

# Top tips for increasing member engagement

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Pension schemes can often successfully operate despite a lack of action by employees. An individual can be automatically enrolled into a workplace pension scheme, placed in a default investment arrangement and be subject to 'lifestyling' up to the point of retirement. In that context it may seem contradictory to emphasise the importance of member engagement.

However, the other side of today's pensions landscape is the flexibility and choice scheme members face in retirement. Individuals can access their pensions earlier and in myriad ways. Whilst the input may be becoming standardised, the output is far from it.

Schemes may focus on the hypothetical 'typical' member, yet retirement means different things to different people. If the ultimate goal is to achieve the best possible outcomes, members need to engage early and fully to ensure that they are on track for the retirement they want. Notably, despite tending to be less engaged than those nearing retirement, it is those furthest from it who have the most opportunity to change their retirement outcome by engaging with their pension.

**Member communications are therefore crucial for giving individuals the knowledge and tools they require to reassert autonomy in a world of automation.**

## HOW TO INCREASE ENGAGEMENT

### 1. Make it a priority

Trustees consider engagement more frequently than they might realise. Engagement is almost always assessed in trustee meetings, whether it is the number of complaints received, transfer quotes requested or standard form member surveys completed. Yet communications and engagement rarely seem to feature as a standalone topic on a meeting agenda.

**As a result, schemes may continue using communications which do little to improve members' understanding of their pension entitlement.**

Taking time as a trustee board to consider engagement as a standalone item, or perhaps establishing a sub-committee to do so, is the first step towards improving it.

### 2. Take a holistic view

Trustees often consider engagement in quantifiable terms – for example, the percentage of members who have completed an expression of wish form or who have self-selected their investment funds. This may allow for simple analysis but does not answer broader questions about the views and levels of understanding a scheme's population may have.

Trustees, in conjunction with scheme employers, should consider how to assess the understanding and engagement of their membership. Standard form surveys, for example, which might be better received if sent by the employer as opposed to the trustee or a third-party administrator. Focus groups of different constituencies or employee representatives could be valuable mouthpieces for employees. If survey responses are low or uninformative, roadshows and face-to-face meetings can be a beneficial way of obtaining more comprehensive feedback. If the individuals will not come to pensions, take pensions to them.

### 3. Think outside the box

All trustees should be aware of the basics of effective communication – keep communications succinct, with key messages at the beginning, avoid jargon and (to the extent possible) tailor them to the member. Beyond the basics, this is an area ripe for innovation. By way of example, research is being done into how behavioural science can be applied to retirement decisions. The National Employment Savings Trust (NEST) is one scheme to have used such research to test different approaches to communicating with members – such as sending materials at different times of year to increase member receptiveness.

**Innovation does not always mean technological advancements, it can be as simple as considering changing the colour of the envelope in which communications are sent.**

Indeed, taking its model from Sweden, this was one of the Department of Work and Pensions' (DWP) suggestions in its recent consultation on 'simpler annual benefit statements'.

### 4. Keep it personal

Personalisation is a key aspect of engagement. Letters are more likely to be opened when personalised to the recipient. Schemes could focus on a 'narrowcasting' model (i.e. tailoring communications to selected groups) as opposed to a sending the same messages to all, with members having to filter out the content relevant to them. Digital advancements should make it easier than ever to tailor communications to members; the use of app technology, for example, enables important messages to be targeted at specific groups of members more easily than hard copy communications. The use of online pension accounts allows for pop-up notifications and reminders for members who have not taken specific steps. Employer HR teams can play a key role in educating line managers about the pension resources available to their team members, and encouraging 'horizontal' communication between employees. The easier it is for members to obtain the information they need, the more likely they are to engage. While neither trustees nor the employer may give advice on the investment or retirement options a member should take, they can play a valuable role in signposting third-party sources of advice (such as the Money Advice Service or independent financial advisers), who will be able to give advice tailored to a member's circumstances.

### 5. Be realistic about what is right for your scheme

While a bespoke, all-singing all-dancing digital member communications strategy might be right for a large employer with deep pockets and a significant membership, it will likely not suit a closed Defined Benefit (DB) scheme nearing maturity. Any communications strategy should be proportionate, taking into account the size and demographic profile of the membership.

#### Engaging with engagement

Any communications policy should be reviewed and refreshed at regular intervals to ensure it remains appropriate and is having the desired effect.

**The success of a strategy encouraging members to set up online accounts is easily measured whereas the success of a communication strategy regarding retirement options is harder to discern and may require a more nuanced approach.**

The key is to keep channels of communication open and make information readily available and easy to digest.

