Changing minds

Many fear that the pensions industry's image has a negative impact on pension saving rates and its attractiveness as a career option for young people. Andy Knaggs looks at what the industry is doing to change perceptions

Summary

- The pensions industry suffers from a stuffy and old-fashioned image, which carries forward into much of its external communication.
- There is a dearth of young talent and ideas coming into the sector – the industry needs to be made more appealing to the younger generation.
- Communication needs to better utilise new technology and have an awareness of consumer behaviour to deliver clear messages about pensions.
- Auto-enrolment has improved the sector's standing, but has it been communicated well enough?

Five years ago, Jonathan Bland was working as an animator, and his soon-to-be business partner Rachel Parkinson was in marketing. In September 2018, when he spoke to *Pensions Age* for this article, Bland was six days into a month-long bus tour of the UK, visiting employers and discussing pensions with their staff.

"In the next three weeks we will be taking our Pensions Awareness Day bus to 30 companies and talking to 250 people a day about pensions," he enthused. "We believe that what we are doing with face-to-face communication, combined with our use of technology, is the way forward."

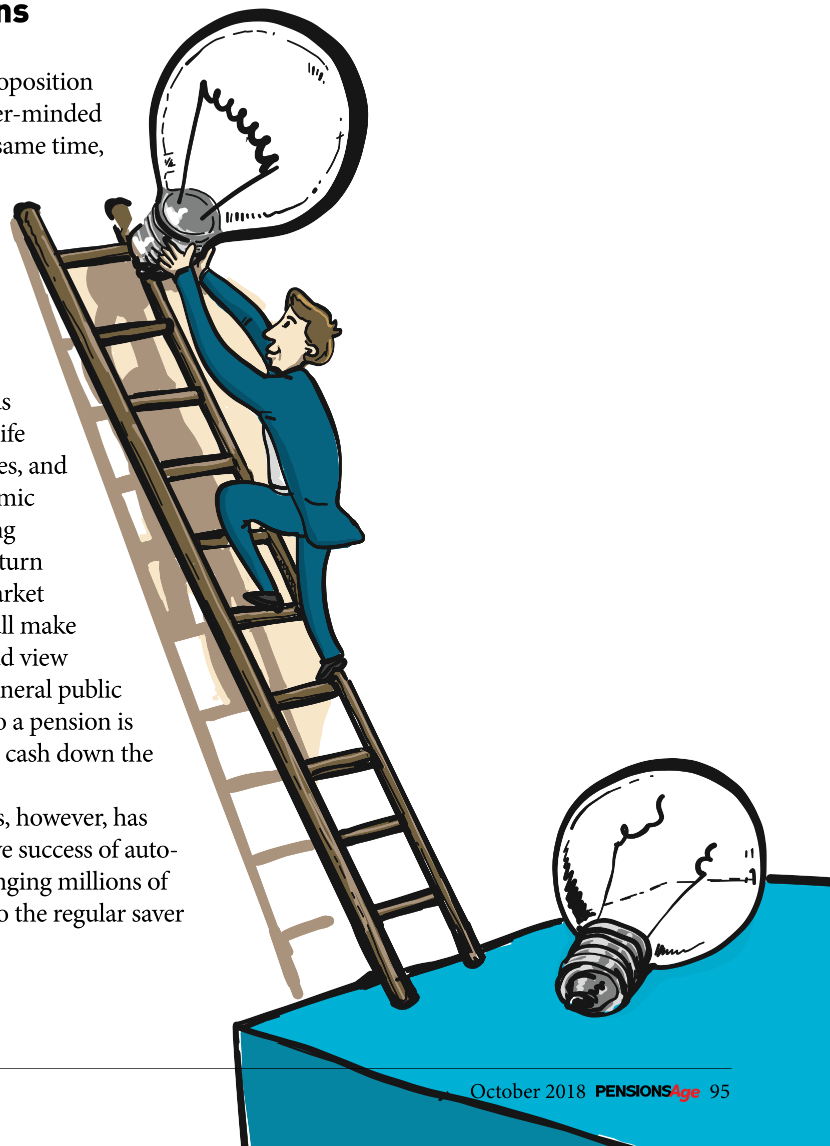
Bland and Parkinson's enterprise – Pension Geeks – has a mission to change the way people think about pensions, and specifically to get young people excited and engaged in saving for their financial futures. How did it begin? "Both Rachel and I thought pensions were very complex and hard to understand. A lot of our friends felt disengaged too. We started from the kitchen table, creating games and apps to engage people with pensions. Then we went out to companies to engage their staff. We've had massive success, and now we are working with some really big employers."

