



The Pension
Communications
Project **2010**

NAPF 
Securing the future of pensions

SPENCE
JOHNSON

Getting personal

Excellent DC pensions communications
from around the world



The Pension Communications Project 2010

A global project to collect examples of **excellent communications** between retirement plans and participant employees.

SPENCE JOHNSON

We are very grateful to the sponsors of this project



BLACKROCK



SHILLING

communication

We are also grateful for help from:

Australia

*ASFA - The Association of Superannuation Funds of Australia
Corporate Superannuation Association*

AIST - The Australian Institute of Superannuation Trustees

Canada

ACPM - Association of Canadian Pension Management

Netherlands

VB - Vereniging van Bedrijfstakpensioenfondsen

New Zealand

Workplace Savings NZ

Sweden

PRI Pensionsgaranti

USA

American Benefits Council

ASPPA - American Society of Pensions Professionals and Actuaries

NAIRPA - The National Ass of Ind Retirement Plan Advisors

SPARK - Soc. of Professional Asset Managers and Record Keepers

The Heritage Foundation

Europe

Institutional Investor Institute

We were assisted by three research associates, whose help we much appreciated:

Teresa Morgan, Teresa Morgan Consulting (Canada)

Susan Pitter, Universal Copywriters (Australia)

Mike McSweeney, I-Deal Data Systems (Sweden and Denmark)

© Spence Johnson Ltd 2010 First published in Great Britain in 2010

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording and/or otherwise without the prior written permission of the publishers. This publication may not be lent, resold, hired out or otherwise disposed of by way of trade in any form, without the prior consent of the publishers.

This report is based upon the best efforts of Spence Johnson Ltd to provide an accurate description based upon information supplied to them. Every effort has been made to ensure that the analysis is correct and that its sources are reliable, but its accuracy cannot be guaranteed, and no responsibility can be taken for any action taken based upon this information.

SPENCE JOHNSON

15 Abchurch Lane
London EC4N 7BW
United Kingdom
Tel +44 (0) 20 7112 2131
www.spencejohnson.com
nils@spencejohnson.com

Foreword by Joanne Segars

How pension schemes communicate with their members has always been a very important issue for the NAPF. This is particularly the case with Defined Contribution pensions, where members need support and encouragement to make the right choices. And this is why we put good communications at the heart of our Pension Quality Mark, making it one of the three standards schemes must satisfy to qualify for the Mark.

We have also been aware for some time that there are lessons to be learned from other pensions communities elsewhere in the world. We were therefore delighted to be asked to lend our support to the Pensions Communications Project 2010.

The work carried out by Spence Johnson included looking for pensions communications excellence outside the UK, in the USA, Australia, Canada and in Europe. The project offers an analysis based on a large number of high quality communications campaigns which will be of great value to DC schemes here in the UK.

We are pleased to offer this summary of the conclusions of the project to NAPF members, and our friends and colleagues. No doubt you will each want to take away something different from the insights on the following pages.

For our part at the NAPF we have been fascinated to see that the project, among its many helpful conclusions, offers compelling arguments for the benefits of scale in offering good quality pensions communications. This chimes very much with our own policy thinking around the benefits of scale in workplace pensions. In our work around Super Trusts, we have already identified that scale can offer many advantages in terms of operating and investment costs, governance expertise and administration systems. These same advantages extend to member communications, where scale can reduce costs and increase quality.

Please do come back to us and the team at Spence Johnson with any questions which this report raises.



Joanne Segars
Chief Executive



Introduction to the Project

Defined Contribution (DC) pension plan members in the UK have low engagement with their retirement benefits. To help address this important issue, six leading UK pensions industry firms and the National Association of Pension Funds sponsored a project in early 2010 to learn from examples of pensions workplace communications excellence outside the UK, around the world.

The project focused on three regions (North America, Australasia and Europe - excluding the UK). These are where DC workplace pensions (or retirement or superannuation) are most well established, and so were likely to be places where relevant communications expertise would be greatest.

During February and March 2010 the project team at Spence Johnson collected 90 DC communications campaigns from leading pensions communicators across 9 countries in these regions. The sources of our campaigns included a wide variety of specialists including Trustees, investment and benefits consultants, Administrators and Record Keepers, communications consultants, Asset management firms and Trade Associations.

