

A good read

► Laura Blows explores why paper-based communications have endured within the pensions industry

By some considerable margin, paper is still the most common form of communication channel used by pension schemes. Disclosure regulations changed on 1 December 2010 to give schemes the opportunity to move away from fulfilling their statutory communication obligations exclusively through paper. But, despite this change offering the opportunity to lower costs and streamline processes, few schemes have fully embraced this option. Why?

A major attraction is its versatility. Trafalgar House client director Daniel Taylor notes that from letters to desk drops, from posters to statements, from flyers to desk calendars, paper comes in a variety of forms and can be used to communicate many messages simply.

It is also easy – easy for the scheme to comply with its disclosure obligations, and easy for all ages of member to receive – simply requiring a letterbox.

Paper also has more permanence than other methods of communication, as it the individual can make personal notes on the item and store it for future reference.

A quality design means that reasonably lengthy information can be put on paper and still read quite easily, particularly as people tend to find it easier to read longer messages on paper, and have longer attention spans to do so compared to online, Redington head of DC and financial wellbeing Lydia Fearn says.

According to Mercer DC and financial wellness principal Sean Westwood, “when a personalised document with high-end graphics and



impactful colours is delivered to their home address, the recipient feels valued.”

This value translates into results. According to BlackRock’s *DC Pulse* survey last year, nearly five times as many (56 per cent) use the annual statement to keep on top of their pensions as those who use technology (12 per cent).

“In other words, to get people engaged in their pension, the statement pretty much needs to be foisted onto them by landing on their doormat with a thwack,” BlackRock head of UK DC Claire Felgate says.

On the other hand, members can be left wondering why they’re getting letters from trustees, platforms or administrators – many of whom they’ve never heard of. Without proper signage, statements can get confused for junk mail, she warns.

“This can particularly be the case if the quality of the paper communications is below par, with system-generated generated letters produced by hard-coded document composition tools on loose-

leaf letters printed on poor quality paper, in Times New Roman and featuring jargon-rich content doing nothing to engage members,” JLT Employee Benefits head of client communications David Millar adds.

This problem can be attributed to the expense of sending out paper messages.

“The cost of paper has increased in recent years, but the real expense of print communications comes in the cost of postage. As a rule of thumb, we assume that the cost of printing, paper stock, envelopes, enclosing and postage equates to around a pound a member for a large scheme, which is an expense not to be undertaken lightly,” Millar explains.

Saving on costs when producing the communications, only for it to be ignored upon arrival is a false economy. But good quality or not, it is difficult to know if the message is ever read – or even received, as it may get lost in the post or the member may have moved,

Association of Member Nominated Trustees (AMNT) member Ray Shepherd says.

Also, if a member does want to respond to the message, it is more difficult and less quick to do so compared to online methods.

While paper may not be the most ‘modern’ of communications (not to mention concerns about its environmental impact), it can still take lessons from online methods. Felgate gives the example of ‘gamification’, using paper-based communications to notify members of achievements such as ‘congratulations, you’ve now contributed £10K to your future’.

She explains: “People are never going to fall over themselves to read their pension statements but if we make them simple and snackable rather than dense and indigestible, we may just get a few more people on board the retirement savings train.”

► Written by Laura Blows



Let's get digital

► Laura Blows explores the expanding world of online pension communications

The pensions industry has had as complex relationship with the adoption of new technology for pensions communications.

As Trafalgar House client director Daniel Taylor notes: "The pensions industry has had mixed fortunes when it comes to online communication. Great initial enthusiasm for the benefits of the technology led to a glut of schemes quickly introducing member websites.

"The results were that members didn't get a fantastic user experience, functionality was limited and there was little or no reason for users to return. Inevitably, website penetration and return rates for the industry have been poor. But, instead of using this evidence to improve platforms we have instead rested on the evidence to support claims that web does not have a place in pension communications, or that members don't want the option and fewer will ever use it."

Yet this attitude is changing, as the advent of upgraded platforms has made access to online options significantly cheaper to implement and gives members a far better user experience, encouraging registration and higher return rates.

This has meant the pensions sector is returning to the wonders the digital age can provide for communications.

Speed is one of the main advantages of contacting members online. Be it through email or webinar, website, video or chatbots, members can access information instantly, anywhere in the world – especially as content can be accessed through people's mobile phones.

Unlike paper communications, vital pension messages can be sent out cheaply and easily via email, with the member being able to reply easily. The message

can be personalised, more information can be attached and for the scheme, tags can be included to show that the message has been read, Association of Member Nominated Trustees (AMNT) member Ray Shepherd states.

However, there is a risk of thinking the communications has had an effect if opened but actually the reader has reviewed and deleted quickly. Especially as people get so many emails now it is hard to stand out – although GDPR should help, Redington head of DC and financial well-being, Lydia Fearn, adds.

