

Summary

- Pensions communication is fraught with challenges.
- All too often communications become a compliance exercise, to the detriment of consumers.
- Despite this, plenty of schemes, consultants and providers are breaking new grounds in engaging members.
- Speaking the right language, finding unlikely champions and targeting the disenfranchised can all make a huge difference.

New frontiers

Sara Benwell considers examples of how communications initiatives are pushing the boundaries of member interest

Will I exceed the reduced Lifetime Allowance (LTA) limit?
Only if you have built up large pension savings

Should I take a different route?
Maybe, you may have options to consider

Do I need to take action?
Yes, read this guide

Pension Tax
Reduced lifetime limit ahead

The Lifetime Allowance (the LTA) is a limit on the total value of the pension benefits that you can take before an extra tax will apply. This includes pension benefits from the Ford fund, any Additional Voluntary Contributions and all other pension benefits that you have built up.

The LTA will reduce from £1.25 million to £1 million from 6 April 2016. This means that drawing a Defined Benefit (DB) pension of over £50,000 p.a. after April 2016 would be subject to extra tax charges.

Have I exceeded the Annual Allowance limit?
If you have received a Pension Savings Statement you are over the Annual Allowance in the Ford fund.

Do I have to pay more tax?
Maybe.

What should I do next?
Read this quick reference guide.

Pension Tax
Are you over the limit?

The government has set a limit on the amount of tax-free pension savings that members can build up called the Annual Allowance. This is **£50,000** for tax years 2013/12 to 2013/14 reducing to **£40,000** from tax year 2014/15.

Even if you have not received a Pensions Savings Statement, you may have exceeded the limit if you also make contributions to another pension scheme.

compliance, jargon and a reliance on old-school methods.

The 2017 Automatic Enrolment Review Advisory Board co-chair, Ruston Smith, who led on engagement, explains: “When schemes and trustees communicate with members, they need to appreciate the huge amount of information that everyday people receive from every direction, equivalent to 34GB of data a day, and how they prefer to receive it.

“With increased disclosure requirements in chairs’ statements and Statement of Investment Principles for example, and the language that’s used, the question is whether we’re

producing member communications for members or compliance. These communications are becoming longer and increasingly complicated as we have to include so much compliance stuff.

“When new information is to be included, we need to think carefully about how easily it can be understood and how clear and useful it will be. We should consider members as customers and put them at the heart of everything we do and develop for them.”

This seems simple, and in reality, perhaps it can be. In fact, when you look at schemes that are delivering results, great storytelling and visual communications can work wonders.

Ford is a company that has used simple messaging to convey complicated financial ideas. In particular, Ford’s strengths lie in talking to its employees in a language they completely understand – and employing campaigns that use

Pensions communications has always been a tricky enterprise, fraught with challenges. There’s not just the question of whose job it really is to make members aware but also the issue of how to talk to people who often seem like they don’t particularly want to listen.

Despite this, there are some organisations that sit at the vanguard of communications, finding new ways to

overcome these challenges and creating campaigns that are not only interesting, but also yield measurable results.

Speak your members’ language

One way to make pensions more compelling is to tell a story in a language and tone that you know will resonate with your members.

This seems obvious, but all too often it falls by the wayside, bogged down in

travelling as a metaphor.

One good example of this is a campaign the scheme launched around the decrease in lifetime and annual allowances (LTA and AA) in 2016. Thanks to a generous scheme structure and plenty of long-serving employees, the new changes were likely to impact a substantial segment of the workforce, many of whom would previously have been unaware of the complex LTA and AA tax rules.

Ford's European pensions manager, Oliver Payne, explains: "We wanted to make sure our employees understood the changes, but the pensions annual allowance is one of the most complicated rules to explain. It's also difficult because it's not the company that's making the changes, it's the government."

To overcome this challenge, Ford launched a campaign focused around speed limits. This allowed the organisation to explain a hugely complicated piece of legislation in a manner that all of its employees could relate to. Excellent visuals used an analogy of pension savings over a career being similar to a road trip and the tax charges being similar to a charge for exceeding a limit.

The annual allowance was likened to a speeding penalty for 'saving too fast', while the lifetime allowance was explained as a consequence for exceeding a weight limit for 'too much pension savings'. Using the motoring analogy, images were designed to include eye-catching visuals that would motivate employees to take action with simple, strong guiding headlines.

Scheme members welcomed the powerful, simplistic message, and feedback showed how valuable this kind of campaign can be. According to Ford, one employee said: "This is an outstanding piece of work. You've taken



a complicated subject, simplified it, and been really creative in how you've communicated it."

As well as the education campaign, Ford (with the help of LCP) also launched a tax modeller so employees could go a step further and see how the lifetime and annual allowances applied to them. This was also a success, with 400 employees accessing the tool in the first week.

Another great example of straightforward messaging yielding solid results comes from Mass Mutual. The organisation worked with AHC to launch a campaign that promoted retirement by harnessing the power of the love of pets.

The campaign promoted the need for retirement savings by directing savers to RetireSmartPets.com. Visitors to the site were invited to post and share photos of their furry friends on social media, and, more importantly, were encouraged to increase their retirement plan contributions.