The full project report delivered details on all the campaigns, and showed the strategy behind each one and was spread over 400 pages. 14 Key Pensions Communication Themes emerged from the analysis:

1 Simplification of complex ideas	<i>This summary focuses on the first five of these Communication Themes.</i>
2 Creative ideas/graphics	
3 Call to action	
4 Segmentation of audiences	
5 Personalisation of messaging	
6 Multi-channel approach	
7 Latest technology	
8 Communicating in person	
9 Earning of Trust	
10 Research drives the message	
11 Low cost approaches	
12 Adaptability and flexibility	
13 Testing and refinement	
14 Phasing of initiatives	

In the full report ten Predictions for the future were offered up, five of which are summarised here. Finally the report offered up six *Tips for Better Communications* which are all summarised here.

Summary of Top Five Key Themes and Predictions

1 Simplification of complex ideas

Avoiding of jargon, reducing length of messages, no spin

- Simplification will be a discipline, rather than an aspiration
- There will be a drive towards brevity and clarity
- Jargon will be eradicated, there will be no more glossaries
- Non essential information will be pushed into secondary channels

2 Creative ideas/graphics

Use of creative ideas or graphics to highlight messages

- Creative ideas and high quality design will become standard
- An increasingly important role will be given to comms professionals
- The new creativity will be particularly evident in emerging channels
- Only larger or multi-company campaigns will afford the extra costs

3 Call to action

Making specific effort to generate action from members

- Communications will more rigorously aim to influence specific behaviours
- Less communications activities will be directed at general education
- The nature of the call to action will also change
- The focus will move from enrolment, to maximising retirement outcomes

4 Segmentation of audiences

Clustering audiences into several clear groups, each receives different message

- Complex data mining will offer new segmentations based on behaviour
- Relying on age-based distinctions will become less common
- More information about member activity and behaviours will be captured
- Members will eventually be segmented by their predicted future behaviour

5 Personalisation of messaging

Making messages personal to just one respondent

- Messages will increasingly be unique to the member receiving them
- Much resource and skill required to provide the required engineering
- Only scale campaigns will be able to afford to send personalised messages
- Personalisation can also be achieved through two-way web tools

Key pensions communications themes

1 Simplification of complex ideas

Avoiding of jargon, reducing length of messages, no spin

What is happening now

There is a relentless focus on brevity and clarity in communications.

Simplicity was a word used repeatedly by those we spoke to. "Simple messages repeated frequently drive behaviour" said one. Shortness is highly valued. One told us they had reduced one key 'PDS' document from a "dry and impenetrable" 80 pages to an "easy-to-read" 30.

Shortness is also critical in videos according to another: "By keeping your messages short and to the point, you can engage and keep people watching. Every 15 seconds or so, add a new thought or idea".

Simplicity is about clarity, and this is hard: "The value of sending emails is that it forces you in the subject line to boil down your message into just a few words, which is tough, but it's a very useful discipline, forcing clarity." Others have focused on plain language: "There is no glossary of terms, because all the jargon is taken out."

There are also many examples of using language to drive behaviour. As one provider said "we're only focused on information that moves the needle." While this approach "avoids dumbing down", it is also important to "walk the fine line between simplicity and guidance."

What will happen in future

Simplification will be a discipline, rather than an aspiration

There will be a drive towards brevity and clarity

Jargon will be eradicated, there will be no more glossaries

Non essential information will be pushed into secondary channels

There are signs that the drive towards simplification, brevity and clarity are being led by new skills and a sense of rigour. Simplification will in the future become a recognised discipline within communications. It will no longer be undesirable to send out long and complex documents, it will become wholly unacceptable.

The results will be very easy to see. Documents will get shorter. Jargon will be eradicated, there will be no more glossaries. Language will become plainer. References to regulation or other distracting features will be included only where absolutely necessary, and will be contained in weblinks and opted-in mailers, not in the document itself. Lawyers and compliance officers will be asked to advise on how far non essential information can be pushed into secondary delivery channels.

The measure of effective participant documentation will be on communications criteria rather than regulatory compliance. Increasingly, communications will become electronic, as more members sign up for web accounts, so documents will increasingly be replaced by webpages, offering the opportunity to add more life.