It is a laudable initiative – an innovative idea brought to the pensions sector by talented people from outside of the industry. It is exactly what the pensions industry needs more of, according to Broadstone head of sales Andrew Mobberley, who says he has never seen such a shortage of new talent in his 25 years in the industry. He said: "We need to attract a new breed of person – young people with a passion for delivering messages to audiences of their age."

Old-fashioned

Many believe that the reason for the dearth of fresh talent working in pensions is that the sector has a stuffy, old-fashioned image, making it an unattractive proposition for young career-minded people. At the same time, the perceived complexity of pensions, alongside negative publicity from high-profile scandals such as the Equitable Life and BHS failures, and sluggish economic activity resulting from the downturn and current market uncertainties, all make for a widespread view amongst the general public that paying into a pension is akin to stuffing cash down the plughole.

Against this, however, has been the relative success of auto-enrolment, bringing millions of new people into the regular saver fraternity.



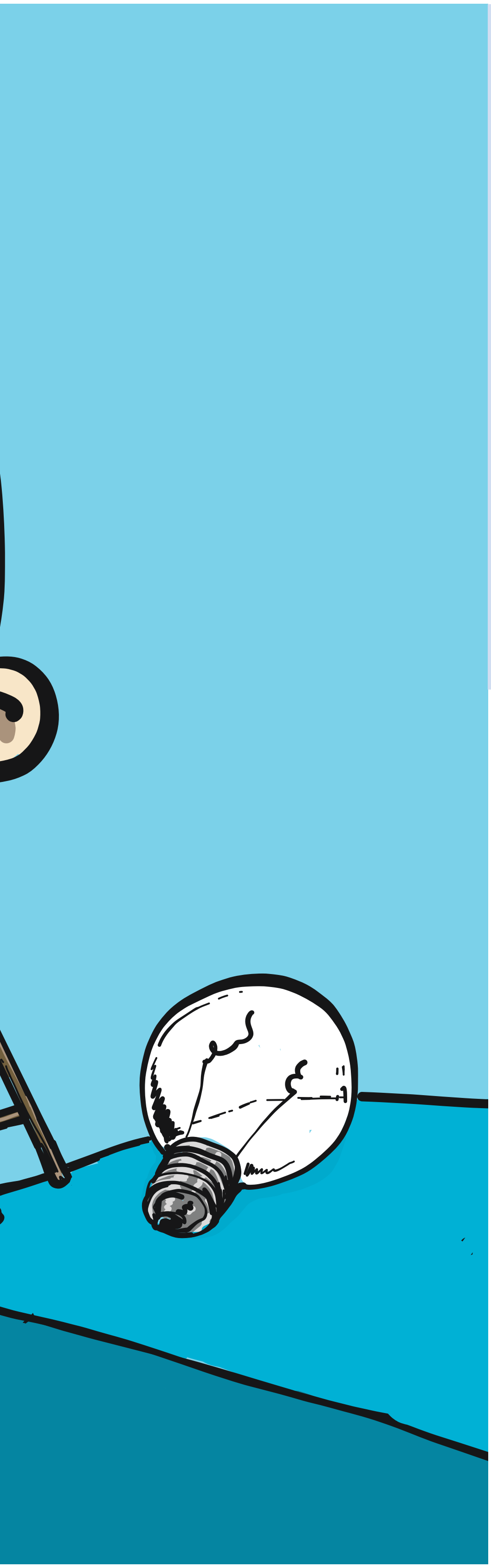
So, does the pensions industry have an image problem? Yes, says creative communications agency specialising in the lifetime savings, benefits and rewards sector, Ferrier Pearce chairman, Nigel Ferrier, although he adds that this problem is not through any lack of interest in pensions. Quite the opposite in fact.

