

The multi-page annual pension statement, printed and posted to millions, will be going the way of the dinosaur, as digital formats take its place. Prominent among these is the personalised annual video pension statement.

Nest, with its eight million auto-enrolled members (of whom only 20 per cent have activated their personalised pension accounts), is one of several that is starting to experiment with the format.

In February, it created and sent out up to 50,000 personalised videos to members in the 44-55 age group, with a simple call to action that enabled them to click to activate their Nest pension account. At the same time, Nest also sent 50,000 personalised emails to the same age group, with a similar simple call to action. Then it compared the results of this activity with a control group of 50,000 44-55 year olds who were sent no specific communication in this period.

According to Nest, 8 per cent of those who received the personalised videos acted to activate their accounts, while 4 per cent of the personalised email recipients did so. Among the control group, just 1 per cent activated their accounts in the same timeframe.

The process was repeated in March 2019, with the same volumes of communications, but this time to the 22-35 age group. Results from this are yet

#### Summary

- Personalised video statements are delivering good engagement rates from pension scheme members.
- Simple messages and providing simple ways for members to act are both key to successful engagement.
- The future will see greater use of real-time data in animated videos.

## Videos take personal touch to pension holders

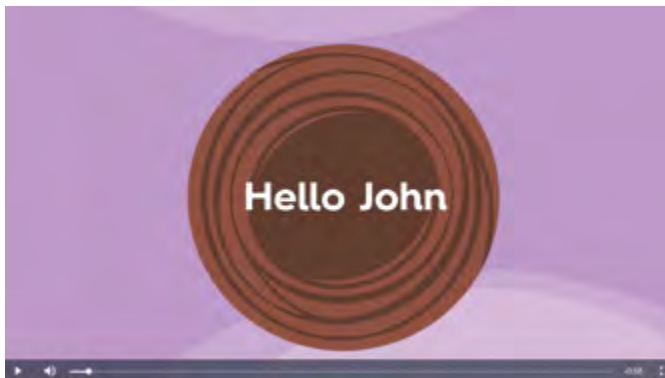
Trustees, employers and service providers that deliver pension communications are increasingly looking to new technology to drive people's engagement in their pension schemes, and personalised video statements have become a key part of that progression, reports Andy Knaggs

to be gathered.

"These are comparatively small samples as we have got eight million members, but we wanted to start with a small number and increase it once we are comfortable with what we're doing," says Nest director of employer and

intermediary experience Helen Dowsey.

"We're going to carry this on. It's not a campaign, it's something we will be doing on an ongoing basis. We will be doing further personalised videos, emails and control groups up to end of our financial year (March 2020), using the 35-45 and



55-65 age groups. We know that the older age group will have a bigger activation rate already, as they are closer to retirement, and we may well change the messages, but we will keep it very simple.”

Dowsey says Nest will analyse all of these results before moving onto more targeted personalised messaging going forward. The important things with the personalisation so far, she states, have been to keep the messaging simple and brief (around 60 seconds long, with the recipient’s first name, size of their pension pot and length of time they have been a member being the changeable data points), and then to make it easy for the recipient to take action with a single click.

Why did Nest start trialling the use of personalised videos? “We felt that it was going to be a good way of triggering actions by our members, and the personalised videos have been demonstrably positive,” Dowsey continues.

“We believe it’s the beginning of the conversation – just starting with a simple message. We are making it very easy for them to do something, and we will layer on it as we get to know our members better.”

### Getting results

One of those companies with prior experience in this way of communicating pension scheme positions is Mercer, which offers a suite of technology

offerings that includes personalised videos for DC and DB pensions.

Mercer DC and individual wealth principal, Sean Westwood, says it had found that around 70 per cent of individuals would watch the videos through to the end, and 50 per cent of those would choose to act – a net click-through rate of about 35 per cent.

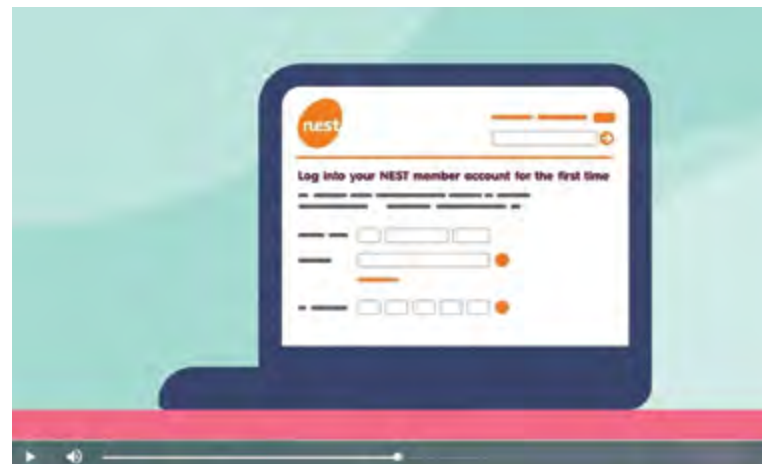
“That’s really quite staggering, especially if you compare it to rates of people that register online and look at their pensions: that’s under 10 per cent easily every time,” he adds.

