

Minutes

Date: Mon 17 July 2017
Time: 10.30-12.30
Location: MAS office, 120 Holborn, London, EC1N 2TD
Chair: Michelle Cracknell, TPAS
Telephone: 020 7943 0003 pin 58138

Attendees Ben Stafford, Just | Chris Curry, PPI | Colin Clarke, L&G (**by telephone**) | James Walsh (for Nigel Peuple), PLSA | Katherine King (for Maggie Craig), FCA | Michelle Cracknell, TPAS | Rob Yuille (for Yvonne Braun), ABI |

Money Advice Service Attendees Chris Phillips (Insight) | Jackie Spencer (Policy & Proposition) | Teresa Fritz (Policy & Propositions) | Fiona Hague (Secretariat) |

Apologies Andy Snell, Standard Life | Clare Talbot, DWP | Elisabeth Costa, Behavioural Insights | Laurence Baxter, CII | Luke McCullough, Aviva | Maggie Craig, FCA | Matthew Blakstad, NEST | Nigel Keohane, Social Market Foundation | Nigel Peuple, PLSA | Phil Brown LV= | Yvonne Braun, ABI |

1. Minutes of last meeting

- 1.1 MC welcomed the group to the meeting.
- 1.2 The group ran through the minutes and outstanding actions from the previous meeting noting that; the pension passport research had not been released to share (action 38), discussions about the mid-life MOT were ongoing with TPAS and Aviva pursuing with DWP (action 39), the workshop during today's meeting should encompass thinking about the FCA business plan (action 41) and that the publication of the numeracy work had been pushed back and would be picked up at a later date (action 42).
- 1.3 The minutes were agreed as being a true and accurate record of the previous meeting.

2. Overview of Steering Group purpose

- 2.1 FH provided the group with a recap on the role and purpose of this steering group in supporting the UK Financial Capability Strategy.
- 2.2 She reminded the group that the challenge to improve financial capability is complex, multi-faceted and too big for one organisation to tackle alone. To support this complex challenge cross-sector steering groups were set up to progress work on different fincap

themes – including this group looking at fincap and retirement planning.

- 2.3 The role of the group is to set and drive the agenda for the wider sector – pulling together, co-ordinating and aligning activity related to retirement planning and fincap. By working in a co-ordinated way, the efforts of individual organisations can be brought together and amplified to become more than their individual parts.
- 2.4 Work has been underway with all each steering group to create an action plan for their theme – using a ‘theory of change’ model. This model facilitates the structuring of outcomes and helps build a roadmap of activities for how to achieve these outcomes.

3. PPI consumer engagement research

- 3.1 MC handed over to CC to update the group on the forthcoming Pensions Policy Institute publication on Consumer Engagement.
- 3.2 He explained the work was due to published on 19 July, and was the third in a series following publications on behavioural economics and international examples of consumer engagement.
- 3.3 The report examines the role of engagement through the life course. He reminded the group that higher levels of fincap are characterised by higher knowledge, motivation and a greater sense of control over life, and that confidence seems to be key to achieving higher fincap.
- 3.4 Lower levels of fincap are associated with lower confidence and increased stress related to money matters.
- 3.5 Behavioural interventions are most effective when associated with transitions or teachable moments such as changing jobs, moving house, starting a family, accessing pensions etc.
- 3.6 To be most effective interventions should be personalised, relevant to a consumer’s own circumstances, with a human touch.
- 3.7 Duty and family are particularly powerful motivations, and tapping into motivations can improve engagement.
- 3.8 In terms of engagement campaigns and approaches, what is likely to be effective will vary with age. Media campaigns can be effective, but there is a risk of over simplification (which can reduce salience).
- 3.9 Socially excluded and harder to reach groups potentially require very specific and tailored approaches.

- 3.10 The report concludes, that behavioural interventions should be part of the mix, teachable moments should be personalised and tailored, and that promoting decision making can be risky.
- 3.11 RY added that the work highlights some policy implications, notably:
- What are the right teachable moments to target?
 - Is it possible to manufacture a teachable moment, or should it be built into existing touchpoints?
- 3.12 KK asked about the risk associated with campaigns and the potential for consumer engagement to undermine defaults. CC agreed it is important not to disrupt defaults like automatic enrolment when creating consumer engagement interventions.
- 3.13 The group discussed the ‘human touch’ point from the research – did human touch necessitate a human or could technology play a role in providing the personalised human touch? CC explained he thought it was more about detailed support at point of need, and effective mechanism for question and dialogue – technology might not be able to recreate this human touch yet but may get there.
- 3.14 The group discussed the opportunity to capitalise on the moment when someone has sought advice and guidance. And discussed how perceptions of the human touch might change over time with age and channel preferences.
- 3.15 RY added that it is difficult to collect and consolidate data about engagement with providers (eg who is using your portal, how and for what) as each company collects information in different ways.
- 3.16 MC drew the group’s attention to new work that TPAS, People’s Pension and State Street are undertaking looking at the differences in pension conversations between men and women. Word clouds are being created from call transcripts to illustrate potential differences in motivations and engagement. This work is due to be shared at a session at the PLSA conference in October 2017.

Action: MC to share further information from the TPAS/People’s Pension/State Street work on gender.

45

4. NEST – hybrid savings project

- 4.1 CP updated the group on some work that NEST is doing and MAS was supporting with qualitative research.
- 4.2 The project is to test the idea of a rainy day savings fund built onto workplace pension auto-enrolment. The qualitative research is to test consumer views on the concept, what might be a suitable level of

buffer etc. Fieldwork will take place over summer with results available for the next steering group meeting.