Example campaigns

Reducing word count to the core

To achieve simplicity and clarity, we reduced the word count by putting only the most essential details in one central document while the more specialised information (referenced in the main document whenever relevant) is available on our website for download on demand. *B18 Australia*



Lunch & learn and give-aways

The combination of face to face guidance at seminars with clever give-aways helped to reduce complexity to simplicity. Visual tools such as the stick figure helped raise awareness when combined with give away 'dolls' in the same shape. *A9 USA*



Here's how PortfolioXpress works:

- **It's Free.** PortfolioXpress is a free online service offered through the Trinity Health Retirement Saver (the "Plan") that provides the opportunity for a free additional cost to you for this service. Of course, you still bear the fees of the underlying mutual funds in which your account invests.
- **It's Easy.** When you sign up for PortfolioXpress, you'll be asked to select your intended retirement year; then it uses the cost for you based on your anticipated year of retirement to adjust your asset allocation to a more conservative mix over time. PortfolioXpress assumes a retirement income replacement of 80% of your current income, and that you will live for 20-30 years in retirement. Keep in mind, you can always adjust your retirement year as your individual situation changes. And, you can track your investment progress through your quarterly statement.
- **It's Automatic.** PortfolioXpress will automatically rebalance your portfolio on a quarterly basis and will adjust your asset allocation to a more conservative mix as you near your target retirement date as illustrated in the glidepath below.

Key pensions communications themes

2 Creative ideas/graphics

Use of creative ideas or graphics to highlight messages

What is happening now

Design and graphics are now key to success

The way an idea is expressed is vital to conveying a message. The metaphor or imagery used can be articulated in words, or often more powerfully in pictures or even in give-aways like T shirts or toys. This is all well accepted. Less well known is how to ensure ideas 'stick'. One suggestion was to "Pay close attention to the work space of target participants. Adapt the language and graphics to the environment and values of the firm".

Another suggested graphics were sometimes over-used: "Its very important to use colour carefully, so that it means something and not just for its own sake. Readers can tell if colours have no meaning."

Also to be used sparingly is brand: "Keep it in the background," warned one of our sources. In other examples a new brand and logo were created to convey wider employee benefits or differentiate a new pension scheme from the old.

And of course design ideas are not just for the page. "People don't like to read any more," one said. "They like to watch TV and expect a slick, professional TV quality presentation".

What will happen in future

Creative ideas and high quality design will become standard

An increasingly important role will be given to comms professionals

The new creativity will be particularly evident in emerging channels

Only larger or multi-company campaigns will afford the extra costs

Communications, like many marketing functions, requires both project management and creativity skills. In the past, the project management element has predominated, often with a heavy compliance emphasis. In future there will be a rebalance towards creativity. As the need for creativity in communications is recognised more, and as an increasingly important role is given to communications professionals, so the standards in presentation and ideas will rise, with resulting benefits to members and response rates.

The drive towards higher quality creativity will follow an increasing realisation that this is necessary to achieve adequate and appropriate response. But it will also raise costs. These costs will only be bearable by larger companies, or by multi-company campaigns that bring scale and which can spread these costs over large audiences. This cost saving benefit is already enjoyed in Australia, where industry funds regularly reach 100,000 or more members at a time, and in the US where pension providers communicate with members from many client firms at the same time.

Example campaigns

Catchy creative theme

The slogan: Hos oss mår pengar bra (roughly translated means "with us money flourishes") became a nationwide hit. The ads even made it to YouTube and there were many blogs on the internet.
D5 Sweden

Use of aspirational images

The use of aspirational images and language for this young and well educated segment was fuelled by a refreshing absence of jargon.
A17 USA



Key pensions communications themes

3 Call to action

Making specific effort to generate action from members

What is happening now

Much attention focused on prompting and timing of prompts

As one put it to us: "People are susceptible to making decisions and taking action at certain times, such as birthdays, reaching a certain age, job change."

The skills required for seizing these moments is clear: "You need to have good systems to spot and exploit these moments". Calling to action means understanding when the critical moments are: "The only way" we were told, "to impact behaviour is to give simple action oriented bite sized pieces of information in plain English at critical moments in the decision making process".

