



## “PENSIONS – ARE THEY WORTH IT..?”

■ Pension and benefit provision – does your workforce understand theirs?

■ Are your staff engaged with your pension and employee benefits programme?

■ Do you communicate with your employees about their pension saving and options?

■ Do you do this using clear, simple and jargon-free material?

■ Are your employees getting the most from their pension & benefits programme, maximising *your* return on the investment that you are making in them?

This was the question posed to my colleague and me the other day.

Picture the scene: a mostly empty table in the corner of a very busy bar near King’s Cross Station in London; a lone 40-year old is sitting nursing a beer whilst waiting for his train; he offers a couple of spare chairs at this table for my colleague and I to sit at and a chance conversation takes place.

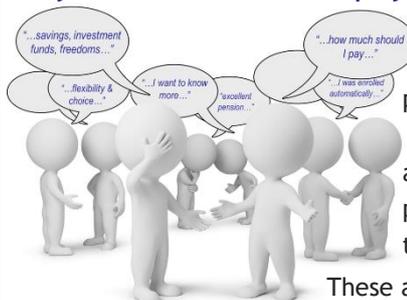
“So, what do you do?” enquires my colleague. “I’m in executive recruitment,” replies the chap. “How about you two?” “We’re in corporate pensions,” I say, to which the chap poses his question.

Well, such a question, posed almost as a rhetorical statement to a couple of pension geeks is too good to go without answering and boy, did we give the poor guy an answer!

Why I am telling you this tale? Well, what became clear very quickly during our conversation is that this chap, whilst clearly very bright, switched on and successful, did not really understand how pension saving works nor what options he would have to get at his money later. As a result, he had only recently started to save into a pension.

This demonstrates the failing of our industry and to a large extent, UK plc’s employers to adequately engage and communicate with our target audience - our own workforce!

### Why communication and employee engagement is so important



Workplace pensions have been around for many years, so why the big push to communicate and engage with employees now? Although pensions have been around for years, these have historically been final salary arrangements which are relatively easy to understand. But, with automatic enrolment bringing an additional 10m workers into workplace pension saving, many for the first time, there has been a massive shift towards money purchase (defined contribution) pension schemes.

These are simple in concept - money is paid in, it is invested and you have a pot of money to use when you want to retire. But, what do the words and numbers all mean - *projected pension in real (or today’s) terms, tax relief, annuities, flexibilities, freedoms, annual allowance, lifetime allowance*; how much can be paid in; what options are there at retirement?

These are the follow-up questions posed to us by our new friend in the bar. He was unsure what his pension statement from the pension provider was showing him; he was unaware of the options for using his money in later life that the pension freedoms in 2015 have brought about. Because of this lack of understanding and engagement he had previously invested in property rather than his pension. He had done so even knowing that he was giving away free money from his employer and the taxman!

### What does good communication and engagement look like?

For many workers, pension & benefits communication can start and end with their offer letter, employment contract and automatic enrolment pack. The information provided at the start of the employment journey is great but quickly gets forgotten as time passes. It is really important to continue to regularly communicate and engage with your employees using clear, jargon-free and enticing material, tailored to suit your own workforce. Examples might include:

- regular staff newsletters - printed as booklets and / or also issued electronically
- face to face presentations & seminars
- the use of online systems, apps and social media providing direct access to real-time information.

**Like to know more about how you can engage with your employees? We can support you with the ongoing communication of your workplace pension scheme and other employee benefits, and provide interesting and engaging materials that your employees will want to read! Contact us for more information and to learn more about our cost-effective solutions.**