

How can master trust boards avoid confirmation bias?

By better understanding different people's needs and attitudes, we can build a more inclusive retirement savings system. But do we understand other people as well as we might think?

The UK workforce is increasingly diverse and set to change further in future. But before pension systems and services can be redesigned to reflect these demographic changes, member needs and attitudes need to be understood. I suspect this may sometimes be harder than some of us imagine.

Take, for example, some of the findings from Standard Life's *Retirement Voice 2023* survey, which explores the views of more than 6,000 people in the UK from all walks of life¹.

In this survey, half (51 per cent) of Gen Zers said they'd "rather invest in property than a pension". Millennials weren't so different, with two-fifths expressing the same attitude.

What should we make of this?

Open to interpretation

Perhaps these findings tell us that younger people plan or expect to have second or third homes in retirement, the rental income from which will provide better income than a pension?

Might they also indicate that many young people have little faith in pensions to provide them with financial security in later life?

Or do they indicate, instead, that many young people feel that getting on the property ladder is immensely difficult, but more immediately important to them than saving for retirement – and therefore, this is what they're prioritising?

Or might it be, rather, that we don't really know?

Without asking the respondents what they meant by these answers, and better understanding people in this age group, we lack the context surrounding these findings. And, as the saying goes, data without context is like a riddle waiting to be solved.

Context is everything

Other findings from the research perhaps also require further reflection. For example, around a third (32 per cent) of people from a black, Asian and minority ethnic background said they were not focusing on saving for retirement because they were "expecting to inherit money or property".

It would be easy to formulate a view about this finding, but, again, do we really know what it signifies? Understanding the proper context of many people's decision-making would seem to require a level of knowledge, empathy – and dare I say, imagination – that is, individually, beyond many of us (me included!).

As we know, data interpretation is not purely objective. Emotions, beliefs and experiences can easily colour our analysis. So if we're not careful, data analysis can mislead as much as it can instruct.

A team that includes individuals with varied backgrounds and perspectives can help to enrich the group's depth and range of sensibilities, and strengthen the overall interpretive process.

It also helps to stay humble. Embracing uncertainty and acknowledging the limitations of incomplete data – and our own understanding – is essential to avoid drawing erroneous conclusions. We are therefore proud to have a diverse Standard Life master trust board, which helps to improve decision-making – and stay alert to things we need to learn more about.

As the amount of data used in our working lives increases in the years ahead, however, having diverse decision-makers is likely to become even more important. This is why Standard Life has launched the Trustee Accelerator Programme (TAP) to support the next generation of trustees.

Widening the net

TAP will provide participants with knowledge and insight into the world of pensions, and provide the qualifications needed to become trustee ready. It is open to participants from all walks of life, including those without previous pension experience.

Launched in partnership with the Pensions Management Institute, the two-year programme starts in April 2024. It has been designed with flexibility in mind, putting people in control of their learning, so they can study around a job, caring responsibilities, and any other commitments.

We would welcome other providers joining forces with us, or launching their own programmes to increase diversity in our industry, with the ultimate aim of improving outcomes for all members.



In association with

Written by Standard Life workplace proposition, head of master trust, Donna Walsh

Standard Life
Part of Phoenix Group

¹ Between July and September 2023, Standard Life commissioned an independent study that sought to understand consumer attitudes to pensions and retirement plans. The study questioned a total of 6,350 UK adults, with the data weighted to give a nationally representative sample by age, gender, region and working status. The research sample included UK adults aged 18–80 and covered a range by income, savings, region, gender, ethnicity, and other key attributes.