

Stream sponsored by:

Media partner:



SHOULD I STAY OR SHOULD I GO?

JANETTE WEIR

MANAGING DIRECTOR IGNITION HOUSE

@ignitionhouse



WE SPOKE TO 30 PEOPLE WHO HAD CHOSEN NOT TO JOIN THEIR WORKPLACE PENSION

WHO'S IN?

- ✓ 22 people aged 22 to 60 who had been offered a workplace pension and had chosen not to join – our “opt out” respondents
- ✓ 8 people aged 22 to 60 who had joined their workplace pension, but had chosen to stop their contributions – our “cessation” respondents

 @ignitionhouse

NONE OF OUR CESSATION CASES WERE DUE TO RISING CONTRIBUTION RATES

I didn't feel I could spare the money from my wages



I can do better myself



I didn't manage to opt out in time



I'm moving abroad and my pension will be lost



I found out it was not compulsory to be a member



Stuart, aged 31

- ▶ Works full time
- ▶ Married
- ▶ Homeowner

Stuart works full time for a large company with a generous matched scheme. He is sceptical of pensions and thinks that he can do better. He has put his money in four shares, which he thinks is a well balanced, medium risk portfolio.

“I joined the workplace scheme, because it looked like a good deal, a no brainer, but then I found out more and got more and more disillusioned. It looks like they are guaranteed, but they are not. You can't find out where your money is going. So, I decided to do it myself. I have shares in two banks, shares through Sharesave at my company and shares in an oil company.”

N=8 Cessation respondents, multiple responses allowed.

 @ignitionhouse

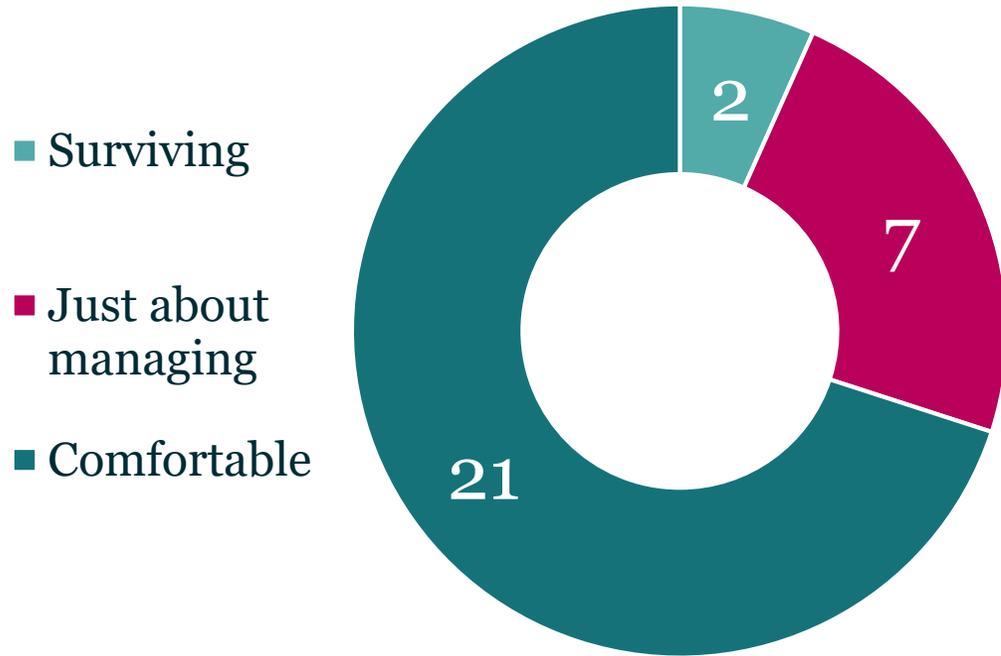
VARIETY OF REASONS GIVEN FOR OPTING OUT



N=22 Opt out respondents, multiple responses allowed. Common combinations were affordability & trust, trust & other resources, affordability & poor understanding

