

PAPERLESS PENSIONS
SURVEYING MEMBER ATTITUDES

7 March 2019

DIGITAL DEMAND

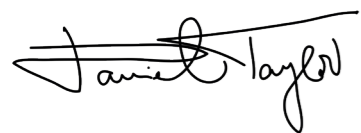
Foreword

Digital innovation has not had the same revolutionary impact in the pensions market as it has in other financial services sectors. This is despite three in four people saying they are happy to go digital, a change that could wipe thousands off the annual running costs of pension schemes and significantly improve members' financial understanding.

Research conducted by Trafalgar House, undertaken in association with YouGov, found striking evidence of a change in members' expectations when it comes to digital pension communications. Undertaken in February 2019, the survey reported on four crucial pension access questions, in light of digital communication trends.

A total of 2,027 respondents were asked whether or not they had a pension, and whether they had accessed it online. The survey then delved deeper into the state of digital communication in the sector, examining the reasons behind members not accessing pension details online. Respondents were asked to report on their willingness to embrace digital innovation, and whether they would be happy to go paperless.

The results in this report give a detailed insight into scheme member perceptions and highlight an urgent need for the industry to embrace online platforms.



Daniel Taylor
Client Director



This research was conducted in February 2019 in association with YouGov. It covered 2,027 respondents of which over 1,600 were members of a workplace pension scheme. The results are correct at the time of going to print. Decimal places have been rounded up or down to the nearest figure.



COMMUNICATING SOLUTIONS

Key findings

Communicating how to get online and the benefits of doing so, are the two main barriers to higher levels of digital adoption. Three in four members are happy to use online solutions but use is not more widespread because members have never thought about using it or do not know how to.

76%

of pension scheme members are willing to go paperless for their pension communications.

87%

of under 35s are happy to go digital. This figure falls to 68% for over 55s.

30%

of pension scheme members do not know how to get access.

38%

of pension scheme members have never thought about accessing their pension online and 30% do not know how to go about getting access.

