



The NEST phrasebook

Clear communication about pensions

Version 3.0



Clear communication is at the heart of everything NEST does.

This phrasebook sets out the words NEST uses to talk about pensions and aims to reduce jargon.

We developed our approach following research with consumers and employers, to help promote clearer language around pensions.

NEST's golden rules of communication

Keep it real

Use examples people can relate to.

Rights not responsibility

Tell people what they're entitled to, not what they should be doing.

Out with the old

Make pensions relevant to peoples' lives today, not a distant future.

One for all

Make it clear auto enrolment is happening to most workers and not just them.

Tell it like it is

Present the facts and let people reach their own conclusions.

Take people as you find them

Communications should fit with people's understanding. New savers might have quite different levels of understanding from each other and from existing scheme members.

Give people control (even if they don't use it).

Tell people about their choices so they feel in control.

Be constructive

Offer solutions to problems where you can, so people see them as something they can put right. People respond well to the idea of being able to make a difference.

NEST words and phrases

These words and phrases will continue to be updated as our understanding of NEST's target audiences grows and as we test our communications with them. Some of the words may be revisited once we have explored a jargon-free approach to pension freedoms.

Here's a quick guide on how to use the phrasebook:

✘ Jargon

These are words and phrases to be avoided. Where we've identified a replacement, this is shown below. Some of these don't have a replacement because our research has shown an alternative is unnecessary.

✔ Clear communication

Words and phrases that NEST is using appear in orange.

📌 Definition

Some terms need to be defined the first time they're used.

For example:

✘ Diversification

✔ **The spread of your money across a range of different investments**

📌 *We don't put all your eggs in one basket.*

A

✘ Accessing retirement savings

✔ Taking your money out of NEST

✘ Accumulation

✔ Building your retirement pot

✔ Annual management charge (AMC)

ⓘ This is a charge taken on the value of the whole of your NEST retirement pot each year. NEST's AMC is 0.3 per cent¹.

✔ Annuity

ⓘ A guaranteed income for the rest of your life, that you can choose to purchase with your pension pot.

✘ Asset allocation

✔ Fund make-up

✘ Asset classes

✔ Different types of investment

✔ Auto enrolment

ⓘ Making a worker who meets certain requirements a member of a qualifying workplace pension scheme without them needing to ask to be enrolled.

¹This figure is subject to change. The charge shown is correct as at February 2016.

B

✘ **Benefit age**

✔ **NEST retirement date**

ⓘ *The date we expect you to start taking your money out of NEST. We automatically match this to the year you'll receive your state pension. If you want to choose your own date you can do this at any time by logging into your online NEST account.*

✘ **Benefit statement**

✔ **Annual statement**

✔ **Bonds**

ⓘ *A loan, usually to a government or company. The borrowed money is paid back at an agreed date with interest.*

C

✘ Capital

✔ The value you've built up in your pension pot

✘ Contribution rate

✔ The amount or percentage you contribute

✘ Crystallisation

✔ Accessing your retirement savings, for example, this could be by taking a cash lump sum

✔ Consolidation phase

ⓘ The last of the three NEST Retirement Date Fund phases. As a member nears their NEST retirement date, we gradually move their retirement pot into investments that best match how they're likely to take their money out of NEST.

✔ Contribution

D

✘ Decumulation

✔ Accessing your retirement pot to provide an income or a cash lump sum

✘ Default contribution

✔ Minimum contribution

ⓘ The law has set minimum amounts an employer must contribute but they can decide to contribute more.

✘ Default fund

✔ NEST Retirement Date Funds

ⓘ Unless you choose another option, your money will be invested in a NEST Retirement Date Fund. The fund selected is based on your State Pension age or the year you reach 65, depending on when you were born.

✘ Defined Benefit

ⓘ A type of pension scheme where you receive a regular income on retirement, determined by your length of service and salary for example.

