



nest

Golden rules of communication

Talking about pensions with
a new generation of savers

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Every employer in the UK has to provide a suitable workplace pension scheme and automatically enrol many of their workers.

Workplace pensions have gone from being for a minority of workers to being for the majority as part of all employers' legal duties.

These savers may be automatically enrolled or, if they're not eligible for auto enrolment, they may be able to choose to become members of a pension scheme. The challenge we face is to help them understand what's happening and what it means for them.

Nest spent a lot of time getting to know the savers affected by the pensions reform. This has helped us to develop some principles for communicating with them.

We came up with eight golden rules for talking about pensions in the context of the workplace pension reforms and auto enrolment.

Where do the rules come from?

Nest's golden rules of communication come from research.

Both Nest and our predecessor PADA carried out a great deal of research between 2009 and 2012 to understand how people view retirement savings.

We researched a representative group of UK workers who are eligible for auto enrolment and not already members of a qualifying pension scheme. We refer to them as the 'target group'. Our aim was to find out how people think and feel about their money and how they'd prefer ideas like pensions and auto enrolment to be explained to them.

We analysed this research together with other published reports from organisations including the Department for Work and Pensions (DWP). This gave us the golden rules. You can find more details about the research that helped us develop these rules on page 24.

Who are the rules for?

We use the golden rules at Nest but they're not just for us. They're relevant to anyone communicating with the generation of savers who have joined a workplace pension scheme through auto enrolment.

If you've got anything you'd like to tell us about the golden rules we'd like to hear from you.

You can contact us at

media@nestcorporation.org.uk

I Keep it real

Pensions communications should be as practical as possible and use examples people can relate to. Theoretical concepts are harder to grasp and should be avoided.

What's behind the rule?

Nest's research shows that people respond well to familiar descriptions of what they need to save. This means using examples of everyday shopping items, goods or services. We've also found that the target group prefers contributions to be expressed in pounds and pence rather than percentages.

Real examples help people understand what saving means for them in practice. For example, they help us illustrate how much money someone could get in contributions from employers and from tax relief. Using people they'll identify with also works much better than anything invented or exaggerated compared to their life experiences.

Putting it into practice

You can see this rule in use throughout Nest's website nestpensions.org.uk

2 Rights not responsibility

People respond more positively to language that focuses on their entitlements rather than what they ought to be doing.

What's behind the rule?

Nest's research looked at messages that emphasise obligations to save for the future. These were received poorly and were often seen as threatening.

The target group tends to respond more positively to messages stressing what they're entitled to rather than what's good for them. People react well to messages that suggest they can take advantage of what's on offer.

Putting it into practice

An example of where we've applied this rule is in the opt-out screens on our transactional website. Members are free to exercise their right to opt out but they're reminded that doing so means losing out on employer contributions that are there for the taking.

3 Out with the old

Communications about the advantages of being in a pension scheme shouldn't focus on the details of retirement. It's not an idea people like to think about. Many feel it's too far away to be relevant to them.

That means it's important to engage with people as they are now and bring messages about pensions into their current working lives.

What's behind the rule?

Our research suggests that people often don't like projecting themselves into old age and can be worried by the idea of ageing. The challenge is to motivate them to think about the future without concerns about growing old getting in the way. One way to do this is to discuss the future in more general terms and not focus on specific issues that may worry people.

While references to the future might encourage increased saving, a focus on old age makes people uncomfortable and can prevent them from taking an initial interest in pensions.

Putting it into practice

This rule is put into practice across our image library and our case studies. While the images we use represent a broad cross-section of our membership they're designed to engage with individuals as they are now.

4 One for all

Those people who have been affected by pension reform and auto enrolment take comfort in numbers. They like to know that what's happening to them is also happening to lots of other people.

For communications that means reassuring people that they're part of a group of people affected by the changes. People are less keen to think of themselves as a special case even though they can feel strongly about being an individual.

What's behind the rule?

DWP research suggests that knowing auto enrolment has happened to lots of people, and is official, helps people to view it as legitimate and understand it's something their employer has to do.

Nest research shows that while people don't respond well to assumptions about their lives and circumstances, they do feel safer knowing they're part of something larger.

Putting it into practice

This rule is applied throughout our website and our approach to describing Nest and pensions. For example we make it clear in annual statements, and when we discuss Nest Retirement Date Funds, that they're designed to help lots of people in a similar position, while being careful not to make sweeping statements.

5 Tell it like it is

We should present the facts and let people reach their own conclusions.

People don't want pensions information to be dressed up. They want information expressed in plain language so they can form any value judgements for themselves.

What's behind the rule?

DWP research suggested that people would react to auto enrolment with a wide range of responses. These varied from relief that it's taken care of retirement saving for them to anger at what they potentially saw as manipulation.

That's why it's essential to be transparent in the way we communicate. This covers everything from being clear about charges to using everyday language in place of complicated technical terms.

Putting it into practice

You can see this rule at work in our clear breakdowns of how charges work. It's also visible in the straightforward naming of funds. For example, we have a 'NEST Higher Risk Fund' rather than 'Higher Growth'.

