If we are to make progress, we need

to encourage, support, and sponsor a more diverse group of people working in our industry, and to help create the next generation of leaders which is more diverse – not just in gender terms – than the current generation.

"A number of proven ways to encourage more diversity include existing directors sponsoring senior staff for board roles, with mentoring and coaching made much more readily available to those aspiring to work at board level."

Despite encouraging signs, there still remains questions over whether minorities will be able to break through the glass ceiling. There are initiatives such as the Taylor Bennet Foundation (TBF) tho, which has made huge strides in addressing the lack of ethnic diversity in the public relations industry.

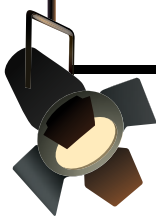
TBF Foundation chief executive, Sarah Stimson, says: "It [*the TBF*] has been enormously successful at opening up access to young people from black, asian and minority ethnic backgrounds and our traineeship programme model is something that could easily be adopted by other industries.

"The key to its success is a mix of rigorous training and access to people already in the industry. Improving the social capital of our trainees has been instrumental in paving their way into a communications career."

Branagh adds: "Evaluating the board through regular assessment of board effectiveness, strengths and weaknesses, and whether it has the right mix of individuals, is also an opportunity to improve diversity.

"Alongside the provision of greater access to education and lifelong learning, increasing the opportunity for more board level diversity, particularly for younger staff, is essential."

**➤ Written by Theo Andrew**



# Diversity among savers

**With the ever-increasing needs of pension savers, we shine the spotlight on what the pensions industry is doing to ensure that everybody is catered to when it comes to retirement savings**

**D**iversity has become imperative to the way the UK society works as a whole, making it even more important that it works for everybody. A key element of that is retirement savings, and it is important to understand how the industry approaches different types of savers.

Pensions and Lifetime Savings Association (PLSA) policy lead on engagement, EU and regulation, James Walsh, says: “While there is a wide diversity amongst the different types of people that pension funds cater for, they do have one thing in common – they will all ultimately need some form of retirement provision.

“As society as a whole moves towards more personalisation and segmentation, the pensions industry is following suit.”

One provision that has put the power in the hands of the people is pension freedoms, and Royal London Intermediary business development manager Jamie Clark says this has given the industry a lot to think about, particularly around dealing with different members.

Clark says: “When pension freedoms were first introduced, the industry was somewhat caught on the hop. As understanding of customer requirements have evolved and look to becoming the norm, the majority of the industries existing propositions have proved to be flexible and risen to the challenges presented.”



Walsh agrees, saying that the biggest recognition by the government of the need for a more individual approach to retirement was the introduction of pension freedoms.

“No longer are defined contribution fund members required to purchase an annuity that provides them with a wide range of choices to suit their individual circumstances”, says Walsh.

Walsh says a particular focus should be placed on “teachable moments”. He argues that significant life events, such as marriage, birth of a child or buying a home, are the perfect moments to approach members as they are in ‘transition’ and are much more likely to engage.

This recognises that all members have different needs or desires, some of which will be met by the introduction of the Lifetime Savings ISA (LISA), providing people who are not ‘typical’ savers with added flexibility.

Walsh does however admit that there is a need for improvement and champions the need for product

innovation to encourage people who have diverse experiences to engage with retirement savings, something the PLSA is trying to achieve with its ‘Hitting the Target’ paper, introducing national retirement income targets.

“Targets would give people a better sense of the kind of retirement income they will need for the lifestyle they want – and how much they should be saving now to achieve it. We expect that schemes and providers would personalise the targets so they match individuals’ need”, says Walsh.

The industry is starting to take note of the way it communicates to different people, whether it be based on gender, ethnicity, or again, after a significant life event, and State Street Global Advisors (SSGA) believes positivity is the key.

With The People’s Pension, the firm produced a survey looking into how behavioural biases and individual circumstances can affect people’s saving habits. It found that women, who are perceived to be more risk averse, respond better to positive messaging and that younger women are more engaged than their male counterparts.

In addition, ‘scaremongering’ had no effect on upping saving rates.

SSGA senior client relationship manager, Sophie Ballard, says: “This shows that as an industry we need to use positive words in communications (grow, improve, enhance) over negative words (ignore, prevent, protect).

“The research highlighted a ‘do as I do, not as I say’ message – asking people to self-evaluate their own risk tolerance and perception to everyday risk, which often doesn’t translate into their actual attitude to risk when it comes to investing their pension.”

The pensions industry is clearly thinking about how it can help a diverse population of savers plan for their retirement. Be it through new market products or enhancing engagement, experts understand that there is no one-size-fits-all approach.

**Written by Theo Andrew**