Calling members to action requires great patience, according to one: "You cant expect to invade members' lives when they are young. But you can give them information and when they are ready to accept it they will take it from you. This is a story that follows their life, not one that invades it. The best you can hope for is to bring forward that trigger moment, that moment when they are ready to start making retirement decisions".

We have encountered only one direct reference to Behavioural Economics in this research. However, we have noticed many indirect references to it, such as in the rigorous application of communications activities to change or drive a specified behaviour. In the US a consensus has begun to emerge driven by behavioural sciences, that turns inertia and apathy into delegation and automation as the default preferences of the majority of participants.

What will happen in future

Communications will more rigorously aim to influence specific behaviours

Less communications activities will be directed at general education

The nature of the call to action will also change

The focus will move from enrolment, to maximising retirement outcomes

2008 was a watershed year for communications. Many campaigns we have seen set out to address the issue of reassuring worried members during that time. However, it seems that feedback received during that time has had a seminal impact on the industry. Members did not want to be told why the markets had fallen, or to be given other homilies or so called information and education. What they wanted to know was: 'what does it mean for me?' We may have seen the end of the need for education, with all its rather patronising overtones, and the beginning of the era of the call to action - much more specific and practical.

The nature of the call to action will also change. In the US many providers are focusing their communications fire-power on the initial enrolment phase and hoping that the automatic contribution and fund selection features will take care of the rest.

As auto-enrolment becomes more widespread and compulsory in the US and the UK respectively, the communications focus will change. The post-enrolment future for Communications is visible in countries like Australia and New Zealand, where compulsion is now a long-accepted norm - there is no need to direct communications energy at encouraging enrolment.

Example campaigns




With **so many** pensions to choose from, how do you know **which one** is right for you?

Outbound call centre prompts action

A call to action, literally - an outbound call centre was set up to deliver factual (non-advisory) information at specific prompts, such as when a member 'lodges a benefit payment form'. Members had been 'surprised' that we did not contact them at this and other key points.
B11 Australia

Minimal steps required for action

Steps required for action are minimal so participants will stay opted-in, increase their savings in line with their salaries and make investment outcome s more successful
A19 USA

Three Steps to Successful Retirement Planning

- 1 **SAVE IN THE PLAN.**
With the SEI Automatic Retirement Program's auto enroll feature, you're already saving.
- 2 **SAVE MORE.**
Increasing your contributions regularly will give you more opportunity to reach your retirement goals.
- 3 **INVEST WISELY.**
It's important to reassess your asset allocation regularly. Revisit your portfolio annually to be sure your investments are appropriate for your age and your life goals.

Key pensions communications themes

4 Segmentation of audiences

Clustering audiences into several clear groups, each receives different message

What is happening now

Segmentation is moving away from age-based metrics

There are those in the US and Australia who are so despondent about the failure of communications initiatives to make a difference, that they see segmentation as the only real hope: "We have found that communications of various sorts do not work. Really the only thing you can do is to target better so that the right messages go to the right people."

Segmentation is a theme that is in real change. "Segmentation" we were told, "is not just about age any more. Age is an indicator, but even better is activity levels, for example how much they use the website." And the key to getting this activity information: "Having data". For some, this data has allowed them to pinpoint the precise month of the year in which certain participants are likely to take an interest in their pensions and communicate with them accordingly.

Others however, are more cautious about the power of data manipulation and mining. "We have a very powerful Data Central system for looking at our data, and we have looked for clustering in many ways. However we have found that there are very few clusters, in reality. The only way to segment is to do it by individual."

What will happen in future

Complex data mining will offer new segmentations based on behaviour

Relying on age-based distinctions will become less common

More information about member activity and behaviours will be captured

Members will eventually be segmented by their predicted future behaviour

Segmentation will experience a revolution in the next 5 years. Rather than relying on age-based distinctions, or their Lifestage near-equivalents, pensions providers will increasingly follow the practise of current market leaders in capturing more information about member activity and behaviours and using this in complex data mining exercises. This will in theory enable much more targeted and therefore cheaper campaigns in future.

Eventually, there will be an acceptance of a second generation of segmentation, now known as predictive modelling, which will cluster members according to predictions of their likely future behaviour, rather than just on what they have done in the past. This will enable campaigns to pre-empt undesirable behaviour such as opting out from a scheme, or to help reduce it.