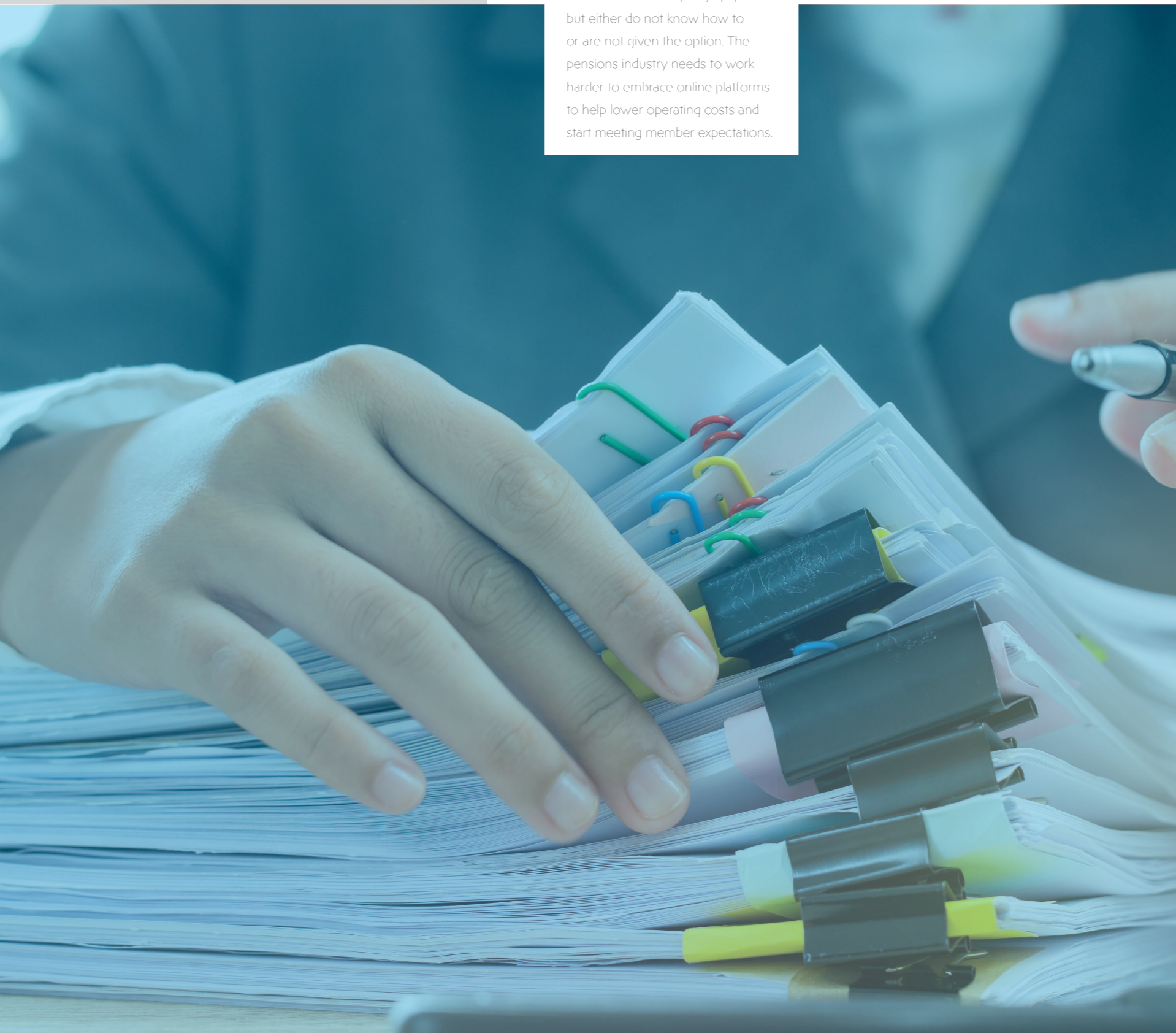


The survey found that the age demographic least likely to know how to access their pension account is the under 35s. For this group, 43% of those surveyed who had not accessed their account online were unsure how to.

The industry in which employees are most likely to embrace digital change is the legal profession, where over 81% of employees welcome paperless communication.

38% of scheme members would be 'very happy' going digital

A large majority of pension scheme members are willing to go paperless but either do not know how to or are not given the option. The pensions industry needs to work harder to embrace online platforms to help lower operating costs and start meeting member expectations.



Employees are happy to see digital communication replace traditional letters when it comes to their pension schemes

DEMAND FOR ONLINE Paperless future

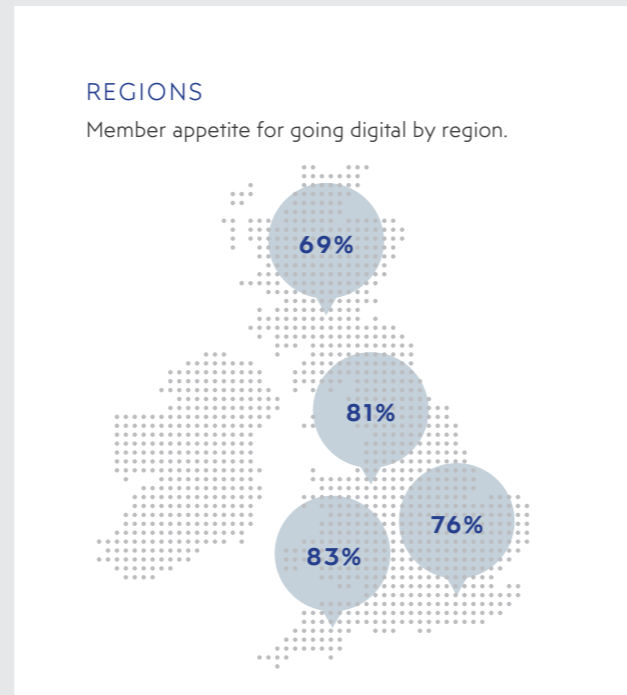
A key finding of the report relates to the respondents' appetite for paperless communications. Digital communication is becoming commonplace across the board, and in general employees are happy to see digital communication replace traditional letters when it comes to their pension schemes, too. In fact, of those surveyed, 76% are happy to go paperless for all pension communications. Just 18% would be unhappy to do so.

A desire to replace traditional letters with paperless, digital communication is most prevalent amongst the youngest age demographics. Looking at respondents under 35 years old, 87% are happy to go paperless. For those aged 35-45, this figure is slightly lower at 79%, and for 45-55 year olds it's lower still at 70%. Those aged 55+ remain, on the whole, open to paperless communication, with 68% happy to go digital.

The industry in which employees are most likely to embrace digital change is the legal profession, where over 81% of employees welcome paperless communication. This is closely followed by those working in media/marketing/advertising/PR and sales. Those working in education or medicine appear slightly less likely to be happy with a switch to digital communication, however the vast majority of respondents in these industries do remain open to change. Of those working in education, 66% are happy to go paperless. In medicine, that figure is 68%.

