

## When, What and How: can pension providers communicate with customers better?

### Event Report: Pension Freedoms: Are we Building Relationships with Clients?

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By Jennifer Evans, Consultant, Linstock Communications

*'I've got a challenge for you.*

*Say something about the recent pension freedoms that hasn't been said already.'*

*That was the challenge set by Gregg McClymont, Head of Retirement at Aberdeen Asset Management, as Chair of a recent Financial Services Forum event on communicating with customers about pensions.*

*The changes to pensions rules have been a subject of almost constant discussion among financial services providers for the past three years, which made Gregg's challenge a tough one. But the panellists achieved it.*

The panel for 'Pension Freedoms: Are we Building Relationships with Clients?' included David Dunn, founder of [makinseofyourretirement.com](http://makinseofyourretirement.com); Jacqui Bateson, Senior Proposition Manager at Skipton Building Society and John Lawson, Head of Financial Services at Aviva. David Dunn expanded on Gregg McClymont's challenge nicely, by defining three key questions pension providers need to consider: when, what and how do they communicate to customers? Much of the discussion grappled with these three crucial issues.

### When to communicate

The view from the first speaker David Dunn was that traditionally, people start thinking about what to do with their pensions when they get close to state pension age. Dunn gave the classic example of someone in their early sixties, stuck in a boring meeting, dreaming of being on a beach somewhere, as a trigger for beginning to think about retiring. But, rather than seeing retirement as an immediate process, twiddling thumbs in a meeting one day and drinking cocktails the next, all speakers pointed to the fact that people are now retiring gradually. With people living longer and the option to draw down on their pension pot from 55, there's a lot more to consider than a simple end date to working life.

This gradual retirement trend impacts heavily on when pension providers should be communicating with customers. John Lawson at Aviva said that the typical approach has been to communicate with customers six months out from reaching retirement age and then again 13 weeks out. But the feeling among all three was that this is too late to start the process.

Indeed, Jacqui Bateson pointed to a Skipton survey which revealed that 60% of retirees regretted not saving enough for their retirement. The view was that pension freedoms have introduced an urgent need for providers to be talking to customers about retirement much earlier. Otherwise, retirees face being left without the facts necessary to make informed decisions when the time comes.

### What to communicate

John Lawson shared his experience of sending out standard in depth information in an email to all customers. He found it worked well if the mail-outs used the right subject area to engage their audience. The challenge, according to Lawson, is finding that subject area which will grab the recipient's attention. The discussion also explored the value of more personalised content, using customer data to help identify the topics which would be of most interest to particular groups to encourage them to engage with the content more.

Jacqui Bateson said Skipton profile what kind of pensions savers customers are, in order to help those customers make the best retirement decisions. Bateson described Skipton's rating scale as using six animal profiles, to help customers identify how their current savings habits would impact on their pension.

Using this sort of interactive content, Bateson said, could be a way to help people identify where they can make positive changes that change their overall profile, setting achievable goals and nudging them into slightly improving their savings habits.

## How to communicate

Although mail-outs are a way to reach mass audiences quickly, all panellists agreed providers should also consider additional methods of engagement with customers. Jacqui Bateson said that although many of Skipton's customers still like to receive in-depth brochures about their pensions, but that 30% of their communications are currently digital and this percentage is increasing.

John Lawson referenced the 'My Aviva' app, which has four million users. The app enables soft marketing with options for all types of financial products displayed at the top of the page. This means that when people are thinking about car insurance or mortgages they can also be triggered to think about their pensions savings. Skipton also get high levels of engagement on their Facebook page. With Facebook usage increasing across all demographics panellists agreed that Facebook and other social media will be an increasingly useful way of engaging people to think about their pensions.

## So, what does this mean for pension providers?

To quote David Dunn: "If your objective is to build an end-to-end, non-advised process, your challenge becomes to engage and motivate someone to act."

Here are some of the key lessons from the event.

- Communicate with customers earlier. As retirement becomes more gradual, it's never too soon to get people thinking about what they'll do with their pensions.
- Personalise communications. Although mass market, generic emails can help to provide updates on important changes in policy. Customers want to understand what rule changes will mean to them and their own circumstances.
- Choose the right method to communicate. Customers might appreciate hard copy brochures on their pensions now, but it's important to consider how demographic changes will impact on how people wish to receive content.

What struck me at the event is how much attention is going into evolving and improving the ways in which we communicate with customers on pensions and retirement issues. It makes sense.

Recent changes are still fresh in many customers' minds, and there is the possibility of more changes by the next Government. I'd argue it's never been more important to get the message, the medium and the messenger right when communicating with customers, to help them make informed retirement decisions.

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### The Financial Services Forum

[www.theforum.co.uk](http://www.theforum.co.uk)

0207 449 9000

### Linstock Communications

Jennifer Evans: [Jennifer@linstockcommunications.com](mailto:Jennifer@linstockcommunications.com)

<http://www.linstockcommunications.com/>

020 7089 2080

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