

No matter who you are, there are certain letters that we all dread receiving (yes, some people still use the post).

- A brown envelope from HMRC (sigh).
- An A4 envelope containing examination results (shudder).
- Almost anything from your GP (gasp).

We can now add an 'Automatic Enrolment Notice of Inspection' from the Pensions Regulator to that list...

PANIC STATIONS!

A number of our clients have been the unlucky recipient of one such letter during recent months. These have often been followed a few days later by an unarranged visit!

For the past few years we've been helping hundreds of employers comply with their auto-enrolment duties. The underlying message from those employers has always been,

'We want to get this right. We don't want our name splashed across the media for screwing up our employees' pensions'.

I'm sure that's a view that you can relate to and understandably our clients have more than a little bit unnerved by the process.

Thankfully, each client has been incredibly diligent and was able to produce a full data trail for every auto-enrolment action that they have carried out in the past few years.

So, if you have re-enrolment approaching and another declaration to make, ask yourself a few simple questions...

1. Are your processes robust and accurate with a sufficient audit trail?
2. Have you kept up with the changing rules over the past four years?
3. Is it time to carry out a scheme health-check to ensure you aren't compounding errors?

Will you be ready if the Big Bad Wolf knocks on your door?

And a step further is to wonder whether the members of our pension schemes will be ready for whatever they hope their retirement to be.

In the UK we are generally well known for avoiding difficult topics of conversation such as money and sticking to safe subjects like the weather. For many years, revealing that I worked in the pensions industry signalled a quick shift in the conversation.

"Pensions? Not as good as property though is it? Do you need another drink?"

"Pensions. Really? Anyway, have you heard the latest news about...?"

Did I ever pretend that I had a different job? Absolutely! However, during the past few years that has all started to change and now questions are cropping up during out of the office discussions more and more often.

Picture the scene: I'm sat at home with the family one Sunday evening when our phone rings. It's answered with the speed of a cobra by my eight year old daughter and the handset is eventually passed to me after it has been determined that there is a specific purpose to the call. It's one of my uncles, who is with friends and are (remarkably) discussing pensions over their desserts.



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Written by

Gavin Zaprzala-Banks
Principal

“Hope you don’t mind,” he begins. “It’ll just be a quick question to settle an argument. Is it possible to take a quarter of a pension fund without transferring it first or touching the rest?”

“You see,” interjects a female voice. “I’ve been looking at Pension Wise and reading my company scheme information and it doesn’t quite all make sense.”

What follows is a few minutes of heavily-caveated question and answer while on speakerphone to the assembled dinner party guests. Ultimately, they all receive the responses that they hoped for and are delighted to know that their individual plans are still on track. This was not due to me paying each the necessary platitudes to ensure I could swiftly return to the attentions of my family. In the main, it was a result of the recent flexibilities which have meant that each guest at the dinner party was intending to take a reasonable and now viable approach to their retirement planning.

Now, I know that all of those gathered around that dining table were professionals, with a decent level of financial understanding. But even so, the complexities of our convoluted pension system (and a couple of glasses of Burgundy) had managed to stump them all. They all know where to get information, never before has it been so easy to become a self-educated financial guru. Unfortunately, this ease of access is made possible via an overwhelming flood of conflicting, confusing and often simply incorrect sources.

People who say that pensions are dead are wrong. People who say that pensions are the future, are also wrong. At least, in the manner that we think we know them today.

What we need now is to be able to empower people to become more aware of their options and to allow them to do that in whatever way they find most engaging.

More than a quarter of people consider opting out of their pension to increase their take home pay. The balance between managing debt, living for today and saving for the future is an incredibly tricky one to get right. And we’re not helped by the simple fact that money is still considered to be a taboo subject here in the UK, unlike many other countries where discussions about wages and savings are commonplace. Visit Australia and people will openly talk about the value of their Superannuation schemes. In Scandinavian countries, it is the norm for everyone’s annual tax returns to be publically published. Not so here in the UK –unless you are one of the BBC’s leading stars.

For well over a decade I have listened to industry experts talk about the importance of communication and engagement without anything actually ever changing. You only need to look at some of the more forward thinking companies and their output to see that we are finally witnessing the start of that long-awaited change. Communications agencies aligning with pension consultancies. Realising that content and language doesn’t have to be stuffy, just because it always has been. Building platforms that focus on the end-user from the very beginning.

