

Minutes

Date: Tues 9 January 2018
Time: 10.30-12.30
Location: MAS office, 120 Holborn, London, EC1N 2TD
Chair: Philip Brown, LV=

Attendees Henry Thompson (for Rob Yuille), ABI | Simon Oswald, Aviva | Andy Tarrant (for Darren Philp), B&CE | Laurence Finckle, CII | Katharine King, FCA | Ben Stafford, Just | Philip Brown, LV= | Matthew Blakstad, NEST | James Walsh, PLSA | Chris Curry, PPI | Michelle Cracknell, TPAS

Money Advice Service Attendees Chris Philips, Insight Manager | Teresa Fritz, Policy & Propositions | Fiona Hague, Secretariat

Apologies Rob Yuille, ABI | Darren Philp, B&CE | Elisabeth Costa, Behavioural Insights | Clare Talbot, DWP | Colin Clarke, L&G | Jackie Spencer, Policy & Propositions | Nigel Keohane, Social Market Foundation | Sally McEvoy, Standard Life

1. Minutes of last meeting

- 1.1 PB welcomed the group to the meeting, including those attending their first meeting.
- 1.2 The group ran through the minutes from the previous meeting and noted that the outstanding actions would all be picked up during today's meeting.
- 1.3 The minutes were agreed as being a true and accurate record of the previous meeting.

2. Group & sector updates

- 2.1 PB invited updates from the group on key developments relating to work on financial capability and retirement planning since the October meeting.
- 2.2 **AE Review**
CCu provided a summary of the Automatic Enrolment Review 2017 ([Maintaining the momentum](#)) published on 18 Dec.
- 2.3 He ran through the key recommendations:
 - bringing 18-21 year olds into the remit automatic enrolment, making it a norm that when you start work you start saving paying into your pension

- contributions kicking in from the first pound earned (not bands and thresholds), expected to lead to an extra £2.5m into pension saving
 - the earnings trigger not changed, but reviewed annually
 - those with multiples jobs in a better position due to contribution from the first pound
- 2.4 The review considered the self-employed and concluded that there was no silver bullet solution on how to easily reach and bring them into retirement saving. There ideas about how to engage with this group (such as via HMRC self assessment) but these are in early stages. There is appetite and desire to develop several pilots in this area.
- 2.5 The review also looked an engagement – acknowledging that the programme is based on inertia – and there is a desire and commitment to work with industry, the Single Financial Guidance Body and the pensions dashboard.
- 2.6 There is likely to be a consultation on the next steps / recommendations in the coming months.
- 2.7 AT asked about the ongoing involvement of the experts with the work? CCu replied that he hoped to stay involved and was keen to see an evaluation of the phasing in of higher contributions and other changes over the coming period.
- 2.8 **Hitting the Target**
JW updated the group on PLSA’s [Hitting the Target](#) project and consultation on the idea of developing and introducing retirement income targets (inspired by Australia). The consultation closes on Friday 12 Jan.
- 2.9 The core idea is to have simple income/outgoing based targets to help people understand what their lifestyle during retirement might be like. The targets could sit alongside the pensions dashboard and robo-advice.
- 2.10 The response to date has been very supportive and has generated a lot of material. Consensus is that targets should be simple, income based, not pot sized and need to be widely adopted. There needs to be a ‘so what’ – so that customers use the information to inform a next step/action to take.
- 2.11 PLSA are considering publishing a response paper to their consultation at the end of the second quarter of 2018. This would summarise

responses and set out thinking about next steps (such as commissioning work to set the targets).

2.12 Gender, Age & Pension Savings

AT updated the group on some research that was a collaboration between The People's Pension, State Street & TPAS – [Gender, Age & Pension Savings](#).

2.13 He explained the work was interesting as the pre-conceived hypothesis – part 1) that men and women would use different language in regard their retirement and pension savings and part 2) that providers should tailor their approach accordingly – was not fully proven.

