

Minutes

Date: Wed 30 May 2018
Time: 10.00-12.00
Location: MAS office, 120 Holborn, London, EC1N 2TD
Chair: Philip Brown, LV=

Attendees Rob Yuille, ABI | Nicky Day, B&CE | Laurence Finckle, CII | Katharine King, FCA | Ben Stafford, Just | Philip Brown, LV= | Matthew Blakstad, NEST Insight | James Walsh, PLSA | Chris Curry, PPI | Michelle Cracknell, TPAS

Della Mcvay, DWP | David Reid, Pension Wise | Stuart Pycock, Pension Wise

Money Advice Service Attendees Teresa Fritz, Policy & Propositions | Fiona Hague, Secretariat

Apologies Simon Oswald, Aviva | Elisabeth Costa, BIT | Colin Clarke, L&G | Clare Talbot, DWP | Nigel Keohane, Social Market Foundation

1 Minutes of last meeting

- 1.1 The chair welcomed the group, including Nicky Day attending her first meeting as a replacement for Darren Philp, and invited comments on the minutes of the previous meeting.
- 1.2 FH updated the group on the actions from the previous minutes noting:
- the agenda item on CII's Insuring Women's Futures would be at a future meeting (action 56)
 - due to Darren Philp's move the sub-group on comms had not progressed as anticipated (actions 58 & 59)
 - the action on narrative had not progressed (action 62)
 - the action on engaging governance committees had not progressed (action 63)
- 1.3 The minutes were accepted as an accurate record of the meeting.

2 Group & Sector Updates

- 2.1 JW updated the group on the 'Hitting the Target' work. Loughborough University have been appointed to develop the targets, there are synergies between this piece of work and their work they do for Joseph Rowntree Foundation. The results are expected early next year, and in the meantime (July) they will publish a report consolidating the responses and work completed to date.

2.2 Ruston Smith has been undertaking some work through PLSA with providers looking at standardisation of statements. Various prototypes are in development, and the hope is to get an agreed revised statement in usage as soon as possible.

Action: PB to circulate the revised statement prototype designs to the group.

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2.3 MB updated the group on 'How the UK Saves', a report due for publication at the end of June. The work has been supported by Vanguard and is a purely statistical survey of NEST customer data. The report is comparable with international equivalents. MB explained that though the initial focus is NEST data, they are keen for other providers to participate in the future. The 2018 report is intended to provide a pre-phasing baseline, and the intention is to publish annually in future.

2.4 MB also spoke about work NEST were undertaking in relation to the self-employed – specifically wanting to test how to get people started, mechanisms to encourage more consistent contributions, products (inc the sidecar work).

2.5 NEST are partnering with RSA, Britain Thinks and Goldsmiths. They are exploring ideas and hope to take a number of interventions into field trials in the second half of the year.

2.6 The group noted that a tech sprint had taken place with ABI, DWP and other partners on the self-employed, and that the ideas had been taken away by DWP for write up and development of next steps.

2.7 MC spoke to the group about work with Russell Young at DWP on mid-life reviews. Aviva have been testing the concept with their own staff.

2.8 TPAS are developing a trial targeting the self-employed, looking at how to engage so that people take up the support and what they do afterwards. They will be piloting from June, with some findings available Aug/Sept.

2.9 CC told the group about work recently published on the 'Evolving Retirement Landscape' looking at how retirement assets are evolving and what this means for people accessing their savings.

2.10 The second phase of this work will be published in July, looking at the policy implications projecting over the next 15 years. PPI are also looking at the 100 year life and how the market may need to evolve.

