

# EValue

How to **communicate pension changes using online tools**



# Introduction

Pension legislation is complex. If individuals fail to understand the pension options that are available to them, they could well end up making poor or ill-informed decisions which will have a direct impact on their future finances in retirement.

Since April 2015, new pension proposals allow those with Defined Contribution (DC) pensions who are aged 55 or over complete freedom over how they withdraw their pension savings in retirement. These changes, amongst others, mean that simply selecting a lifetime annuity at retirement is by no means the only or best option. If members of DC schemes do not have a clear understanding of these issues, how on earth can they be expected to make well informed choices?

This guide highlights the factors that should be considered when communicating changes in pension legislation using online solutions.

## You will need

- Clear instructions on how the online solution works
- Simple explanations of technical issues
- A progressive step-by-step process to educate consumers to a level of understanding whereby they can confidently make an informed decision about their next best steps
- A rewarding online experience for the consumer
- Elements of gamification
- A fully responsive design
- Clear displays and graphical imagery of the main options available
- An interface that encourages consumers of all ages to engage in the subject matter
- Comprehensive and factually correct information

# How to get started

## Understand how to deliver effective online communication

Effective online communication solutions should be:

Engaging - In order to gain the consumer's attention and motivate them into action

Transparent - Clear and friendly illustrations of future retirement positions should be produced which are easy to understand

Accurate - Consumers should receive full and reliable information and explanations

## Engagement

Any online solution that attempts to communicate the potential impact of changes in pension legislation needs to combine complete ease-of-use with high levels of customisation. Interactive tools such as calculators, which compare income and expenditure or highlight different retirement solutions (including the tax implications of each), allow pension members to personalise their situation and project a vision of what their retirement will be like.

EValue's 3-in-1 Retirement Options is not only fully responsive, allowing individuals to explore their options from any chosen device, but also features elements of gamification.

Gamification is the use of game elements and game design, such as point scoring or amassing rewards for completing tasks in non-game environments, including financial planning websites. Gamification aspects have been proven to result in greater consumer engagement. The idea is to use strategies pioneered in popular games to drive consumer behaviour and engage them with financial websites, not only at the outset but also on an ongoing basis in order to facilitate better financial decisions.

By emphasising the element of play, rather than focussing on what's at stake as financial decisions are considered, online solutions can quell the dread often associated, by many, with the process of dealing with financial matters.

## Transparency

Conscious that many consumers find pensions a difficult or dull subject, at its heart, any online solution explaining retirement options needs to provide an easily digestible, step-by-step process that aims to educate individuals. The ultimate objective of this progressive process is to help consumers fully understand the issues, thus enabling them to make informed and sensible decisions about their future finances.

Consumers will still need to understand the investment risk in their choices. However, imparting such an understanding can be achieved through a variety of graphical tools or through simulations which present a range of outcomes, ones made all the more vivid by depicting them, perhaps, with images of what the consumers' potential future lifestyles might look like. Good financial planning packages help consumers to 'see' themselves in the future, which can have a dramatic impact in engaging them with long-term saving.

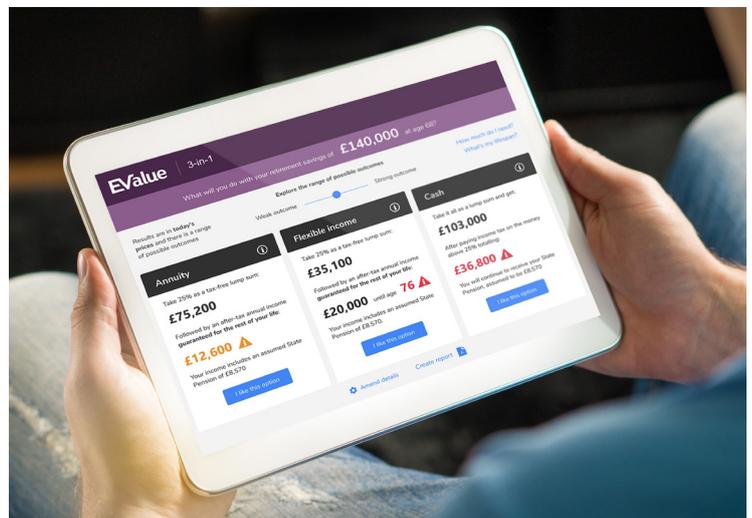
EValue's 3-in-1 Retirement Options uses a combination of vivid imagery and employs the use of sliders to give consumers a clear understanding of the options available, while also conveying, more effectively, the assessed chances of each outcome. By displaying the three main retirement options side by side, the consumer is also able to clearly see the impact that different choices would make on their finances in retirement.

## Accuracy

Any communications to pension scheme members should always be fair, clear and not misleading. Communications should accurately reflect any relevant new legislation and provide a range of potential outcomes. This will help individuals tailor their plans in a way that is most appropriate to their requirements.

EValue's 3-in-1 Retirement Options calculates a thousand different scenarios and shows the range of possible returns, highlighting not only the likely middle result but also the full range between the higher and the lower results.

Our forecasts take into account all types of possible scenarios such as large and sudden rises or drops in the equity markets and are based on key information, including age, earnings, savings, contributions, fund choice and target retirement income which are entered by the consumer. Other existing pensions/savings can also be entered to give a full holistic view of the individual's potential retirement income.



# Summary

The “guidance guarantee”, arguably the cornerstone of the Government’s new pension proposals, is designed to give every eligible DC pension member support when deciding on their pension options at retirement. Individuals will, however, undoubtedly want to seek clarification as to what precisely they can do with their pension funds and the ramifications associated with their decisions.

Under these circumstances, effective online solutions, which seek to communicate the pension options available, will become even more important. Whilst avoiding giving actual financial advice, pension providers and pension schemes need to be up to the task of responding to members’ questions. Not only must online solutions, therefore, be able to accurately and clearly answer such questions but they should also provide a rewarding and engaging experience for the consumer, allowing them to fully understand the options available whilst enabling them to make the most of the new pension freedoms.

If you like this How to Guide, why not explore EValue’s Pensions Freedom Solutions at [www.ev.uk](http://www.ev.uk).

If there is a subject you’d like to know more about, then we’d love to hear from you. Please email us directly: [contact@ev.uk](mailto:contact@ev.uk)

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