

The need to plan

✓ If retirement planning brings lots of benefits, why are many of us still not doing it?

Planning can make a hugely positive difference to retirement outcomes. Yet most people are not planning enough.

Planners generally expect to retire earlier, enjoy retirement more, expect their money to last for longer and are more confident making financial decisions.

These findings are from Standard Life's *Consumer Attitudes Report, Bringing retirement into focus: 2021*, which surveyed around 5,000 people in the UK in August 2021.¹

Almost three-quarters (73 per cent) of people say they're doing little or no planning to understand the amount of money they'll need to live on in retirement. And 29 per cent of people say they have done no planning.

Women, Gen Xers and low-affluence participants are among the least likely to plan for their long-term financial futures.

Even between the ages of 50 and 59, 17 per cent of people maintain they only need to think about retirement planning when they get older. It is clear that despite the benefits of planning, barriers exist.

This naturally raises the question: how can we encourage employees – irrespective of their income, wealth, gender or socioeconomic status – to plan more for their retirement?

Articulating the power of planning

It is vital to articulate better the benefits of retirement planning and then give employees the tools and confidence to plan properly. The following three steps may help:

1) Understand your workforce

People all have different needs and aspirations. Age, gender and socioeconomic position can play a role in how people approach financial planning. It's vital to understand how these factors affect a person's confidence in their knowledge of pensions, their expectation and experience of retirement.

Conducting a detailed segmentation analysis can provide a more granular understanding of your workforce, thereby allowing you to cater more effectively for different employee needs.

2) Tailor communications according to different employee needs

Better targeting of existing educational material such as milestone communications, webinars and pension and retirement calculators can help kickstart the engagement that can lead to more planning and better outcomes.

The PLSA's recently updated Retirement Living Standards (Standards) can help to make communications more

relatable, by helping people to picture the lifestyle they want when they retire and understand the cost.

The Standards, based on independent research by Loughborough University, are pitched at three different levels – minimum, moderate and comfortable. They include a series of examples, which show what kind of living standard different people could have in retirement depending on their salaries, household and savings.

3) Help employees to make informed decisions in the build-up to retirement

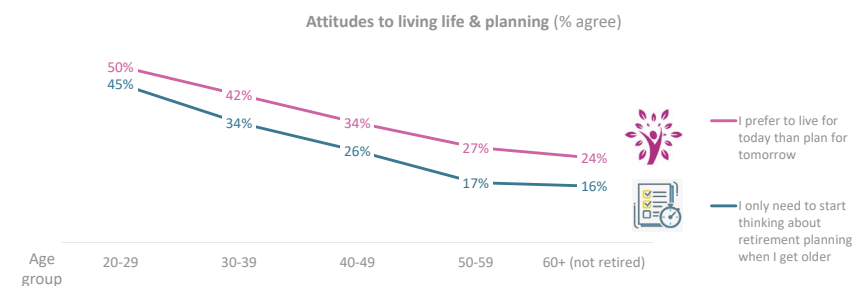
Of course, the more holistic one's financial planning, the better. Retirement planning should consider more than just pensions, and include any debts, expenses, or other sources of income, as well as particular needs employees may have.

Being mindful of employees' short-, medium- and long-term needs – and how these may vary – could help employees to engage more with long-term savings and planning.

At Standard Life we have expanded what we offer this year by trialling a number of engagement and planning tools, including the Homebuyer Hub, introducing an online coaching app to help people plan how to save for their first home, and Money Mindset, an open finance platform.

We will also be developing our guidance proposition and introducing MOTs. By helping people to feel confident and empowered to make financial decisions across all life stages, we can help to build trust and engagement with their retirement savings.

Figure 1: Many people put off planning for retirement – well into their 40s.



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In association with

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¹ In August 2021, Standard Life commissioned an independent online survey of nearly 5,000 people from around the UK. We supplemented this with focus groups to explore issues coming out of the survey in more depth. The research looked to cover a broadly representative sample of UK adults aged 18 to 80-plus, covering a range by income, savings, region, gender, ethnicity and other key attributes.