- 2.11 PPI are also running a session on 14 June to launch research using NatCen data to look at attitudes to and knowledge of state pension provision.
- 2.12 TF updated the group on work MAS is undertaking to update their annuities comparison table (particularly in relation to health conditions/enhanced annuities).
- 2.13 Additionally, MAS are looking to enhance their Income Drawdown tool retaining the income estimator but with the addition of a comparison table enabling user to compare income drawdown products. MAS is currently working closely with the FCA and ABI on early discovery work and will later host a round table with providers to support the evolution.
- 2.14 RY updated the group on the ABI's Interventions in the Retirement Market report. He explained the report was intended as a 'staging post' reflecting on recent developments and setting out latest thinking and recommendations on how interventions could support better retirement planning.
- 2.15 He took the group through the recommendations in the report, noting that he was interested in exploring the areas where industry could progress things without rule changes. He highlighted areas where there was a role for the group to support, including:
- Developing principles for c
 - Calls to action

Action: RY/ABI to co-ordinate with MAS to see how the steering group could support the recommendations in the Interventions report

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- 2.16 RY also asked the group about 'in retirement' communications and views about where responsibilities for this sit. The group felt there was a duty of care for providers to support through life and there was a role for industry to step up.
- 2.17 The group asked about the FCA's Retirement Outcomes Review, KK said it was due for publication in the summer expected June or July.
- 2.18 CC updated the group about an additional piece of work undertaken by a PhD student PPI are supporting, who is looking at what is affecting people's decisions about retirement saving and how they are justifying their decisions. They held a round table looking at one aspect of her work, exploring 'threshold adults' who are putting off saving into a pension until they feel more 'grown up' (factors such as home ownership, feeling established in their careers etc).

2.19 The group also mentioned a recent piece of work on default investment and combination products in retirement. The group felt that the work was conceptually strong, but that the modelling underpinning it was cautious.

3 Guidance Pilots

3.1 DR provided some context to the group for the discussion on guidance pilots. He explained that the consensus view was that Pension Wise is an effective service, but take up could be higher. During the passage of the Financial Guidance and Claims Act, Ministers had made a commitment that some testing should take place.

3.2 Through the recent discussions supporting the Financial Guidance and Claims Act no one had wanted to make guidance mandatory, but people were keen for there to be a 'harder nudge' when customers come to access their funds.

3.3 He clarified the position that had been set out in the Act, namely that:

- Schemes must refer members to guidance
- They must explain the nature and purpose of guidance
- They must ensure that members have received or opted out of receiving guidance

3.4 The DWP and the service are keen to test some approaches to delivering that firmer nudge and the aim of the session today is to explore some potential test scenarios for providers and Pension Wise to test (eg. providers offering to book Pension Wise appointments on behalf of their customers).

3.5 Questions had been circulated to the group in advance with some areas for consideration. The first area of discussion was building understanding from providers of how people are accessing their funds (ie which channel do they use).

3.6 The providers represented in the group fed back that the main mechanism was telephone, but some contact by paper and an increasing amount online.

3.7 The group noted that risk warnings were currently delivered differently by different providers (and with variation by channel).

3.8 Customer contact with providers has been prompted by either;

- the customer – their own action, they have heard they can access funds at 55+, or have heard from friends and family
- the provider – communications to the customer have been triggered due to their proximity to their scheduled retirement date and they've received a 'wake up pack'

- 3.9 The providers felt that by the time the customer gets in touch with them they have made a decision about what they plan to do (and have mentally spent the money).
- 3.10 They felt that Cash Equivalent Transfer Values (CETVs) and other valuations are driving consumer behaviour.
- 3.11 They felt there needs to be a comms journey that embeds the idea of guidance from day one – surfacing the idea throughout the lifecycle, in the dashboard in the mid-life review.
- 3.12 The group agreed that in a multiple small pension pot world the biggest pension is unlikely to be the one that is accessed first and that it was important to use that first contact to reinforce behaviours for the future.
- 3.13 Providers felt that customers accessing their pots had done a lot of research themselves.
- 3.14 They noted that there were some great resources available to help customers research and understand – including the Quiet Room videos on what happens when your pension is invested, risk and the ABI video on the multiplicity of things.
- 3.15 The group discussed establishing a behavioural norm – go to the guidance body first, that is the body on your side.
- 3.16 They noted that resources such as the Quiet Room videos don't have any figures in them, whereas provider communications contain values – customers can go 'number blind' once they see the money they could have.
- 3.17 The group discussed governance for the pilots, namely that participation needs to be meaningful, FCA support was key, as was the consumer voice, but there needed to be an economic consideration too (any costs would trickle down to the consumer ultimately).
- 3.18 The guidance pilots being proposed will look at activities at the 'stable door', the last opportunity to influence before funds are accessed.