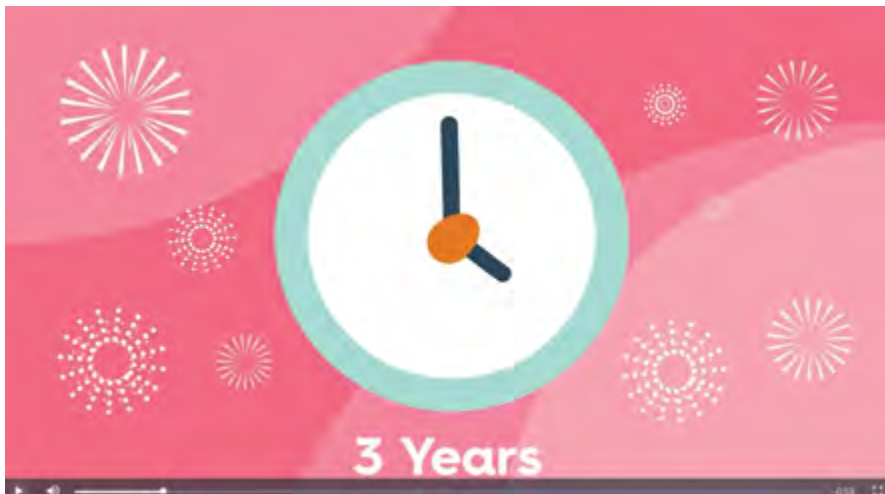
“We use a blend of in-house capabilities, a creative house and outsourced IT, and we pull the three together to create the template,” Westwood continues. “About 80 per cent of the material is standardised and the rest can be tailored to the client’s needs, depending on their wishes and their contribution structure. We have developed it in a modular way so we can substitute building blocks in and out. We have DC personalised videos and we’ve also launched a DB to DC transfer video, which can really help trustees if they are doing an exercise with

enhanced transfer values.”

Smart Pension is another company that has been trialling the use of personalised videos, and its director of policy and communications, Darren Philp, says that measuring the metrics gained from this activity is crucial. Firstly, it helps in understanding what works and what barriers to engagement there are; secondly, it enables you to understand your return on investment.

It is also important to speak to members on a level they can relate to. “The biggest mistake you can make is seeing it as some sort of disclosure and using lots of jargon. Get the language right. The length of the video is also important – for some people, 30 seconds is too long, for others it’s too short. You can only get these sorts of things right by understanding your audience,” Philp explains.





Ferrier Pearce client relationship director Laura MacPhee says that one of its clients is gaining 30 per cent click-throughs to increase pension contributions through using personalised video statements. It has only recently started offering this service but has already learned much about how best to approach them, she adds. Again, simplicity is the best approach.

“We have noticed how much of the information that you would normally put in a benefit statement can be stripped back,” says MacPhee, “and that’s in keeping with the simplified statements we’re seeing across the industry. If you put everything in, it would be six or seven minutes long. So think about what you really need to provide, and

what people are looking for. The video is a hook and you can just link to all the regulatory details.”

#### Getting real-time

The information in an annual statement can very quickly become obsolete, however, giving the video itself a very short shelf-life. The next stage in personalised video statements will see them become much more dynamic communications.

LifeSight, which is Willis Towers Watson’s UK DC master trust, is planning to launch an offering along these lines in July, according to director David Bird.

“The personalised video was a great leap forward, but when we started

developing that idea we came to the conclusion that if you just turn a benefit statement into a video, you are missing an opportunity, because all you are doing is looking back,” explains Bird.

The more dynamic successor to this will use animation to show the pension pot growing each time the member logs into the account, and detail aspects such as the age that the person may need to be before they can stop working. This provides an agenda for action – increasing monthly contributions, for example – and gives members a simple link to click through to do so.

“We can link from the animation directly to the place where someone can look at their investments and change their contributions,” Bird continues. “Every time they go through to it, it generates afresh, and some of the voiceover language also changes. We will embed this right at the centre of the pension account.”

Willis Towers Watson is not the only one looking at utilising real-time data in this way to communicate pension information and drive engagement. Mercer and Smart Pension are also working on similar projects.

“We can now deliver dynamic data using APIs to get a live feed and give real-time information, if that’s what clients want to do,” says Westwood.

Philp expands on the issue: “Many personalised video statements have been one-time annual statements: as soon as the recipient has used it, that’s it. In the modern world, people use smartphones to download an app and everything is in real-time. So it’s more about real-time information and back-end systems.

“If we get the back end right using APIs, and have a straight-through system, the possibilities of communicating with members are endless. It would be a real-time video statement, using the latest data. We are building and testing that sort of concept.”

**Written by Andy Knaggs, a freelance journalist**