2.14 The research analysed over 40,000 online interactions from TPAS's service delivery and found that whilst there were different language trends for men and women (with women using more negative/risk based terms), when different communications framing was tested both genders and age groups responded better to more positive messages.

2.15 FCA Financial Lives

BS flagged to the group the FCA's Financial Lives data as a rich survey of people that demonstrated how as people get older their attitudes to risk change. He suggested this be added to the groups action plan as an input. KK added that that any questions about the work could be sent to the FCA team through her.

2.16 Insuring Women's Futures

LF flagged to the group that the next phase of the CII's Insuring Women's Futures project would be published on 23 Jan. The work looks at why women get a raw deal, lower savings etc. He offered to share more information about the findings at a future meeting.

Action: An update on the CII's Insuring Women's Futures to be added to the agenda at a future meeting.

56

3 Retirement Planning & FinCap Survey 2018

3.1 CP reminded the group about the FinCap Survey, a nationally representative survey comprising 3,500 interviews (with boosters in devolved nations) last undertaken in 2015.

3.2 He explained the survey would be re-run 2018, fieldwork in spring, data cleansing and analysis in summer, headline findings available autumn with the ability to deep dives into particular topics and the relationships between questions from autumn onwards.

- 3.3 He reminded the group that they had been supporting the development of the retirement planning questions, as the 2015 survey didn't ask much about this area.
- 3.4 The intention is to have 15-20 questions looking at various aspects retirement planning – contribution, engagement, planning, expectations, ability etc – that can then be cross referenced with other data captured in the survey to paint a richer picture about financial capability and retirement planning. This will also enable MAS to better understand what is driving responses and which are the most important levers to affect change.
- 3.5 MB commented that it would be helpful to see relationship between long term and short term saving questions and the trade offs and pressures driving the responses.
- 3.6 The group discussed if the questions needed to show a greater lever of granularity in terms of property eg equity release, trading down, buy to let, or if the group were applying their expertise to an area that most people may not have considered in such detail.
- 3.7 They asked which questions were at risk, CP replied that maybe the ability questions about understanding of DB/DC and also the question about how much of split people had in DB/DC pensions.
- 3.8 The group discussed if there should be a question about the state pension and if people knew what they might expect to receive.
- 3.9 SO asked if there was space for questions about knowledge and understanding of how and where people's pension funds were invested. The group discussed and felt that there probably wasn't the space in this survey.
- 3.10 PB told the group that LV= had recently been doing some online testing asking questions about understanding of DC, and whether people understood their pots were salary based or investment based. BS added that there was an opportunity for the sector to be much more honest about language and the levels of engagement. MB added that there seemed to be a perception that AE equals job done, but the language of investments isn't landing well with consumers.
- 3.11 The group agreed that it would be helpful to time the steering group meeting in line with when the 2018 survey results might become available.

- 4 Retirement Planning Action Plan: Concept Papers and work stream development**
- 4.1 FH reminded the group about the discussions from the previous meeting to develop a focussed action plan for the group. Having agreed a vision statement and discussed work underway my group members and the wider industry the group had narrowed down their focus to three areas.
- 4.2 Work stream leads had been identified for each area and had met with MAS to produce a one page 'concept paper' shared with the group for this meeting. The work stream leads took it in turns to explain their thinking.
- 4.3 **Understanding customers**
CCu told the group this work stream was interested in customers, engagement and the lifecycle. The plan would be to develop a coherent framework so that work within the sector (inc providers' work with their own customer base) could be mapped and gaps identified.
- 4.4 This would enable the group to understand which customer typologies were underserved. Additionally it would help identify where (when all the knowledge was brought together) there might be learnings to try with different groups.
- 4.5 **Interventions**
HT explained to the group work the ABI were planning to undertake on interventions. The idea had been taken to a working group in December.
- 4.6 The plan was to bring together theory and thinking on interventions – teachable moments, mid-life MOT, default guidance, retirement risk warnings etc – and identify the pros and cons of each idea and make a recommendation about what needs testing.
- 4.7 The work will kick off with an industry round table (late Jan) to identify which providers are doing what and will aim produce a written report of recommendations by end April.
- 4.8 The proposal is that the ABI undertake this work and the steering group use this to identify next steps.