More than 1,700 photos were shared, including dogs, cats, rabbits, mice, horses, a hummingbird, chickens, parrots, turtles and even a lizard. The most popular pet was a chocolate Labrador Retriever puppy who attracted more than 8,300 votes and whose owner won an iPad.

But most importantly, the campaign

yielded more than \$43 million in new retirement plan deposits.

Speaking your members' language can sometimes mean engaging with topics that you'd never normally associate with finance, let alone pensions.

For instance, MyCSP taps into popular culture, finding ways to engage members through singing, musicals, strictly and even *Love Island*.

MyCSP director of communications and engagement, David Boardman, explains: "We found that to challenge these misconceptions, we needed to be bold. And, in doing so, we've seen thousands of people engage with their pension schemes that otherwise wouldn't have done.

"We tailor our material to popular themes not usually associated with pensions – music, movies, musicals, even TV shows. Explaining the language of ITV's *Love Island* is a great analogy to use when demystifying pension jargon.

"Music and dance can be useful too – we recently donned sequined outfits and used dancing analogies to successfully get our message across. Basing a campaign around music also provides you with a soundtrack with which you can literally bang that pension drum.

"Most importantly, though, are the

Will the new Tapered Annual Allowance reduce my pension tax limit?
Only if your total annual taxable income is over £110,000

Will I have to pay more tax?
Maybe, but you have options to consider

Do I need to take action?
Yes, read this guide

Pension Tax Warning
Variable annual limits ahead

The Government sets a limit on pension savings which benefit from tax relief called the Annual Allowance (the AA). For the 2016/17 tax year, new tax rules mean that your AA will be set according to your total taxable income in the tax year. Ford is providing a pension tax modeller to help you work out what this might mean for you. If your total taxable income for the 2016/17 tax year is less than £110,000, your AA will be £40,000. If your taxable income is more than £110,000, the tax modeller will help you to estimate whether your AA will reduce for the 2016/17 tax year. The standard AA of £40,000 will reduce by 50p for every £1 that your Adjusted Income exceeds £150,000, to a minimum AA of £10,000.

explains: “A fascinating element of this project is the people involved. It began as a partnership between the RSA, the Royal Mail, and the Communications Workers Union to find a pensions solution for both employers and workers.

“The partnership was perhaps best exemplified by a comment at one of our events, where a participant said they’d ‘never come across a situation where a company and a union are so committed to ensuring an outcome together’”

Payne also finds that engaging the unions can help disseminate pensions communications through the workforce, something the company focused on when it came to dealing with freedom

and choice legislation.

those who are particularly disengaged from retirement saving, such as the young, the self-employed and mothers. There’s lots of evidence that some areas of the industry are getting better at this. For instance, both Aviva and Smart Pension use Alexa as one way for their members to find out their savings value and increase contributions, and the Pensions Geeks tour the country in a bus once a year to promote engagement and give people a forum to ask questions.

Another quirky communications initiative comes from Scottish Widows, who worked with *Mumsnet.com* on an educational pensions campaign.

Scottish Widows’ head of marketing Claire Stracey says: “Working with *Mumsnet* has been a perfect fit for us, as they share our commitment to helping educate women on their long-term financial planning and they are in touch with such a wide network from across the UK.

“Through them we’ve shared facts and practical tips to help women learn and think more about their retirement planning. Scottish Widows’ director, Jackie Leiper, has featured in some of *Mumsnet*’s Facebook Live sessions and we’ve run online Q&As and created content bespoke for the *Mumsnet* community.

“This has enabled us to reach thousands of people and the feedback we receive is consistently positive with the open, discursive nature of the *Mumsnet* community opening up the topic of retirement planning is a realistic, relevant and engaging way.

“By communicating to as many people as possible in this way it helps to educate and demystify the view that pensions are hard to grasp and something to worry about another day... Working with *Mumsnet* has helped us to bring the conversation to the forefront and simplify what’s often thought to be a complicated topic.”

Written by Sara Benwell, a freelance journalist

results. Choosing a strong theme creates a strong sense of theatre, which in turn provides a strong call to action – a recent campaign rolled out to thousands resulted in a 61 per cent increase web visits month on month.”

Consider unlikely champions

Pensions messaging is all well and good, but employees can be mistrustful of the financial industry and it can help to try and get other departments involved.

For instance, for companies that have high levels of union involvement, getting representatives involved can make a huge difference to how change is perceived and whether it is eventually accepted.

The most clear-cut example of this comes from the Royal Mail’s quest to adopt collective defined contribution (CDC). From the start this has been a collaborative effort between the organisation and its unions and this has been evidenced in terms of how the project has been received both internally and by government.

RSA business development and partnerships manager, Toby Murray,

and choice legislation.

He says: “Knowing the close relationship our employees have with the unions and the uncertainty freedom and choice created, we thought it was really important to work collaboratively with the unions from the start.

“We sat down and worked together through an active working group with defined outputs. We ended up launching a partial transfer option, and it was really fantastic from a communications point of view to be able to show employees the journey we had gone on with the unions and how we had come to the conclusions we had.”

Find new ways of reaching the unreachable

Generally speaking, pensions communications tend to land best with those people who were interested in the first place. So better email campaigns may have better results, but often it’s still the same people opening the emails in the first place.

That’s why it’s important to find new ways of reaching people – particularly