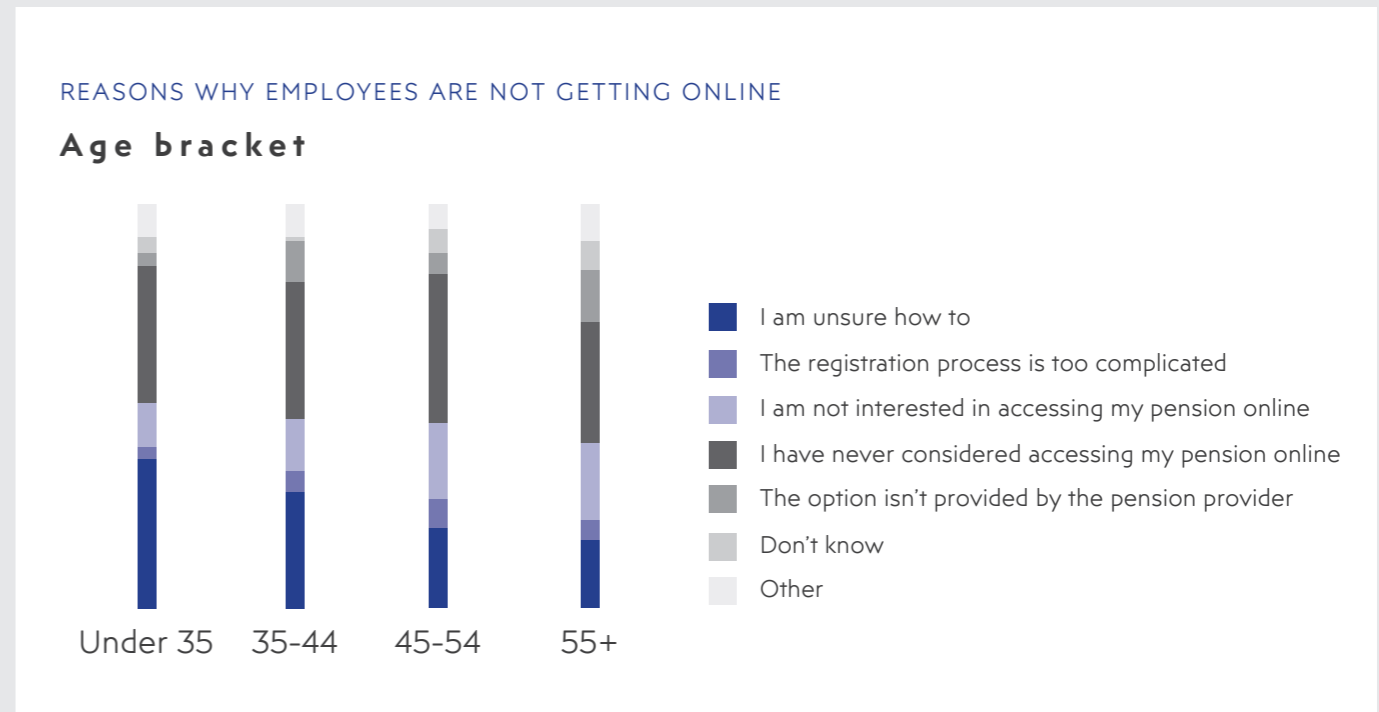
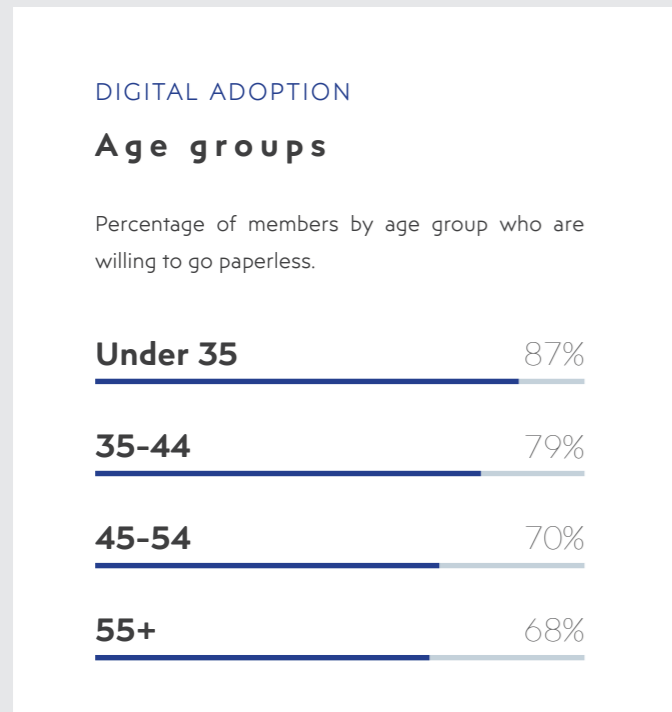
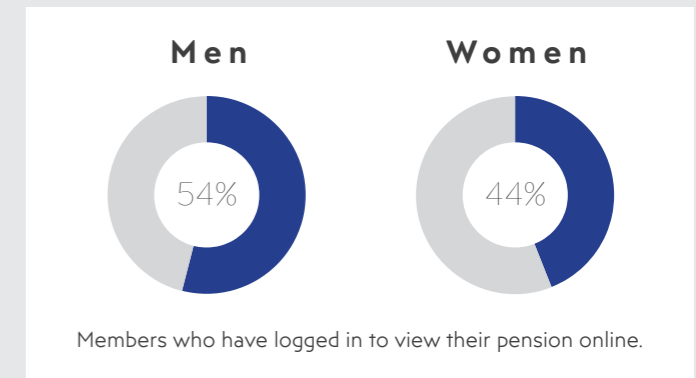
2,027
PEOPLE SURVEYED