The email can act as a trigger to encourage members to find out more information on a website, which is easy to update with the latest information. Many websites are connected to databases that reflect up-to-date fund values and current benefit entitlements.

Members are aware of this, so online communication carries an expectation that the content will be up to date, whereas someone reading a printed booklet will understand that it was produced at a given date, JLT head of client communication David Millar warns. This creates a pressure to ensure that the online content is actually up to date at all times.

Also, we are usually at the mercy of the internet and wi-fi connection, Mercer DC & Financial Wellness business principal Sean Westwood warns, and sometimes material still needs to be printed and scanned to be returned.

At least this information can be easily found online.

An underestimated part of communication is knowing where to go to find what you are looking for, Millar says.

"If all the information is in scheme

booklets and addenda, issued via the post, many members may struggle to locate what they need when it is relevant – or only find it once the information is out of date," he explains.

"With the cost of online storage so cheap, most schemes will be able to offer websites that contain up-to-date copies of the scheme rules, announcements, contact details and other useful information all in one place."

Being online also naturally encourages a short and punchy writing style, helping to engage members, Fearn says, but it can be harder to put complex information in email or on a website as the reader has a shorter attention span online.

To help with this, interactive tools and video can engage the audience in a way that offline content cannot match, Millar notes, particularly through animation, online quizzes and interactive infographics.

According to Westwood, personalised pension statement videos drive up contribution rates, with 64 per cent of members who receive their annual benefit as a talking benefit statement viewing the animation, and 47 per cent of those who viewed it taking action to increase their contributions.

But these increased engagement rates come at a price.

"The hidden cost of online communication is the maintenance of sites and access," Millar says. "Members will forget logins and require reset and email addresses will change and go out of date (even more frequently than home addresses)."

Online communications often require an initial investment to configure and implement, with a return on investment only being seen after two or three years, Taylor warns.

"Successfully implementing this type of solution also requires a broader communication strategy that is focused on promoting, funnelling and consistently signposting members to the solution," he adds.

► Written by Laura Blows



The personal touch

► **Laura Blows explores why face-to-face meetings are members' most popular method of pensions communications and yet so difficult to implement**



Despite all human inventions, from paper to the internet, nothing has managed to replace our desire for social interaction. Little wonder then face-to-face communication with people about their pension savings is so highly regarded. In fact, Trafalgar House client director Daniel Taylor notes that most member satisfaction surveys reveal members prefer this channel over all others.

It seems nothing can beat the personal touch. Being together in the same room allows member confusion to be clarified, questions answered and action taken upon immediately if necessary – all helping to generate a higher level of trust.

“People generally consume information more readily and easily through face-to-face sessions. Emphasis and importance is easier to convey when speaking to someone, as is tailoring the message and information to specific requirements. With face-to-face communication, the presenter is often concerned with more than just the knowledge they are imparting and are often asked to provide guidance or

opinion on a range of different pension subjects that might be concerning the recipient,” Taylor states.

This personal touch goes beyond the words being said; it can also enable body language to be read.

As JLT Employee Benefits head of client communications David Millar says: “Face-to-face presentations allow the presenter to judge the mood of the audience in real time, adjusting content or tone or language to suit.”

To extract maximum benefit, one-to-one, face-to-face conversations would be best. However this may simply not be practical to implement, as the cost of delivery can be relatively expensive given the person hours required, Mercer DC & Financial Wellness business principal Sean Westwood states.

Therefore, to use this communications method in the most effective way, Westwood recommends delivering a higher-level message to a wider group, then if possible to follow up with individual meetings.

However, as well as being expensive, face-to-face communications can also be time consuming.

“Face-to-face communication

is logistically difficult to organise, rarely covers a complete membership and can often introduce variation and inconsistency in the topics and information conveyed,” Taylor warns.

While face-to-face presentations may work best, actually setting them up suits some workforces better than others. For instance, they are easier to plan and implement for workplaces where the employees are in a few sites and are working regular hours.

“The world of retail – where employees can be in groups of less than 10 in every high street – or manufacturing – where people are working shifts on production lines – can present challenges that make the exercise difficult to manage,” Millar says.

This inflexibility means that unlike other methods of communication, if a person misses the presentation they may miss out on the valuable information that was provided.

“This can present a challenge for home-workers or for holiday periods,” Millar says. “However, recorded presentations accessed online can provide a solution.”

Another solution to the time, cost and logistical difficulties that face-to-face communications present could be to instead contact people over the telephone.

“Speaking to members over the phone gives you the opportunity to read the conversation and build up a rapport,” BlackRock head of UK DC Claire Felgate says.

Actually talking to members may not be feasible in all scenarios, and could not be used to convey every piece of information required to be given to the member, but it could work well on occasion.

According to Millar, it is best deployed to explain a complex topic where there is a desire for people to understand more – for example, on joining a scheme, or on making retirement choices.

► **Written by Laura Blows**