THE PRE-PENSION POPULATION IS AFRAID...

VERY AFRA!D

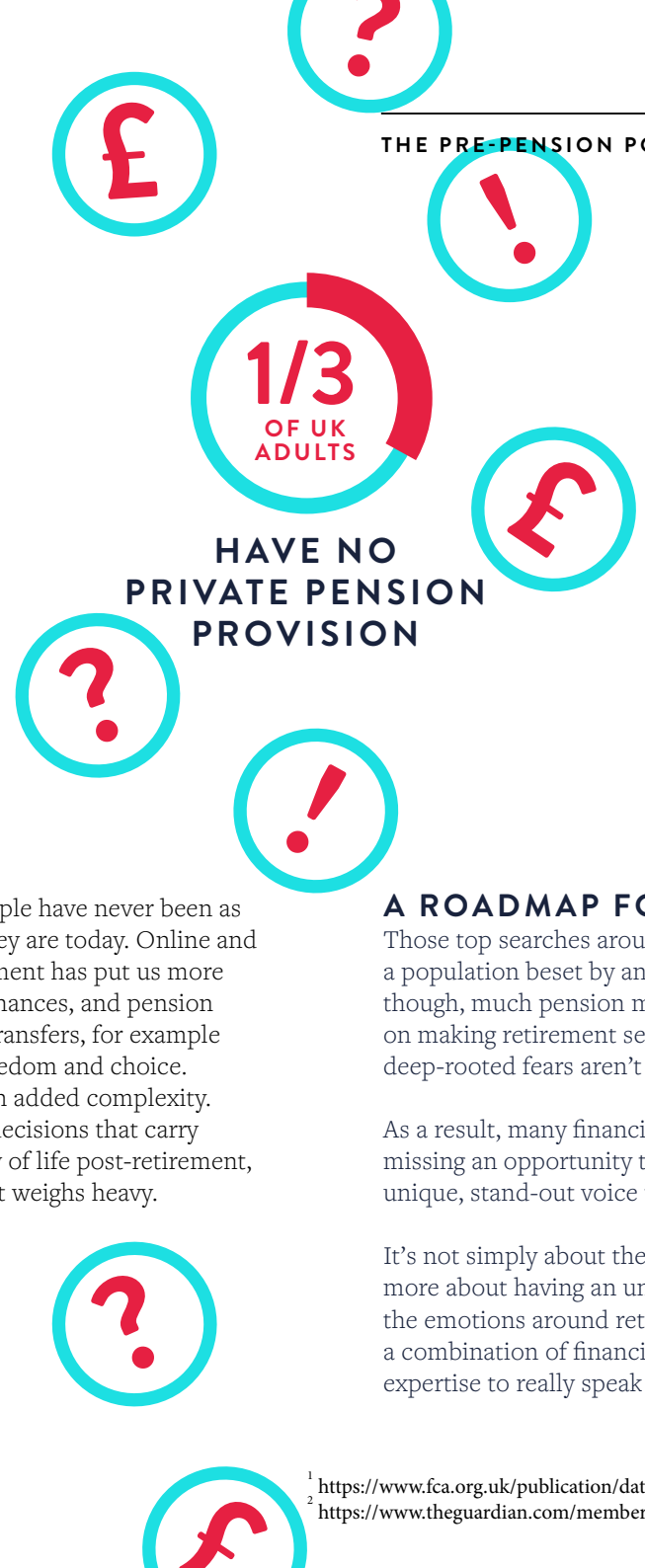
“FINDING A NEW VOICE FOR FINANCIAL COMMUNICATION”

In 2017, people globally made 3.5 billion searches on Google. Very few of those searches were on the topic of pensions and retirement. The word ‘retirement’ earned a Google search popularity score of just three in 2017, 100 being the peak of popularity. People just aren’t talking about pensions – and when they do, they’re asking questions that are either routed in fear or aren’t being answered.