PS Aspire strongly believes in this change. We’re working hard to widen the focus from a narrow spotlight on pensions to the far more relevant subject of NEXT GENERATION SAVINGS. Whether you need to engage your millennials with your benefits package, support your team members as they approach retirement or simply think it’s time to try something different – we are here to help.

Don’t get me wrong, do I still wish I was an astronaut? Of course! But for now, it is great to be in a place that is helping to make a difference.



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In the world of pensions, surveys have told us over and over again that when it comes to engaging people with their pension saving we have a long way to go if we are truly going to help them achieve much improved future outcomes.

We recently carried out our own survey, “It’s time to change”, which highlighted some of the obstacles that still undermine a person’s ability to commit sufficient money to improving their future prosperity and security:

- 50% are focused on paying off debts, and 30% regularly use an overdraft
- 88% would prefer £400 now, than £800 in future, and 68% would prefer one luxury holiday today, than two in retirement
- 78% budget short-term (typically, month to month) and only 28% usually stick to their budgets
- For 46%, their biggest fear is not having enough money in retirement
- Only 38% will respond to scare tactic communications on the subject - but 76% will respond to feeling excited about something

These statistics remind us that for many, there are significant competing shorter-term financial priorities that give rise to a more general “present-day bias” when it comes to managing finances (and pensions).

In the FCA’s March 2018 Data Bulletin 8 in 10 people who have a DC pension said they had “not given much thought to how much they should be paying in to maintain a reasonable standard of living” when they eventually leave the workforce.

Equally, for those who have managed to accumulate pension savings, the 2017 Financial Lives Survey highlights a lack of understanding and general confusion about their various retirement income options.

So we are currently dealing with obstacles at both ends of the retirement savings spectrum - and it’s abundantly clear to us that the pensions and savings world needs to change.

The good news is that change to both the period leading up to and through retirement is very much under way and put simply, it’s about focusing on giving people what they tell us they actually want.

For example:

- Make me aware
- Remind me
- Keep me up-to-date
- Proactively educate me
- Guide me in a positive direction
- Suggest how much to contribute
- Help me change for the better

Central to this more interactive experience is a platform that delivers tools and personalised relevant financial content, and can adapt its messaging based on the user's behaviour.

A platform like this needs to:

- Make it easy for individuals to aggregate all their finances and savings information in one place, which is the first step in helping them with their budgeting and day-to-day financial decision-making
- Nudge them towards specific content and tools that are closely aligned to areas they have begun to express an interest in
- Include easy-to-use tools & calculators that help them understand their existing provision and plan more effectively for their future
- Provide communications that simplify day to day financial planning & spending, e.g. highlighting where money might be freed up today to put towards their various short- and long-term spending and savings needs
- Include guided journeys that aid transactions and provide easy access to guidance and, where needed, advice if they need additional help to make choices

The general rule being that NONE of the above is directly linked to any specific product e.g. a pension.

Our MyAspire member communication and engagement platforms have been created to do exactly this. And because we can encourage people to take a more active role themselves, MyAspire is the route by which guidance and advice can be delivered more cost-effectively.

So the pensions and savings world is changing:

- It's about the person, not the process
- Finance, not just a pension
- Creating flexibility, but managing associated risks
- Outcome, not Input
- Access to quality guidance or advice

When it comes to finances and lifetime savings, we need to banish the "one trick pony" (i.e. leading on pensions), by engaging people in a more interactive and meaningful dialogue aimed at helping them manage their respective financial resources more efficiently. That's a very positive message which can only lead to improved outcomes.

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Written by

Alan Emberson
Director of Workplace Solutions



Punter Southall
Aspire



Next

Generation

Thinking

Say Hello

+44 (0)20 3327 5500
sayhello@psaspire.com
www.psaspire.com

Most employees switch off when it comes to workplace savings.

We're switching them back on by inspiring change.

We look different.
We feel different.
And we are different.

Because we think about what's ahead and act on it to make a real difference.

By combining a personal, human touch with modern, efficient technology we're making it simple to connect people with their workplace savings like never before.

Welcome to Punter Southall Aspire.

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