- 4.9 **Trust and communications**
AT updated the group on thinking about the proposed trust and communications strand of work.
- 4.10 He suggested the work could try to unpick what it is that people don't trust and look for learnings from other industries where trust has been rebuilt.
- 4.11 The proposed next step is to establish a working group to unpick and develop the problem statement further.
- 4.12 The group also discussed building on the language work done so far – agreeing that whilst great work has been done a glossary is still needed, so there is room for improvement still.
- 4.13 Volunteers and suggestions for the communications sub-group were sought, they included:
- PB
 - MB
 - Ruston Smith
 - Disruptor fintech brands such as Monzo
- Action: SG members who are interested in joining or have contacts they would like to be approached to join the comms sub-group to let MAS know. 58**
- Action: MAS to arrange an initial meeting of the comms sub-group. 59**
- 4.14 The group agreed that 'trust' may be difficult to pin down and control due to the range of contributory factors (govt, markets, regulators) but there was an opportunity to mine this issue to identify areas that can be worked upon.
- 4.15 Having heard from the three leads the group discussed next steps. They discussed how to gather the information about what providers are doing with their own customer base and the challenge of engaging with industry who may not be keen to share their latest developments.
- 4.16 It was agreed that the ABI's provider roundtable for the interventions work could be a useful input into the customer strand of work too.
- Action: ABI round table output to be shared, CCu and MAS to then review and discuss next steps for the Understanding customers work stream 60**

- 4.17 The group discussed cessation data and information about who (and why) people were stopping paying into pensions.
- 4.18 MB spoke about NEST's intention to publish data on an annual basis – in essence a 'how the UK saves' report, initial thinking is it will be on their data hopefully bringing in more providers. He offered to update the group on this at the next meeting.

Action: MB to update the group on NEST plans for a 'how the UK saves' annual report. **61**

- 4.19 MC spoke about ensuring that the work focused on real customers with real stories. The group discussed the PhD work underway to find out more about why people opted out or changed their contribution levels, noting that the timings for this work were not yet finalised. It was mentioned that there was also a PhD project underway at LSE.
- 4.20 MC spoke about work underway targeting people in the workplace, linking interventions to requests for salary advances or requests to opt out. Conversations with employers are at an early stage.
- 4.21 The group discussed if there was any research about more engaged customers that could provide interesting learning. It was suggested that there might be useful work undertaken by Tom McPhail and learning from Australia.
- 4.22 The group approaches to different customer typologies and what research could provide an input:
ILC's research – which uses questions from ELSA and Wealth & Assets and segmented people by understanding/engagement levels
MAS's Right place, right time which looks at barriers and typologies
- 4.23 The group discussed the mid-life MOT idea and noted that TPAS, ILC, SMF and DWP were having discussions about this.
- 4.24 FH asked the group about the practical next steps the group needed to take to progress the customer and intervention work streams, they agreed:
- ABI roundtable with providers on interventions takes place
 - Group gather together all research that could inform thinking about customer typologies
 - Review progress post-ABI roundtable to assess what is needed next
- 4.25 The group discussed what outputs they envisaged being in place by FinCap Week in Nov 2018. They identified:

- ABI's intervention recommendations should be ready in April and progress made on the next steps suggested
- PLSA hope to have made progress on their income targets work
- More testing of interventions should have started
- Communications sub-group should have made some progress on their work (possible a new output on language)
- Dashboard feasibility work should have progressed further

4.26 KK said that work between FCA and Behavioural Insights Team should have progressed – including:

- Final Retirement Outcomes work
- FCA policy statement on transfers

4.27 The group revisited the vision statement, discussing how the different focuses underway within the sector (eg scams, guidance) might appear scattergun.