The most ‘popular’ questions regarding retirement make for gloomy reading. **Can retirement kill you or cause dementia? Does retirement cause depression? Can pension funds go bust? Will the state pension be abolished? And, heartbreakingly, is retirement bad for marriage?**

What does this tell us about the pension investors we’re aiming to reach? And what are the implications for the way we talk to them?

EDITIONS
FINANCIAL



It could be argued that people have never been as financially connected as they are today. Online and app-based money management has put us more directly in control of our finances, and pension changes – drawdown and transfers, for example – have created financial freedom and choice. Choice, though, comes with added complexity. People now have to make decisions that carry greater risk for their quality of life post-retirement, and it's a responsibility that weighs heavy.

A ROADMAP FOR MARKETING

Those top searches around pensions reveal a population beset by anxiety. Bizarrely, though, much pension marketing is so bent on making retirement seem easy that these deep-rooted fears aren't being addressed.

As a result, many financial services firms are missing an opportunity to talk directly, and with a unique, stand-out voice to their potential clients.

It's not simply about the finances, but more about having an understanding of the emotions around retirement. It takes a combination of financial and lifestyle expertise to really speak to these fears.

THREE SEGMENTS

ONE PENSIONS GAP

Almost one-third of UK adults have no private pension provision and will have to rely entirely on the state in their retirement.[1] And even for those with some plan in place, the UK's targeted 8% pension contribution won't be enough. Industry experts believe half the UK workforce is facing a retirement income gap. A further 6% won't even meet minimum-income standards.[2]

Dig deeper into the statistics and forecasts and you start to see the pre-pension population is not a homogeneous whole. There are distinct sub-groups, each with its own set of motivations, financial challenges and priorities. There are overlaps, of course, but these segments are looking for answers specific to their needs and concerns.

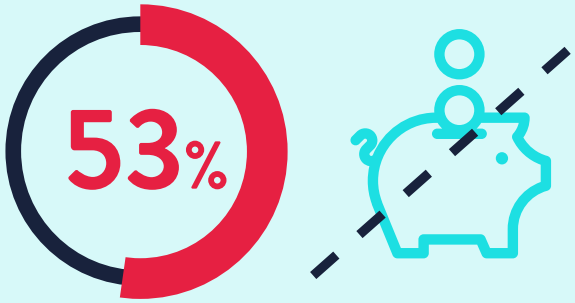
[1] https://www.fca.org.uk/publication/data/data-bulletin-issue-12.pdf
[2] https://www.theguardian.com/membership/2017/jan/23/saving-retirement-pension-generation-old-age

1.

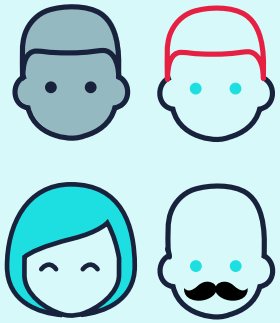
TOO YOUNG TO WORRY?

Those in their 20s and 30s are particularly vulnerable. They have missed the boat for good, final-salary pensions and they can no longer put off saving for their retirement. Nearly four million workers, many aged in their 20s and 30s, are saving at only the minimum rates and four in ten millennials have no pension provision at all.[3]

The biggest challenge for people of working age is bridging the gap between where they are now and the amount they need for retirement. Pension advisers say young people should be putting away as much as 12% of their salary for a comfortable retirement.



of those in their 20s say they just can't afford to save.