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

We know that the people in our target group like to feel in control, even if they choose not to exercise it. For example, the message that people can opt out works much better if it's delivered sooner in the enrolment process rather than later.

What's behind the rule?

Nest's research has found that telling people everything will be taken care of isn't well received by the target group. Showing people how they can exercise control over their pension if they want to works better than saying it's all done for them.

DWP's research shows that auto enrolment can make people angry if they feel that someone is trying to take their choices away. If opt-out isn't mentioned up front then people can think that this choice is being intentionally hidden. People want someone to help them, but could have a knee-jerk reaction and opt out if they feel they're not in control.

Putting it into practice

Our online accounts give members all the tools and information they need to take as much control of their retirement savings as they're comfortable with. Members can switch into a different fund choice, change the amount they pay in or choose a new date to take their money out of Nest. But if they want to they can make no choices at all and still be confident that they're saving for their future.

7 Take people as you find them

Communications should be designed to fit with where people are in their understanding. New savers might have quite different levels of understanding from each other and from existing scheme members.

What's behind the rule?

When people join a workplace pension scheme they'll already have an established level of knowledge about pensions. Perceptions may change as they learn more about pensions, but Nest's research on reactions to volatility and loss showed quite low levels of understanding among the target group. While some people had a more solid grasp of these concepts, it wasn't typical.

Savers still want to understand what happens to their money however difficult they find pensions. The difference is some will want more detail while others will be happy with the headlines. We need to work with this variation rather than try to push people into developing their knowledge further if they're not interested in doing so.

For this reason communications should cater for all appetites and keep up with where people are.

Putting it into practice

This rule is used throughout *Welcome to Nest*. We assume a low level of knowledge to introduce pension savings and provide direction for members who want more detail. Key messages are also included on our website landing pages with links out to more detailed pages and additional PDFs for those who want to delve deeper.

8 Be constructive

People who are likely to be affected by pension reform and auto enrolment often want to see any problems as something they can put right.

What's behind the rule?

Research from Nest and DWP shows that people respond well to the idea of being able to make a difference to their future. Even when they have worries about how financially prepared they are for retirement, they want to focus on what can be done about it and how they can be helped. They like to know that there's something they can do about it.

Communications should emphasise the constructive aspects of saving in a pension scheme. While people might feel regret or even failure for not yet making enough provision for their future, messages that are seen as trying to scare people into saving or stress the negative side of not having saved are not so well received.

Putting it into practice

When we talk to potential members about auto enrolment, we emphasise that pension reform is a chance to save for their future. We'll remind them that life doesn't dramatically change in retirement. They'll still want to do more or less the same things they do today so we show them that pensions saving is a way of achieving that.

Background and research

We've conducted an extensive programme of research into what people want and need from a workplace pension scheme.

Research into financial capability suggests that many in the general population are skilled at balancing a household budget. However, this skill doesn't seem to translate to more complicated financial decisions like deciding whether to save in a pension scheme.

Put simply many people aren't experts on pensions. They don't want to be patronised or talked down to but they want and need information in words they understand with unfamiliar concepts explained in simple language.

Why communication matters

Pension reform and auto enrolment in particular is largely based on the premise that inertia will result in people continuing to contribute to a pension scheme. But that doesn't mean pension providers can get away with not communicating.

Research shows that many of these new savers tend to misunderstand pensions and investment, and the concepts behind them. However, it also shows us that many of these people are affected by the information they receive. The way in which they're introduced to the idea of auto enrolment and pension saving may strongly influence whether or not they choose to remain in a workplace pension scheme.

The research supporting the rules

The research underpinning our golden rules is mainly qualitative. It aims to uncover how people may relate to a new concept like auto enrolment into a pension scheme.

The research was conducted with private and voluntary sector members of the target group for auto enrolment.

Overall we've spoken to about 540 target group members either in focus groups or through in-depth interviews. We've also used the findings of a 1,874 person quantitative survey intended to help us understand financial behaviours and attitudes in the target group.

The research that led to our eight golden rules includes exploratory work we've conducted for the following:

- the development of our brand and product features
- *The Nest phrasebook*
- Nest's investment proposition
- research to support Nest's approach to retirement income choices
- research to support Nest's member communications.

This research has informed Nest's product design and investment strategy as well as our communications.

While not every piece of research directly supports every rule, together they reflect the insights that came out of our research work. Throughout an extensive review of all the published evidence, we've seen no research that directly contradicts the golden rules.

Finally, the rules also take into account research conducted and published by DWP to examine how best to approach the issue of auto enrolment.

The target group

Most of Nest's research used for the eight golden rules was conducted with the target group. This is part of a larger group of individuals known as the eligible group. This in turn is a subset of the UK labour market.

The target group for the reforms is made up of those individuals who meet the eligibility criteria and are not already members of a qualifying pension scheme. That's a scheme that meets the requirements of the Pensions Act 2008.

To be eligible for auto enrolment, individuals must be:

- aged at least 22 and under State Pension age
- working or ordinarily working in the UK
- earning at least £10,000 per year for the tax year 2019/20 from a single job.

A more in-depth explanation of the target group is available from our website nestpensions.org.uk

Nest Corporation
10 South Colonnade
Canary Wharf
London
E14 4PU



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