- 3.19 Customers have a strong anchor in their minds already about what they intend to do, the message needs to be positive and reinforce a 'well done' and sell guidance and the benefits of taking guidance as part of the process.
- 3.20 TF told the group about the referrals process in place between the MAS contact centre and TPAS. If customers contact MAS with a pension question (sometimes believing they are contacting their pension provider) they are offered the option of speaking to a connected service which provides free, independent and expert help with pensions. If they agree the customer is 'warm transferred' to TPAS. Take up is excellent and the customer journey smooth and relatively uninterrupted. However, messaging was important.
- 3.21 The group noted that the language of 'diversion' was sometimes unhelpful making it seem underhand rather than something in the best interests of customers.
- 3.22 PB spoke about the work on the Pensions Passport and offered to make that data available to inform thinking. He explained customers had received a cover letter from LV and another document with the Pension Wise logo and number on. They didn't receive any complaints that customers didn't have to call LV.
- 3.23 Guidance had been placed into the pipeline, ie this is the number you call, it was integrated into the process and the communications – making it obvious and positive to customers that they should do this.
- 3.24 The group also discussed telephone transfers, hot keying customers from the provider to the guidance provider.
- 3.25 The group felt that the challenge arose where there was ambiguity, so it was key that regulatory requirements set out what was expected.
- 3.26 RY asked about the evaluation of the pilots and possible success measures. He suggested customer satisfaction, testing for an informed decision from the customer and looking at the outcome (ie what action the customer took).
- 3.27 The group discussed what was understood as current good practice. They felt that having no pre-conception about the customer was key.
- 3.28 MC said that there had been learnings from the two emergency helplines TPAS had been operating for British Steel and Carillion respectively, with the latter having an earlier set up leading to much more effective calls.

- 3.29 BS added that learnings from the FCA Financial Lives data and the MAS/BIT FinCap Labs work on guidance should be incorporated.
- 3.30 The group discussed exemptions and noted that these should be looked at carefully – they felt that giving providers a reason not to do so something often led to lower take up.
- 3.31 They also noted caution on any pot size exemptions – as if the aim was to establish a cultural norm then there should not be exclusions and the process when accessing smaller pots should reinforce what should happen when someone accesses a larger pot.
- 3.32 They spoke about finding the funnel, understanding why customers are calling and get them to independent help.
- 3.33 They wondered if there might be learning from other sectors (or other government departments) such as the Dept of Transport’s learning from driving tests and the process of undertaking the theory test first.
- 3.34 The group discussed ‘mandating’ and the scale of options available. At the upper end of the scale could be a process where customers have to go to a website to say they are opting out of guidance. They noted that there were cost implications and unnecessary costs should be avoided.
- 3.35 MB suggested there might be learning from ‘Smart Defaults’, an academic report that informed the development of automatic enrolment.

Action: MB to share ‘Smart Defaults’ report

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- 3.36 DR summarised what was going to happen next:
- This was a top priority for Pension Wise and DWP
 - The intention is to nail down 3 or 4 things to test
 - This should happen in the next few months
- 3.37 They want to be in a position to make some recommendations and inform the new body. The FCA will then have to consult on rules etc. The aim is to get the pilots in place and enable the other stages to start in as timely a manner as possible.
- 3.38 RY asked for clarity about the reference in the legislation about transfers. DR replied that this was about transfer for the purposes of access rather than all transfers.

- 3.39 It was agreed that this group would be kept updated and that there may be an opportunity to come back to the July meeting an update.
- Action: MAS to liaise with DR about an update on guidance pilots at the July meeting.** 70

4 Understanding Customer workstream update and next steps

- 4.1 CC ran summarised the paper circulated to the group – reminding them that this piece of work was about understanding the life courses customers take, then undertaking a mapping exercise to identify which customers are not being covered by interventions to support their retirement planning.
- 4.2 Having reviewed the ABIs Interventions report there was still a gap in understanding the size of the market, ie how many people could be helped by which intervention.
- 4.3 Following a meeting with MAS about potential data sources, there had been a follow up discussion with the FCA’s Financial Lives team to see how their work could support.
- 4.4 The group ran through the questions poised in the paper and agreed that having a quant base to underpin the work would be helpful, they were not aware of work that had already done this and felt the proposed approach seemed sensible.
- 4.5 Suggestions of colleagues to join the workshop were made by DR, JW, PB, MB and RY.
- 4.6 FH explained that dates were held w/c 18 June and that she’d be in touch with the suggested participants to firm up dates.

