

Since the turn of the Millennium, pension member technology has been on the march – and the pace of change is going to get faster.

Back in 2000, pension member comms were usually an Annual Benefit Statement, with some of the more sophisticated schemes having rudimentary websites.

### Video Benefit Statements

Most members, though, didn't understand their Annual Benefit Statements, so some bigger schemes began sending them an explainer.

These became generic Video Benefit Statements (VBS) which have since evolved into personalised, on-demand ones. Members can choose when to generate their own video on how their pension is doing, but undoubtedly the biggest impact is where the video delivers a personalised nudge that can be actioned.

At Scottish Widows, 64 per cent of those who watch a personalised VBS take action. They get hyper-personalised nudges as the video knows their scheme rules, policy information and compares their pension savings with the PLSA's Retirement Living Standards.

With organisations such as Money Alive building in avatars, more schemes can access high-quality VBS. Delivering these in-app in a timely way, with actionable insights is something I expect to see a lot more of and, of course, taking this VBS model into the eagerly anticipated pension dashboard could revolutionise people's understanding of how prepared they are for retirement by pulling in all their pensions into one place where they can see what they've got.

Video as a pension communication medium is here to stay, it will just get ever more personalised and evolve to help them take action.

Meanwhile, other providers embrace innovation that borrows from the consumer space, such as Aviva's take



## Will tech solve the pension engagement conundrum?

**Is pension engagement heading for a brilliant digital revolution, asks Robert Cochran**

on Spotify Unwrapped to produce something similar for pensions. There is something nice about the familiarity of this look and feel for consumers – the future though is about creating friction-free, next best steps.

### Websites vs apps

Pension scheme websites allow various levels of view, projection and transaction capability. Taking largely a desktop approach, what's fascinating is when

they're compared with a pension app experience.

Around 40 per cent of visits to our Scottish Widows web portals are via mobile phone, and it's increasing as people increasingly opt to manage their lives via their phone.

This affects how they manage their pension, too. While desktop and websites are popular during work hours, Scottish Widows' app is used most from 7-9am and 7-9pm. There is a real sense that the

relationship with a workplace pension becomes more personal when it's managed on your phone, in your time.

### Golden age of the app

Apps are of course where it's at, with the likes of Nest joining the growing number of pension providers and schemes offering one. Increased interaction is one benefit, with Scottish Widows' active app users logging in three times more frequently than active web users. The simplicity of clicking on an app and accessing it via phone biometrics makes it much more convenient.

What do people do in the app? Well, it's no surprise that they tend to follow three steps.

### What have I got?

The number one thing people do is look at their pension value, although some go deeper and look at their investments, and perhaps even their impact on the world.

### Is it enough?

Next is projection, with people finding out how making changes to their pension plan will affect what they are on track to get.

### What can I do next?

Nudging people to take the next best action is something an app can really help with – and design is pivotal to improving engagement and making the completion of journeys super simple.

### Everything together

Pension dashboards are coming but not quickly enough to answer to 'what have I got?' As people accrue pension pots and apps, it's difficult to keep track. Into this space have stepped all-in-one solutions, including bespoke dashboards employing APIs that link pension plans and wider finances together.

Scottish Widows has partnered with Moneyhub to let users connect financial products to their pension app, with other providers taking a similar approach. Stats in the first few months showed £1 billion

of policies connected; nearly 80 per cent of these were from other providers as people created their own pension dashboards.

This is a positive sign for the industry-wide dashboard programme as people doing this now manually connect policies. When the industry dashboard is in place, it should be friction free.

The second question of 'is it enough' is also being solved: Once people have connected their policies, they can get a projection based on all their pension plans, including state pension.

### Design excellence

Onto the third point – what to do next. The future success of digital engagement will come down to the design of digital journeys, with a positive outcome being a better engaged pension population likely to retire better.

Artificial intelligence (AI) can do vast amounts in the pension space too, including making it much easier for people to get their questions answered.

One of my favourite examples is how it's being used with video where expressive avatars make it easy to create personalised messages in a range of characters at speed. Imagine if you chose the person who speaks to you about your pension and every time you log in, they're ready with a personalised message.

### Can we gamify pensions to engage more people?

At Scottish Widows we launched the Pension Mirror last year using AI and gamification to boost pension engagement. With 600,000 uses so far, we know it worked – but gamification in pensions can be much more.

Gamification works in education, with the likes of Duolingo, with health in fitness watches and Strava, and should be embraced to improve retirement outcomes. We recently launched in-app games to take members on learning journeys with loads more to come.

The future, ultimately, will allow

people to play with scenarios to test ways to use their retirement money. For many who've grown up with gaming, it will feel like a natural step, and for everybody it will be a great way to learn. But let's park gamification for now – it could have an article all to itself!

### Connected 20s

My view is that pension engagement is heading for a brilliant revolution driven by the free secure flow of data and the ability to see all financial assets in one place – not just pensions – to learn about them, model the future, get bite-sized advice and understand what it will take to make it happen. It could include investments, insurance and more, giving people a holistic view of their finances and putting them in charge of their money. None of this will happen, though, without brilliant design and it's something the pension industry hasn't quite grasped yet.

What about pension apps though – are they obsolescent? In the Connected 2020s we're in now where everyone's finances can be viewed in one place, will people just choose the one dashboard which pulls through their open banking, pension dashboard, and open finance solutions into one easy to manage place – and how will they choose?

Will it be Design? Brand? Convenience? Trust? Probably all those things and Pension Dashboards will be the first big test – designing them brilliantly and delighting people by finding lost pension pots – what a great way to start the next stage of digital pension engagement.

#Connected20s



Written by Scottish Widows engagement specialist, Robert Cochran

In association with

**SCOTTISH WIDOWS**