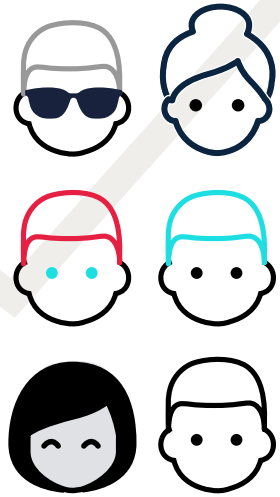


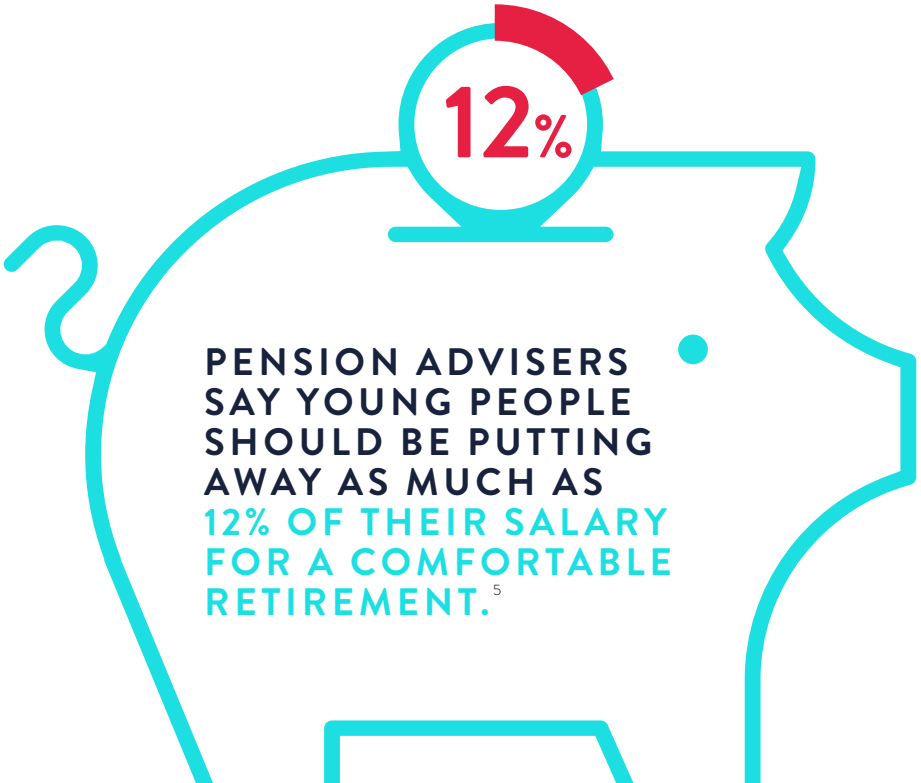
FOUR IN TEN MILLENNIALS

HAVE NO PENSION PROVISION

A 30-year-old earning the UK average salary of £27,271 a year and putting in the minimum 1% to their workplace pension, matched by their employer, would have less than £10,000 a year in retirement.

Retirement may seem a long way off to younger people, but they're not immune to the worry of saving for the long term. Despite the dangers of pensioner poverty, half of those in their 20s (53%) say they just can't afford to save.[4]





PENSION ADVISERS SAY YOUNG PEOPLE SHOULD BE PUTTING AWAY AS MUCH AS 12% OF THEIR SALARY FOR A COMFORTABLE RETIREMENT.[5]

3. http://www.independent.co.uk/news/business/news/pensions-millennials-provisions-4-in-10-no-savings-retirement-pot-fund-debt-yougov-study-a7798826.html
4. Scottish Widows: http://reference.scottishwidows.co.uk/docs/2017-06-Adequate-Savings.pdf
5. https://www.theguardian.com/money/2013/dec/14/pension-advice-save-early-big

2.

A MID-LIFE CRISIS?

Workers aged 35 to 54 are set for the worst pension shocks. The anxiety – even for those who may already have some retirement funds – is that they simply won't have enough to live on or to support the lifestyle they'd like when they stop working.

SOMEONE STARTING A PENSION FUND AT THE AGE OF 40 WOULD NEED TO SAVE £338 A MONTH.