 @ignitionhouse

MOST COULD DIVERT MONEY INTO A PENSION



- ▶ Most were not using revolving credit and were managing to pay their bills
- ▶ Most were already saving, but this was usually prioritized for buying a house or creating an emergency fund. Such savings were held in cash-based deposits
- ▶ A handful were members of their employer's share save scheme

Surviving: No savings, struggling with debt and/or revolving credit card debt

Just about managing: Savings for up to three months if out of work, mostly managing debt, mostly paying off credit cards

Comfortable: More than 6 months of savings, paying off credit card debt every month

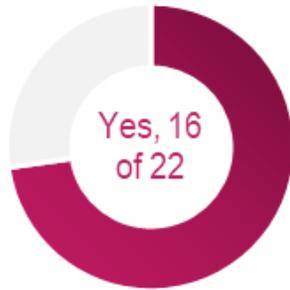
 @ignitionhouse

DESPITE MAKING A DECISION TO OPT OUT, PEOPLE ARE HAZY ABOUT WHAT EXACTLY THEY ARE GIVING UP

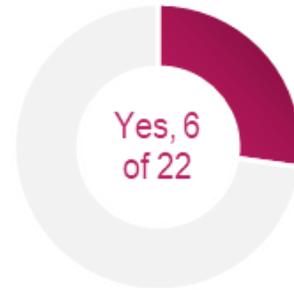
Aware of
employee
contribution?



Aware of
employer
contribution?



Aware of
government
contribution?



- ▶ Very low awareness of current minimum contribution rates
- ▶ Those with employers paying above the minimum had not realised their scheme was so generous
- ▶ Only a couple were aware that minimum contribution rates are increasing further - but they could not say to what level

N = 22 opt out cases

 @ignitionhouse

MOST DID NOT SPEND MUCH TIME AT ALL THINKING ABOUT THEIR DECISION

SYSTEM 1 THINKING

Fast, instinctive,
emotional, unconscious



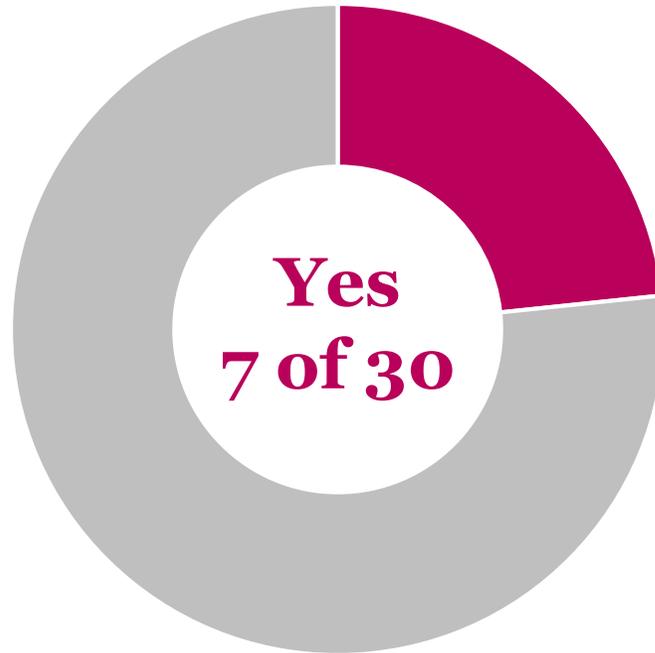
SYSTEM 2 THINKING

Slow, logical, deliberate,
conscious

 @ignitionhouse

STRONG SUPPORT FOR A 'NUDGE' EVERY THREE YEARS

Aware of re-enrolment?



- ▶ Strong support for re-enrolment as pensions are 'push' not 'pull'
- ▶ Most felt that their financial situation would change for the better within the next 3 years and they would consider opting in again. Some would like to be asked if they would like to change their mind on a more regular, perhaps annual, basis
- ▶ Strong support to ask people if they would now like to join the scheme to tie in with life events, such as a promotion or pay rise

 @ignitionhouse



**9 OUT OF 10 IN A
WORKPLACE PENSION IS
GREAT – BUT WE CAN DO
EVEN BETTER**

 @ignitionhouse