4.28 They discussed needing a roadmap of how it all fit together, something that everyone could use as an 'elevator pitch to explain why the group was interested in different areas. MC volunteered to work on developing this overarching narrative.

Action: MC and MAS to collaborate on developing a narrative to bring back to a future meeting for the groups consideration and adoption.

62

4.29 FH asked the group if there was a need to strengthen engagement with providers to enable the work to progress and if there were any barriers the group needed to consider.

4.30 The group discussed providers being alert to disruptors and wanting to raise their game for their customers. There was discussion if there were some sensitivities about firms and customers that were less profitable to serve.

4.31 They also discussed if firms might be reticent to share full details of how well they understood their customers, but felt they would be more keen to share the work they were doing on interventions.

4.32 The group discussed the need for honesty about levels of engagement and the need to accept that it is poor, embrace it and accept it. They also discussed how FCA rules were the minimum.

4.33 The group discussed if there was merit in engaging Governance committees in the work of the group – they suggested engaging with the Forum of Chairs, Chairs of Master Trusts, Association of Trustees.

4.34 CCu said he'd done some working looking at the different groups and could share information.

Action: MAS & CCu to discuss opportunities to engage with governance committees. 63

5 Strategy Update Paper

5.1 FH flagged some highlights from the Strategy Update Paper, including:

5.2 Rules of Thumb work – some steering group members were involved in a workshop in June, this has been followed up with a research project looking at Rules of Thumb for young adults. The research is being published in FT on 13 Jan. The intention is to set up an advisory group to support further work and testing of Rules of Thumb.

5.3 Financial Capability Week will be taking place again 12-18 November 2018. The 'talk money' theme will continue enabling those that do want to do something more consumer facing to use the theme. Early conversations about ways to engage and support the week are welcome.

5.4 Self employed and pension saving – MAS are interested in working with partners in this area to potentially fund trials or testing. MB explained the NEST & RSA are undertaking an evidence review in this area and hope to have some development ideas generated. He added that they were looking for consistent themes across different groups of self employed, and noted that the gig economy is only a small part of the picture. He hopes to have proposals available in Spring.

Action: MAS to connect with MB about NEST's work in this area. 64

5.5 KK mentioned that some work was underway looking at non-workplace pensions. It was agreed that there was political appetite to test out ideas in this space.

5.6 HT added that ABI were doing some work with HMT on a tech sprint related to pension saving and the self employed and agreed to connect this work with MAS.

Action: MAS & HT to connect with ABI team working on self employed tech sprint. 65

6 Any other business

- 6.1 There was no other business. The chair thanked the group for their contribution and brought the meeting to a close.

Table of actions:

Ref	Action	Owner	Date due	Update
56	An update on the CII's Insuring Women's Futures to be added to the agenda at a future meeting.	MAS	tbc	
57	MAS to align steering group meeting dates with 2018 FinCap Survey Results	MAS	Complete	We'll ensure that the
58	SG members who are interested in joining or have contacts they would like to be approached to join the comms sub-group to let MAS know.	MAS	ongoing	
59	MAS to arrange an initial meeting of the comms sub-group.	MAS	ongoing	
60	ABI round table output to be shared, CCu and MAS to then review and discuss next steps for the Understanding customers work stream	MAS/ABI/CCu	Complete	Recommendations for the next steps for the Customer workstream on the agenda for May meeting
61	MB to update the group on NEST plans for a 'how the UK saves' annual report.	MAS/MB	Complete	MB to update at May meeting
62	MC and MAS to collaborate on developing a narrative to bring back to a future meeting for the groups consideration and adoption.	MAS/MC	ongoing	
63	MAS & CCu to discuss opportunities to engage with governance committees.	MAS/CCu	ongoing	

64	MAS to connect with MB about NEST's work in this area.	MAS/MB	Complete	
65	MAS & HT to connect with ABI team working on self employed tech sprint.	MAS/ABI	Complete	