



Workplace Savings

An Isio blog

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Why aren't your employees engaged with their pensions?

A pensions paradox

Who is this for? HR Directors, Finance Directors, Heads of Pensions, Reward and Benefits Managers

We all know that people aren't as engaged with their pensions as they are with, say, football or social media. The Scottish Widows Retirement Report 2019/2020 shows that 49% don't feel they are preparing adequately for retirement. And only 34% of people feel optimistic about it.

Why? Just some of the reasons cited...

"I don't understand my pension"

"Documents are huge – way too much information and choice"

"I have other more pressing (or exciting) financial commitments"

In response pensions providers have gone wild with solutions such as member 'micro-sites', pension apps, and personalised videos. But there still seems to be a 'pensions paradox'.

Member engagement with pensions is low +
We know possible reasons for low engagement +
Pension providers have tried to fix it +

= Member engagement is just as low!

So why does this paradox exist? Simply I believe that while members are given a load of tools, absolutely none of them help them to set their own retirement target. Certainly not one they can ever hope to achieve.

According to the PLSA, 70% of savers say that targets would help them save more. There is no reason why providers along with employers and advisors can't help members to set a retirement target. Take the PLSA's Retirement Living Standards: pitched at three levels this can guide members to target precisely what their retirement could look like (and what it will cost them). Make the target really personal, and member engagement could suddenly look very different.

Does your pension scheme help members to set their own target?

	MINIMUM	MODERATE	COMFORTABLE
SINGLE	£10,200 a year	£20,200 a year	£33,000 a year
WHAT STANDARD OF LIVING COULD YOU HAVE?	Covers all your needs, with some left over for fun	More financial security and flexibility	More financial freedom and some luxuries
HOUSE	DIY maintenance and decorating one room a year.	Some help with maintenance and decorating each year.	Replace kitchen and bathroom every 10/15 years.
FOOD & DRINK	A £38 weekly food shop.	A £46 weekly food shop.	A £56 weekly food shop.
TRANSPORT	No car.	3-year old car replaced every 10 years.	2-year old car replaced every five years.
HOLIDAYS & LEISURE	A week and a long weekend in the UK every year.	2 weeks in Europe and a long weekend in the UK every year.	3 weeks in Europe every year.
CLOTHING & PERSONAL	£460 for clothing and footwear each year.	£750 for clothing and footwear each year.	£1,000 - £1,500 for clothing and footwear each year.
HELPING OTHERS	£10 for each birthday present.	£30 for each birthday present.	£50 for each birthday present.

Source: PLSA Retirement Living Standards

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