✘ Defined Contribution

ⓘ A type of pension scheme where the amount you receive at the end depends on how much you put in and how much this money grows.

✘ Diversification

✔ The spread of your money across a range of different investments

ⓘ We don't put all your eggs in one basket.

E

✘ Educated guess

✔ Estimate

✘ Employee

✔ Worker

✔ Employer duties

ⓘ *The Pensions Act 2008 established new duties for UK employers to provide their workers with access to a workplace pension scheme that meets certain legal requirements.*

✘ Enhanced life annuity

✔ A retirement income based on your lifestyle

✔ Enrol

✘ Equities

✔ Shares in companies

✘ Escalating pension

✔ Increasing retirement income

ⓘ *Retirement income which increases each year by an agreed percentage.*

✔ Estate

ⓘ *The value of what a member leaves behind when they die, including property and possessions, less any debts they owe.*

F

- ✗ Fiduciary responsibility
- ✓ Legal duty to act in members' interests

✓ Foundation phase

ⓘ The first of the three NEST Retirement Date Fund phases. This involves less investment risk to help members establish their retirement pots and get used to saving.

✓ Fund

ⓘ A fund is a way to invest money. Depending on what type of fund it is, your money could be invested in property, shares in companies, bonds, or a mixture of different types of financial products.

G

- ✗ Gilts
- ✓ Government bonds

✗ Glide path

✗ GPP

✓ Growth phase

ⓘ The second of the three NEST Retirement Date Fund phases. More investment risk is taken here with the aim of growing the member's retirement pot.

✓ Guarantee period

ⓘ If you buy a retirement income you can select a period of time that the income is guaranteed for. If you die during this time the person you've nominated will receive your retirement income until the end of that period.

I

✔ **Impaired life annuity**

ⓘ *A retirement income based on health*

✔ **Investment**

ⓘ *Where and how we try to grow your money.*

J

✔ **Jobholder**

ⓘ *This is defined in legislation as someone working or who usually works in the UK who is aged between 16 and 74 and earns more than £6,032 each year². A jobholder aged at least 22 but under State Pension age and earning over £10,000 will be automatically enrolled. Other types of workers can ask to be enrolled.*

✘ **Joint annuity**

✔ **Joint retirement income**

ⓘ *A retirement income for your husband, wife, partner or civil partner that continues to be paid after your death*

² These figures apply to the 2018/19 tax year, and will be reviewed every year by the government.

L

✓ **Later life**

ⓘ *At or approaching retirement*

✗ **Level pension**

✓ **Fixed retirement income**

ⓘ *Retirement income which stays the same each year for the rest of your life*

✗ **Lifestyling**

M

✓ **Member**

ⓘ *An individual who has joined NEST and has not yet taken their money out of NEST.*

✓ **Minimum contributions**

ⓘ *The minimum amount that needs to be paid into a member's retirement pot under the employer auto enrolment duties .*

✗ **Money purchase scheme**

✗ **Multi-employer**

N

✔ NEST Corporation

ⓘ *NEST Corporation is the Trustee of NEST. One of its legal responsibilities is to make sure members' money is looked after properly.*

✘ Normal benefit age

✔ NEST retirement date

ⓘ *The age we expect you to start taking your money out of NEST.*

✔ Nominated beneficiary

ⓘ *The person, people or organisations you want to leave your retirement pot to should you die before taking your money out of NEST.*

O

✘ Open market option (OMO)

✔ Shopping around for a retirement income

✔ Opt in

✔ Opt out

P

✔ Pension

ⓘ A regular income paid to you from a pension scheme or an annuity.

✘ Pension commencement lump sum

✔ Cash lump sum taken when you get a retirement income

✔ Pension provider

✔ Pension scheme

Q

✔ Qualifying earnings

ⓘ Qualifying earnings are total gross earnings that fall within a band set by the government, and qualify for minimum contributions under the employer duties. For the 2018/19 tax year this is between £6,032 and £46,350 a year³.