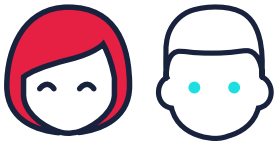
AT 50, THAT RISES DRAMATICALLY TO £633 A MONTH[6]

Half of workers aged 40 to 64 say they won't have saved enough for retirement. One-third of these people expect this to mean they'll have to carry on working full-time into their late 60s.[7]

To fund a comfortable retirement, someone starting a pension fund at the age of 40 would need to save £338 a month. At 50, that rises dramatically to £633 a month. Despite this, people aged between 45 and 54 spend more time planning holidays than organising their pensions.[8]

When we analyse the statistics more deeply, specific issues come to light that suggest very focused directions for communication and marketing, especially through well-tailored content. Firstly, over-40s underestimate their cost of living in retirement by half. Secondly, renters aged 50 and over are not saving nearly enough to cover their rental costs in retirement. And thirdly, women accumulate an average of only £56,000 in their pension funds by the age of 50, compared with £112,000 saved by men. [9]

PEOPLE AGED BETWEEN 45 AND 54 spend more time planning holidays than organising their pensions



Pension funds accumulated by the age of 50

[6] http://www.independent.co.uk/money/spend-save/pension-guide-tips-how-to-save-enough-retirement-pot-income-a7714806.html
[7] https://www.professionalpensions.com/professional-pensions/news/3019991/half-of-workers-fear-retirement-shortfall-prompting-calls-for-career-mot
[8] http://www.thisismoney.co.uk/money/pensions/article-3961406/Middle-aged-savers-face-hardest-road-decent-pension.html
[9] https://www.professionaladviser.com/professional-adviser/news/3025669/gender-gap-women-end-up-with-half-the-pension-of-men-by-age-50

3.

people would like to start a business after the age of 60

READY TO RETIRE?

People in their late 50s and 60s are, of course, either close to retirement or certainly thinking more about their income in relation to cutting their hours. Although people retiring in 2018 have the highest income expectations in a decade, the stark contrast is that 2018's retirees have an average debt of nearly £34,000.[11]

While people retiring this year can expect an average income of just under £20,000 a year – a 10% rise on 2017 – this won't be enough for many who had hoped for a carefree retirement.