Example campaigns

Segmenting into 40 groups

The segmentation developed for this campaign was very thorough: 40 market segments were identified comprising of 21 groups and 19 subgroups. A targeted letter was developed for each of the 40 market segments.

B21 Australia

Segmenting by behaviour

Focus group research included Myers-Briggs type indicator profiling that enabled a profiling and segmentation of members by life stage, attitude, financial literacy and media consumption.

B20 Australia

Target audience ¹	Groups	Subgroups
1 Active Triple S members	14	19
2 Spouse members	2	0
3 Other Super SA scheme members	1	0
4 Flexible Rollover Product members	4	0
Sub totals	21	19
Total number of targeted letters	40	

TARGET AUDIENCE AND SEGMENTATION



Key pensions communications themes

5 Personalisation of messaging

Making messages personal to just one respondent

What is happening now

Personalisation is the most desired communications tool

"Pension communications can be viewed as a bit sterile. We believe strongly that communications are most effective when there are targeted messages, as much as possible these should be member-specific". For this reason, there is much attention being focused on this theme. It means different things to different people.

For some it is an extension of segmentation: "People respond best to education when the information presented is personalised to their specific circumstances". For others it means messages or outputs delivered to a member are unique to that person, as in a segment of one.

The skills and resources required for this are significant. In the US there is big investment into tools and web-based offerings such as personal URLs. In Australia there are important developments in personalising member statements including messages and tips as well as other normal statement details.

All agree that: "Personalisation is the ultimate panacea for the absence of face to face" and that "personalised analytical tools ... are a good alternative to automaticity (auto-enrolment)".

What will happen in future

Messages will increasingly be unique to the member receiving them

Much resource and skill required to provide the required engineering

Only scale campaigns will be able to afford to send personalised messages

Personalisation can also be achieved through two-way web tools

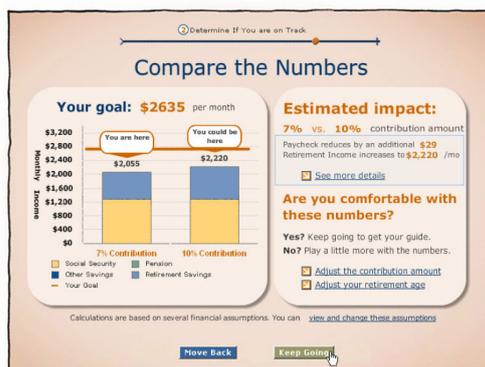
Personalisation will in future come to mean that messages are wholly unique to the member receiving them. Anything less than complete personalisation will not be adequate, either for the member - who can tell if they are genuinely being addressed as an individual, or the provider - who requires the efficiency and increased response rates that will flow from targeting at this level.

The hurdle required to be jumped to meet this degree of engineering is very high - much resource and skill. Only the largest companies will be able to afford to send personalised messages to members, and we will tend to see those who communicate on a multi-company basis, and who can accrue the costs of personalisation over large target audience, moving ahead in their ability to deliver adequate personalisation. A degree of personalisation will be achieved through online tools which allow a two-way interaction with members. Personalisation will also mean giving members more control - allowing them to control what they receive, when and by what medium.

Example campaigns

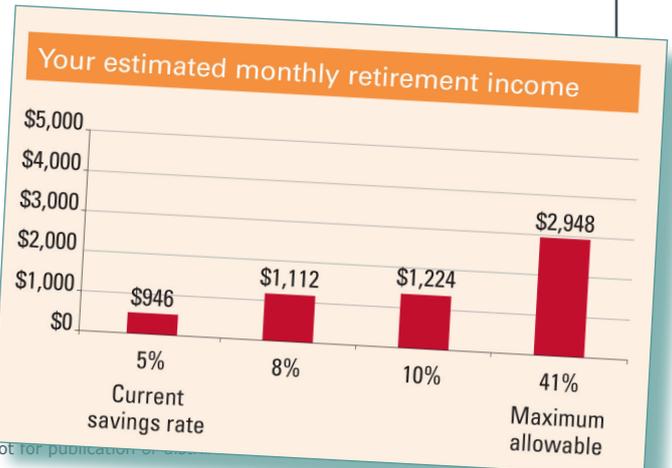
Personalised analytical tools

Personalised analytical tools combined with life stage behavioural segmentation are a good alternative to automaticity. *A11 USA*



DIY retirement income planning

A tool that offers retirement scenarios based upon the participant's unique situation. *A10 USA*



Tips for Better Communications

The full report offered up six Tips for Better Communications to the sponsors. These are summarised below.