✔ Qualifying pension scheme

ⓘ A pension scheme that meets certain legal standards.

³ These figures apply to the 2018/19 tax year, and will be reviewed every year by the government.

R

✔ Re-enrolment

ⓘ Around every three years, employers need to re-enrol workers who are eligible for auto enrolment but aren't in a qualifying scheme. This includes workers who've previously stopped making contributions, or those that opted out, without having since opted back in.

✘ Retirement projection

✔ Estimate of your future retirement savings and the income they could buy

✔ Risk and return

ⓘ The more investment risk you're prepared to take, the higher the chances of both reward and loss. Investing in things like the stock market is generally considered to give better opportunities to grow your money and make sure your retirement pot keeps up with inflation. However it can also mean a higher chance of losing money.

S

✔ Scheme

✔ Shares

✔ Stakeholder pension scheme

✔ State Pension

ⓘ *This is the amount of money you will receive from the government when you reach State Pension age.*

✔ State Pension age

ⓘ *This is the age when people normally start getting their State Pension.*

✔ Stocks

✔ Stock market

✘ Single life annuity

✔ Individual retirement income

T

✘ Target date fund

✔ NEST Retirement Date Fund

ⓘ Your individual fund will be called your NEST [year] Retirement Fund. The fund your money will be invested in corresponds with your expected retirement date.

✔ Tax relief

ⓘ If you're eligible, NEST can claim tax relief on your contributions from the government and add it to your pot.

✔ Today's money

ⓘ The value of money today in relation to the price of goods and services.

✔ Transfer in

✔ Transfer out

✔ Trustee

ⓘ The Trustee of NEST is NEST Corporation. NEST Corporation has a number of legal duties, including making sure that the scheme is run in the interests of its members.

✘ Trivial commutation

✔ Taking your retirement pot as cash

✔ Trust-based scheme

ⓘ We run the scheme in the interests of our members, the people who are saving for their future with us.

U

- ✗ Uncrystallised funds pension lump sum (UFPLS)
 - ✓ Cash lump sum used to take all or part of your retirement pot without buying a retirement income.
-

✓ Unit

- ⓘ All funds are divided into smaller parts called units. When you make contributions to your NEST retirement pot these are used to buy units in that particular fund.
-

✓ Unit price

- ⓘ This is how much each unit is worth from day to day. Units are priced daily so if you have 10 units worth £10 each on the day they're sold, they'll be worth £100 in total.

V

- ✗ Vesting

W

✓ Worker

- ⓘ A person who works under a contract of employment or any other contract which requires them to work for an employer.

Words in action

This section shows how the words and phrases are likely to be used in context.

Each section shows an example sentence using existing terminology followed by an example of the way NEST would say the same thing, based on our research.


What type of pension scheme is NEST?

Example

It's an investment vehicle that allows you to accumulate a fund for use as a pension.

How NEST would say this

It's a way of building up a retirement pot for later life.



'Communicating with the public should not be with jargon, not written by those who have a lifetime working in the industry.'

Employer, stage two research

About NEST

Example

An automatically enrolled employee can opt out.

How NEST would say this

Workers who have been automatically enrolled into NEST can choose to opt out.

Employer contributions

Example

You will have to pay default contributions but you can pay additional contributions.

How NEST would say this

The law sets the minimum amounts you must contribute. You also have the choice of contributing more if you want.



Understanding our research

An overview of our evidence-based approach


Our research told us that existing pensions language can be a barrier to understanding.

Rather than encouraging people to save for their retirement, some traditional pensions words and phrases can confuse and alienate them.

Research also showed that members, employers and advisers would welcome easy to understand communications from NEST. This suggested that removing jargon and using everyday words and phrases would be important to the success of NEST.

This work, as well as findings from our public consultations on designing NEST, led to a research project to identify our vocabulary.

This research took place in 2009 and 2010. We're currently in the process of exploring new terms that have emerged following the introduction of pension freedoms.