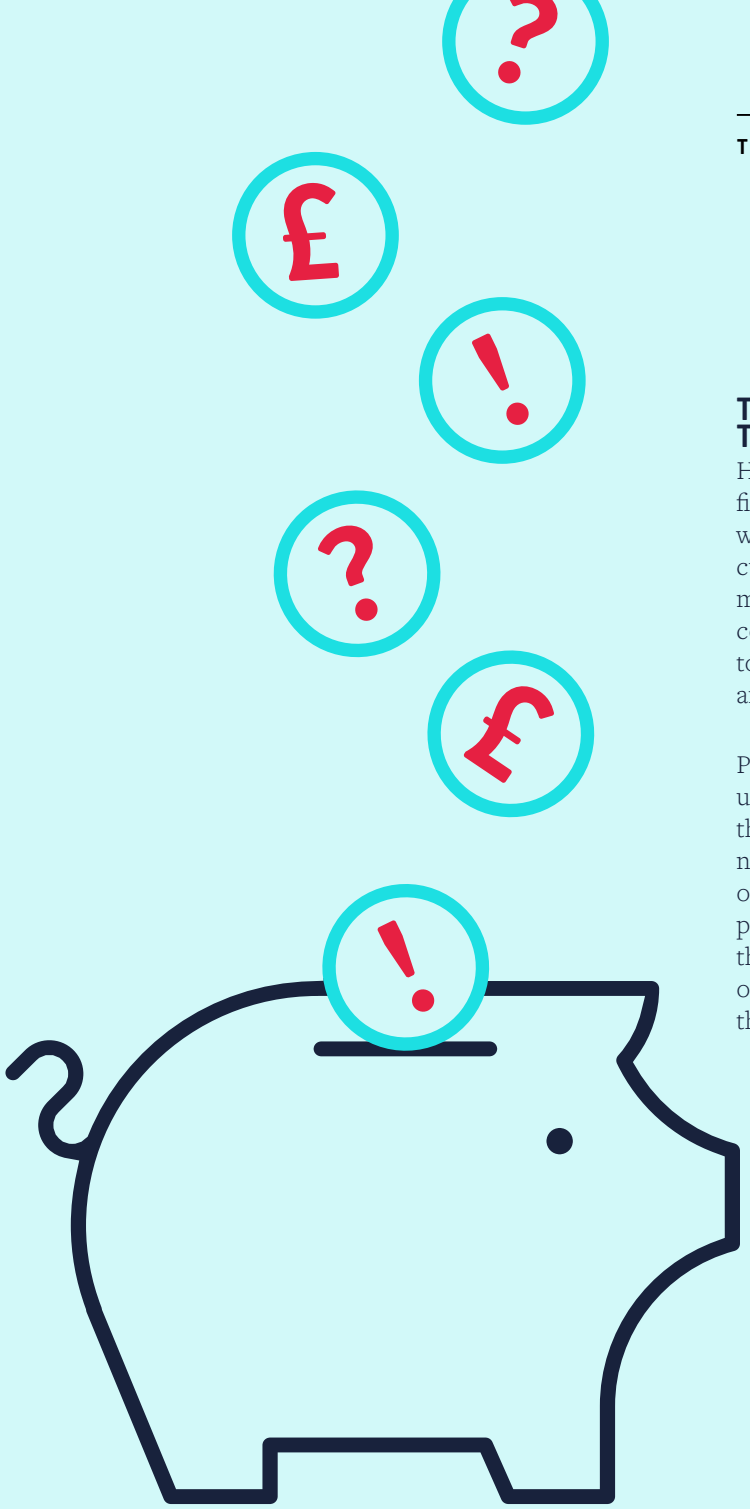
For those who reach State Pension age after April 6, 2016, new rules mean their pension will increase by 1% for every nine weeks they defer. This incentive may influence many to put off retirement, especially given real concerns that a pension won't be enough to live on, let alone fund ambitions for later life.

PEOPLE RETIRING THIS YEAR CAN EXPECT AN AVERAGE INCOME OF JUST UNDER £20,000 A YEAR[10]

Not everyone wants to think about winding down at this stage of life. In fact, one in five people would like to start a business after the age of 60.[12] So, a 50-year-old, rather than planning for full retirement in 10 or 15 years' time, may now have many more years ahead to build a pension.

It's not surprising, then, that financial decisions at this point become more directly bound up in an increasingly acute awareness of the implications for lifestyle. There may be compromises to make.