"The industry is very stuffy, and it's stuck in a bit of a time warp," he said. "There's this thought that people are not interested in pensions, and in fact they're very interested. I ran a report on our social media tool on this to see what chat there is. There's lots of it, all over the country – most of the country is discussing pensions on social media, so I think there is an interest. The worrying thing is that when you run a sentiment report on the conversations, 70 per cent of the people discussing it are either sad, in fear or angry. So only 30 per cent are speaking positively about it. If any consumer-facing organisation had that, it would be doing things urgently to change it. The pensions industry does not know how people feel about it."

Part of the problem is that the industry has not recognised that it is talking to consumers, he believes, and has therefore neither listened properly nor shaped and delivered its communications accordingly.

Engagement

"When you consider that Generation X, Y and Z are 70 per cent of the workforce now and they are incredibly tech-savvy, and then you look at a typical pensions website, it has not really embraced the use of digital data, and it has got nowhere near AI. It's like having the Uber app for taxis but then when you actually want a taxi, it forces you to ring a number to ask for one. It's time now to think about what's going on with the people we are trying to communicate with. They are big technology users. Smartphones now completely rule our lives and the biggest growth in smartphone use is in the over 55s. Those types of statistics are not



Industry view: The PLSA

The Pensions and Lifetime Savings Association's director of policy and research Nigel Peaple says it is crucial that the industry adapts to the modern world and the way people receive and take in important information.

"The sector has already seen a dramatic shift in recent years with the introduction of automatic enrolment and this has been a huge success in getting millions more saving for retirement. However, there is still more work to do if we are to achieve our goal of ensuring everyone has enough saved to enjoy a comfortable retirement and our recent *Hitting the Target* report proposed that the UK adopt a set of retirement income targets similar to that seen in Australia. These should be integrated into the pensions dashboard.

"Another major issue is ensuring savers can understand the information provided to them. To achieve that, we have been working with *[former PLSA chair]* Ruston Smith's team on a simpler annual statement that provides clear, concise information to savers, so they can understand how their pensions are growing, the income they might get at retirement and how putting more in could help them get more out when they retire.

"The DB system is highly fragmented, with two-thirds of schemes having fewer than 1,000 members. A range of consolidation models are available, but we believe a further option should be made available to schemes through superfunds, which, with the right regulatory framework, will provide the means for schemes to improve the long-term likelihood of members benefits being paid in full."

resonating in the industry."

Bland believes that the industry is changing and getting better at communicating and engaging with the public about pensions, but there is a long way to go because the sector has "been in a bad place for a long time". The image is not the problem, it is the communication, he maintains.

"Young people were not engaged by it because the industry was not engaging with them," he continues. "Through things like social media you can find ways to relate to them and engage with them. It annoys me when people say that millennials are turned off. I think the blame can be put back on us: it's the way people are communicating with them. With things like the Pension Awareness Day bus, and with apps and animation, we are proving that we can change that. But you have to communicate with people through the channels that they already get their information from."

Mobberley agrees, citing the need for simplified messages in bite-sized chunks that more readily fit into people's daily whirl – a 30-second video, for example. The education should also begin at school age, he adds, while the process of attracting new recruits to the pensions sector could start during A-Level and university stages, as the legal sector, for example, already does through initiatives such as work fairs.

Auto-enrolment has definitely been a positive factor in influencing the public's perception of pensions, at the very least making it obvious that there was a need to engage with it at some point. However, the communication around this needs to be better too, says Ferrier, or we may just be storing up future troubles for ourselves: "Auto-enrolment is a great concept and most people are now saving, but they're not saving enough because they don't understand it. It's almost like a timebomb that will go off in 20 years' time – the next PPI: you, the employer, told me that I had a pension and that I would be okay."

That would be good for neither the image nor the reputation of the pensions industry.

Written by Andy Knaggs, a freelance journalist