'The more complex things are the more people worry about them...you need it in layman's terms really.'

Lower income worker,
stage one research

The research we conducted in 2009 and 2010 had three stages. These used a mix of one-to-one in-depth interviews and focus groups in regional centres across the UK including Manchester, Bristol, Reading, Birmingham, Edinburgh, Belfast and Bridgend.

Participants included workers from large, medium and small organisations, who were aged between 22 and 65 and earning between £5,000 and £35,000 a year. We also researched employers from different sized organisations both with and without pension provision.

We explored key words and phrases that were either commonly used across the pensions industry or specific to NEST.



Stage one

The first part of the project had five key elements.

- A literature review exercise and audit of UK-based pension providers, international markets, financial services advisers, plain English organisations and other industry sources. This reviewed research, advice and best practice relating to language and financial services and pensions.
- Workshops with us to identify which words and concepts we wanted to take into testing.
- Developing two narratives, one for employers and one for workers, that included these terms within descriptive text.
- Reviewing the narratives with an invited group of external stakeholders, including journalists, pensions organisations and bodies representative of our audiences.
- Working with an appointed research agency to take the revised narratives into qualitative research.

Our findings from
Stage one

Stage one started to identify some best practice principles when it came to the words and phrases NEST should use.

This stage included:

- keep it simple but don't patronise
- be open and honest and don't baffle with jargon
- use clear signposting and explain any next steps
- provide step-by-step instructions where possible.

Stage one also told us how we could group words into four categories:

simple terms – terms that were fit for use as they were

define and go – terms that needed defining once before being understood

difficult words – words that either needed further work on them to convey the right meaning or would need replacing

needs changing – words that audiences felt were unnecessary jargon.

Stages two and three

The second and third stages of the project involved qualitative research through a series of mini focus groups and in-depth interviews with workers and employers.

We focused on terms and concepts that either needed more testing or were being tested for the first time.

Both stages included:

- deciding which terms should go forward into further research. Some terms were carried forward from the previous stage, others were added as a result of the learnings
- drafting explanations and definitions for each term.

Each term was tested in the following ways:

- in isolation so that they were shown alone and unexplained to respondents
- in context with a definition of the term
- using an explanation that didn't include the term itself
- where appropriate, using different words and words with similar meanings.

Our findings from
**Stages two
and three**

In stages two and three we built on the findings from stage one and identified:

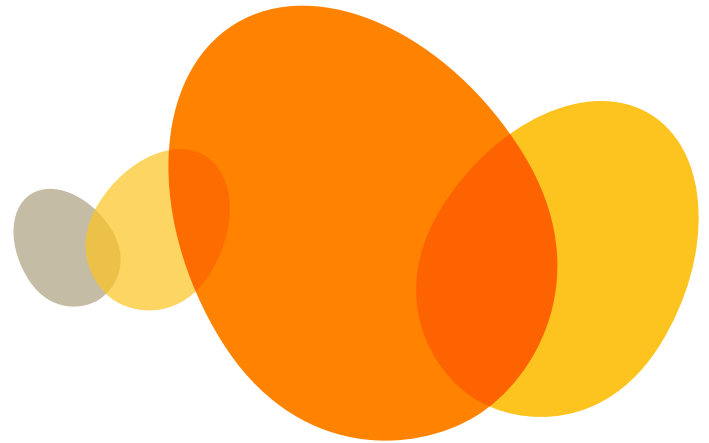
- terms that can be used as they are, without change or explanation
- terms that can be used but require a definition when they first appear within a piece of communication
- terms that should be avoided
- terms that should not be used but need to be replaced with an alternative.

This prompted the table of words and phrases that starts on page 4. Throughout we identify words as jargon, clear communication or terms that require a definition:

✘ Jargon ✔ Clear communication ⓘ Definition



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Visit our website
www.nestpensions.org.uk

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