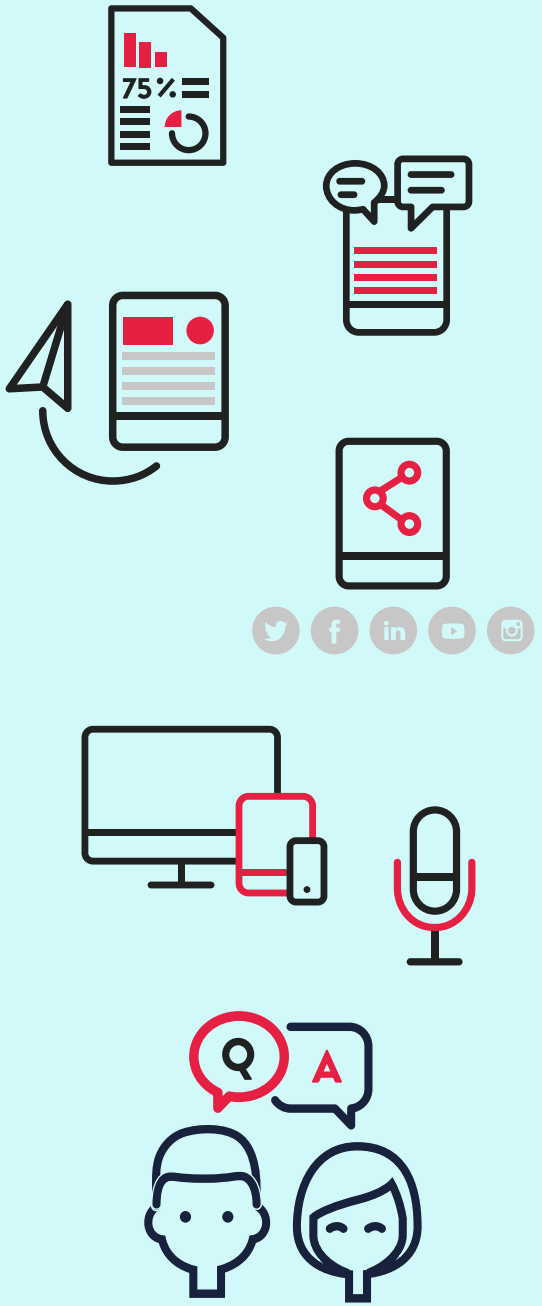
[10] http://www.thisismoney.co.uk/money/pensions/article-5262331/Retirees-2018-enjoy-average-annual-income-19-900.html
[11] https://moneyfacts.co.uk/news/retirement/average-33900-debt-among-retirees/
[12] https://www.aviva.co.uk/retirement/news-views/report/starting-a-business-after-60/



THE PENSION GAP – THE COMMUNICATION GAP

How do we help potential customers through both the financial complexities and the lifestyle choices? How do we attract their attention and address their fears? There's currently a gap between financial companies that focus mainly on lifestyle content and those that base their communications around the product. Bringing the two together creates a clearer journey for potential customers and a real opportunity to stand out from competitors.

Part of this differentiation comes from a deeper understanding of the motivations and anxieties of the customer. And part comes from recognising the needs of each age group and choosing a combination of content formats and channels to reach and engage people. Content is no longer just long-form articles that perform well in searches – it's a well-tuned mix of motion graphics, infographics, video and imagery that's visually engaging online and in social media.



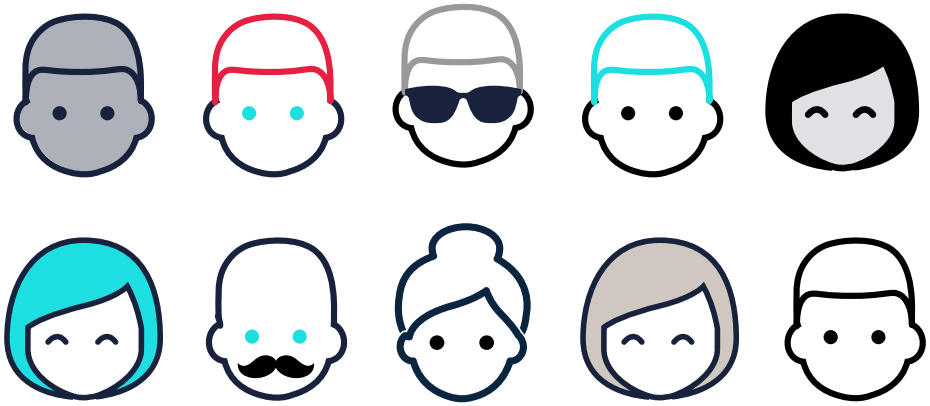
READY TO TALK?

WHO WE ARE

Editions Financial is the UK's only content marketing agency dedicated to finance. For 20 years, we've produced content for the world's leading financial services organisations, helping marketers provide the right messages to the right audiences at the right time. In the past four years alone, we've successfully created more than 3,000 content projects for leading global financial brands.

WE CAN HELP YOU

Brands that pay the closest attention to the details of how pre-retirees think and feel about their finances are those in the best position to benefit from their value. If you're looking for insight-rich, purpose-led, high-impact content that gets results, now is the time to get in touch with us.



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