1 **Get scale into campaigns wherever possible**

Increasingly communications will require scale. The technical and skills resources required to deliver the highly personalised communications of the future mean that campaigns, to be cost effective, must target many people rather than few.

2 **Personalise everything you can**

The best way to get personal is to do things on a large scale - this is the strange twist at the centre of the communications challenge in coming years.

3 **Communications is a discipline**

Increasingly communications involves very complex processes, for example in managing consistency across a multi-channel campaign. These challenges should be handled by experts, not well-meaning amateurs.

4 **Education in an impersonal sense is no longer a useful tool**

Members don't want to be educated unless this education relates to them personally. They don't want to be given general messages about finance and stock markets. They want to be given clear guidance to take specific actions.

5 **Improve the accountability of communications**

As a first step towards being practitioners of a 'discipline', communications professionals could become better at selling their ability to help transform the pensions landscape in future. To do this they need to be far more rigorous in measuring the impact they make.

6 **Regulation is not the problem**

Creative and successful communications emerges from pensions environments all over the world. Each of them has a regulator and regulations. Regulation may be a nuisance, but it is not the problem.

Special offer to NAPF members

Members of the NAPF are entitled to purchase findings from the study for £550*.

Until now the findings have only been available to project sponsors. Now a special abridged version of the findings, including summary descriptions of the best 50 campaigns, is available for purchase by NAPF pension scheme members.

The full study contents page is shown below, highlighting the 102 pages of detailed content available in this special offer.

Special version of findings for NAPF members includes:

- Description of conclusions*
- Campaign Summaries of 50 best campaigns*
- Full details of all themes and predictions*

Special price £550 plus VAT

Immediate delivery

Please contact Nils Johnson to order a copy or to request more details



15 Abchurch Lane
London EC4N 7BW
United Kingdom
Tel +44 (0) 20 7112 2131
www.spencejohnson.com
nils@spencejohnson.com

Each prediction described in full



'Campaign Summaries' show selected details per campaign on one page



Each theme described in detail and illustrated



Not included

Contents

	Page		Page
Conclusions	5	Predictions	39
Welcome	6	Summary of Predictions	40
Highlights from 16 campaigns	7	Simplification of complex ideas	41
Reasons for this project	11	Creative ideas/graphics	42
The project process	12	Call to action	43
Campaign by region	13	Segmentation of audiences	44
Sources of campaigns	14	Multi-channel approach	45
Scheme variety	15	Latest technology	46
Types of communications	16	Communicating in person	47
Campaign target audiences	17	Personalisation of messaging	48
Campaign channels	18	Earning of Trust	49
Measures of campaign success	19	Research drives the message	50
Campaign costs	20		
Campaign applicability to the UK	21	Campaigns	51
Theme variety	22	Campaign delivery	52
Theme and prediction summary	23	Best 50 campaigns - 1 page	
Suggestions for action today	24	USA	53
Suggestions and Themes	25	Australia	78
		Other countries	94
Themes	26		
Themes from Campaigns	27	Separate document	
Simplification of complex ideas	28	Appendix	103
Creative ideas/graphics	29	Quick Campaign Introductions	104
Call to action	30	Project descriptions	109
Segmentation of audiences	31	Key theme variety	110
Multi-channel approach	32	DC Systems by Country	111
Latest technology	33	Additional research	116
Communicating in person	34	Campaign Profiles - 3 page	119
Personalisation of messaging	35	USA	120
Earning of Trust	36	Australia	222
Research drives the message	37	Canada	282
Other Themes	38	Other countries	339
		Credits	386
		Additional campaign collateral	CD
		Sort Tool	CD

* Plus VAT



The Pension
Communications
Project 2010

Project sponsors



SPENCE
JOHNSON