79%
HAVE A WORKPLACE PENSION



RESULTS
Breakdown

Of those who had not accessed their account online, the most common reasons for this were having not considered doing so (at 38%), and not knowing how to (at 30%). In just 6% of cases, respondents felt that the registration process was too complicated, and in 9% of cases the option was not yet being offered by the respondent's pension provider.



The research found that the demographic least likely to know how to access their pension account is those aged under 35.

Regulatory landscape

From 8 November 2010 changes were made to disclosure requirements for occupational pension schemes to allow them to communicate with members electronically

What the regulations say

Pensions regulation already provides the option for trustees to start communicating with their members through electronic channels.

Regulation requires trustees to be satisfied that electronic communications are designed so that scheme members can access, store or print them. They must take into account the requirements of disabled people.

Members must be given the choice to opt-out of electronic communication. They should do this by confirming in writing that they want to continue getting paper based communication sent to them through the post.

How to go digital

Email

You must send a written notice through the post telling members that future correspondence will be sent via email.

You should state that the trustees will provide members with future information electronically.

You must give members the option to opt out of email communications if they prefer to stay with the current postal method.

Information on a website

Extra provisions exist for trustees who want to publish information on a website.

When you first publish information or documents online a notification must be sent to the member at their last known email or postal address.

The notice you send them must say what the web address is and where on the site they can find the information. Subsequent notices only need to tell members the information is on the website.

You do not have to issue paper notices of new content if you have asked a member three times for their email address, and they haven't responded to you. If they respond asking to opt-out of electronic communications at any point then you must continue to send them the content through the post.

You should send out an email notification every time you add new content to the website that replaces paper communications.

Going paperless can save schemes thousands of pounds in annual printing and postage costs



Regulations already exist to help pension schemes go paperless

Web communication process

Step 1 - First use

The first time a website is used you should notify members and beneficiaries by post or email. Tell them:

- that information is available on the website
- the address of the website
- details of where and how the information can be read.

Step 2 - Ask for email address

Give each member or beneficiary two letters that you have sent to them through the post that:

- asks for their email address
- tells them that they may ask to opt-out of electronic communications if they write to you.

Step 3 - Confirm they have gone paperless

Give each member or beneficiary a final third letter that you have sent to them through the post that tells them that:

- further information and documents will be available on the website
- no further paper notifications will be sent to them.

Future communications

If you have followed these steps then each time new information is posted on the website you must:

- send an email out advising when new content is available on the website
- send information by post only to those members who have opted-out of electronic communications



HIGHLIGHT

Summary

On the whole, pension scheme members are open to change, and willing to embrace digital communication. To support this, it is imperative that pension schemes look at ways in which digital changes could improve the service they offer their members.

A 5,000-life pension scheme could save as much as £25,000 a year by going paperless

Whilst many pension schemes do not yet offer digital communication as an option, there's no denying the fact that the appetite for this is growing. With digital innovations transforming communication in our everyday lives, it goes without saying that paperless communication will soon be the norm for pension schemes, too.

On the whole, pension scheme members are open to the change, and willing to embrace digital communication. To facilitate this, it's imperative that pension schemes look at ways in which digital changes could improve the service they offer their members.



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