- 4.3 He explained the number of tensions that exist with this concept, such as the risk of drawing attention to the rainy day savings fund may override the effectiveness of the default into pension saving, but without drawing attention to it there is a risk that people might not be aware that they have access to the short term savings portion.
- 4.4 The group discussed how access to the funds might be granted (what constitutes an emergency for an emergency fund?) the proportion of contributions into the emergency fund and the pension might be split, if it would be better to decouple the product from the pension and default into a workplace savings scheme?
- 4.5 CC highlight work PPI had recently undertaken with StepChange on this looking at the impact of dipping into a £1000 liquid buffer on retirement saving levels.
- 4.6 The group discussed how this work might complement the AE review, how to determine who it should be targeted at, if the product needed a legislative change to enable people to be automatically enrolled into it, and how the tax benefits of pension saving would relate to emergency buffer saving.
- 4.7 The group also discussed the possible role of credit unions, and possible links to protection insurance (low cost insurance negotiated through the workplace) – citing the example of the B&CE work with self-employed builders that combined protection insurance and pension savings.

Action: CP to feed in views and discussions from the SG to the hybrid savings research project

46

5. Developing the Retirement Planning Action Plan: workshop session

- 5.1 FH introduced the workshop session, and the group shared comments on the 'vision' statement that had been shared in advance of the meeting.
- 5.2 The group suggested the following amendments to the statement, including:
- reframing 'saving adequately' as making informed choices about retirement savings
 - developing the idea of being an active consumer through the accumulation phase as well as at the point of retirement
 - questioning is 'turning savings into income' still worked for the current policy context

Action: MAS to re-work the vision statement in light of discussion and circulate to the group via email in advance of the next meeting. 47

5.3 The group then split into smaller groups to discuss the outcomes that would indicate improvement in financial capability and retirement planning to deliver. One group looked at outcomes and indicators related to consumers and industry, the other looked at consumers and the government/regulatory sector.

5.4 The groups identified a number of areas that they would expect to positive changes such as:

- increased saving levels
- AE opt out rates remaining low
- more people accessing information about their retirement savings
- increased usage guidance, non-advised sales and advice
- greater consistency/standardisation of common elements in statements

5.5 FH explained that the next step would for MAS to replay the areas discussed back to the group and then work backward to identify the activities that would need to take place to drive towards these outcomes.

5.6 The group agreed to a small number of conference call to discuss the action plan and next stages of development for the work of the steering group between now and the next meeting in October.

5.7 **Action: MAS to arrange a call(s) with the steering group to continue discussions on developing the action plan.** 48

6. Retirement Planning & FinCap Survey 2018

6.1 CP explained to the group that there was an opportunity to review the questions asked about retirement planning in the Financial Capability Survey that would be undertaken in 2018.

6.2 He explained that there was not unlimited space to add questions, and that there were opportunities to use other surveys and data sets to identify key measures and indicators to support the work.

6.3 The group felt that the questions needed to work hard to tease out the financial capability elements of retirement planning, they should avoid testing things that are well understood already or can be found elsewhere (for example there are currently three questions about contributions which could be reduced to one question).

- 6.4 The group discussed ideas such as asking about the age people expected to access their pension, when they thought they'd give up paid work, how long they thought their savings might last, testing understanding of core retirement planning concepts.
- 6.5 It was agreed that CP would do some work and present a revised set of questions at the October meeting.
- Action: CP to share revised set of questions for discussion at the next SG meeting in October.** 49

7. Steering Group Member Updates

- 7.1 MC invited updates from the group that had not been shared in advance of the meeting.
- 7.2 RY spoke about the update that had been shared on 'Reframing Pension Savings' and the insight about how to best communicate ideas such as pension tax relief.
- 7.3 MAS and the ABI Pension prototype project will be commissioning research to test the pension dashboard concept and dashboard information requirements with consumers.
- 7.4 KK updated the group on the FCA consultation on pension transfers and also spoke about the [FCA's Retirement Outcomes](#) publication, highlighting the need for a drawdown comparison tool.

8. FinCap Strategy Updates

- 8.1 FH asked the group for any questions arising from the Strategy update paper and highlighted the forthcoming Financial Capability Week in November. A set of slides about the week will be circulated with the minutes.
- Action: MAS to circulate information on FinCap Week to the steering group** 50

9. Any Other Business

- 9.1 There was no additional business.
- 9.2 MC thanked participants for their contributions and brought the meeting to a close.

Retirement Planning Steering Group Action Log

Ref	Action	Owner	Date due	Update
38	Phil Brown to share summary of LV= pension passport research with the steering group.	PB		PB unable to release results, will share with group when able to do so.
39	Michelle Cracknell to investigate the mid-life MOT proposal with Aviva and how the steering group could be involved to report back at the next meeting.	MC	ongoing	
42	Chris Phillips to present the findings of the confidence work and the numeracy work at the next steering group.	CP	October	Findings not yet released, so will share with a group at a future date
45	MC to share further information from the People's Pension/State Street work on gender.	MC		
46	CP to feed in views and discussions from the SG to the hybrid savings research project	SG	Complete	
47	MAS to re-work the vision statement in light of discussion and share back with the group.	MAS	Complete	
48	MAS to arrange a call(s) with the steering group to continue discussions on developing the action plan.	MAS	Complete	
49	CP to share revised set of questions for discussion at the next SG meeting in October.	MAS/CP	Circulated with papers	
50	MAS to circulate information on FinCap Week to the steering group	MAS	Complete	