Action: MAS to liaise with DR, JW, PB, MB, MC & RY to invite suggested participants to the workshop session with CC and representatives from FCA. 71

- 4.7 RY suggested it may also be worth looking Experian work on typologies.

Action: RY to share Experian Typologies work. 72

5 Strategy Update and Refresh

- 5.1 FH ran through highlights from the update paper. She reminded the group about Financial Capability Week (12-18 November) which would use the ‘Talk Money’ theme. She explained that they were

particularly keen for organisations to adopt the theme to support their own communications or campaign activity.

5.2 She asked any organisations planning research launches around the week to consider if they could time their work to take place during the week and link their work to the week and the 'Talk Money' theme.

5.3 The 'Talk Money Conference' will take place again during the week, and an expression of interest will shortly be circulated to the group so members can say if they are keen to be involved in the week.

Action: SG members are asked to consider how they can be part of Financial Capability Week (and use the Talk Money theme to support their own activities) and liaise with MAS on any ideas and plans. 73

5.4 The group asked about the 'rallying cries' work and why there wasn't a focus on guidance. FH explained that they were intended to be a shortcut to explaining the strategy and what is was trying to achieve.

5.5 She added that the rallying cries identified by the board were an initial set, and that the sub-group had probably strayed away from guidance as they wanted to focus on areas less directly impacted by the creation of the SFGB.

5.6 BS suggested that there should be an additional cry of 'get guidance'.

Action: BS and MAS to meet and explore what a 'get guidance' rallying cry might look like. 74

5.7 The group noted the opportunity to progress work on rules of thumb.

Action: Rules of thumb to be discussed at a future meeting. 75

5.8 FH ran the group through the Strategy Refresh paper – highlighting the plan to involve the group in an update and refresh of the Strategy documentation.

5.9 The group felt that the success criteria should include a reflection of the major developments in the market (eg the progress of projects like the dashboard).

Action: MAS to work with SG members to be involved in the refresh and update of the retirement planning strand of the Strategy later in 2018. 76

6 **Any other business**

6.1 There was no other business, the chair thanked the group for their participation and brought the meeting to a close.

Next meeting: Thurs 12 July, 10.30-12.30, MAS offices

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	
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	
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	
66	PB to circulate the revised statement prototype designs (Ruston Smith work) to the group.	PB	July	
67	RY/ABI to co-ordinate with MAS to see how the steering group could support the recommendations in the Interventions report	RY/MAS	Ongoing	
68	MAS to explore with PPI PhD student how to plug her work into the UK Strategy.	MAS	Ongoing	Initial call 7 June

69	MB to share 'Smart Defaults' report	MB	Complete	
70	MAS to liaise with DR about an update on guidance pilots at the July meeting.	MAS/DR	July	
71	MAS to liaise with DR, JW, PB, MB, MC & RY to invite suggested participants to the workshop session with CC and representatives from FCA.	MAS	Complete	Workshop scheduled for 19 June
72	RY to share Experian Typologies work.	RY	19 June	
73	SG members are asked to consider how they can be part of Financial Capability Week (and use the Talk Money theme to support their own activities) and liaise with MAS on any ideas and plans.	All	asap	
74	BS and MAS to meet and explore what a 'get guidance' rallying cry might look like.	BS/MAS	Ongoing	Meeting scheduled for 21 June
75	Rules of thumb to be discussed at a future meeting.	MAS	Ongoing	
76	MAS to work with SG members to be involved in the refresh and update of the retirement planning strand of the Strategy later in 2018.	MAS & all	Autumn	