



Time to change the conversation about pensions

How do we redefine the user experience in Ireland?

Report from the Pensions Awareness Week forum

October 2019



Time to change the conversation about pensions

Introduction

Pensions aren't working for people in Ireland

The problems are well-known when it comes to pensions. Uptake is too low, the benefits are unclear, and users can't see the value. As a result, many people face an uncertain retirement, companies may face a long-term burden, and the nation as a whole faces a financial problem.

As part of Pensions Awareness Week 2019, we convened a forum of experts to share their insights on fixing these problems.

Taking insights from behavioural finance, technology, millennial workforces, and new thinking from outside the pensions industry, this report from the forum presents new ideas on how people in Ireland can secure their financial future.



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Time to change the conversation about pensions

About Pensions Awareness Week

Pensions Awareness Week is an initiative to raise awareness about retirement planning, and help people take charge of their long-term savings.

- ▶ Pensions Awareness Week was formed by investment advisory business Moneycube, and supported in 2019 by Beacon Capital, Property Bridges, Clayton Hotels, and the Irish FIRE (Financial Independence, Retire Early) podcast.
- ▶ In addition to the Pensions Awareness Week 2019 forum, our roadshow travelled around Ireland for a week in September.
- ▶ We ran evening seminars and drop-in sessions in Dublin, Cork, Limerick and Galway, with numerous stops and workplace visits along the way.

Interested to get involved?

- ▶ You'll find details on page 14 on how to find out more.



Executive summary

5 key findings from the Pensions Awareness Week 2019 forum

1. Ireland needs a pension communications roadmap

It's not that the communications strategy needs improvement: it doesn't exist.

2. People need help to recognize their future selves

Research shows that people see themselves in the future as a stranger. It's hard to empathise with the person you'll be in thirty years. We need to help people recognize their future selves.

3. Transparency, trust and control are vital

Ease of access and control are what get users' attention on peer-to-peer saving platforms.

People like the fact that accounts are easy to set up, they have transparency on fees, and visibility on what their money is doing. Why is that so difficult when it comes to pensions?

4. Pension providers and business can become more sophisticated at engaging their people

There are some great examples from abroad. In Australia, employees talk about their superannuation plans at the water-cooler. The message is 'Sort your super'.

5. Women's pension provision needs action, not talk

Financial decisions are often taken as a household. But the effect is not always spread evenly. It's time to help women to think of the long-term financial implications of household decisions.



1. Ireland needs a pension communications roadmap

Financial literacy in Ireland is poor, and many people lack confidence in making major financial decisions.

- ▶ When it comes to pensions, it's not that the communications strategy needs improvement: it doesn't exist.
- ▶ It's the ostrich effect: when the news is bad or too confusing, people instinctively push it away.
- ▶ The pensions industry might know how to invest - but we have a lot to learn about how we communicate.
- ▶ If we want the message to be heard, understood, and evoke a reaction, we need to listen to what is not being said, and adopt a new approach.



1. Ireland needs a pension communications roadmap (continued)

Some solutions

- ▶ A communications roadmap would recognise that we need to speak to different groups of people in different ways. We should have different pension conversations with people at different stages of life.

And it's vital that all these stories are joined together. That way, someone in their 20s builds on what they were taught in school, and someone approaching retirement benefits from the decisions they took in their prime earning years. All along the roadmap, we would give savers reasons to keep rolling over their money and building their wealth.

- ▶ It needs a coherent approach. Look at how the military systematically communicate financial literacy. They inform all the seniors and members, who are then responsible for delivering it through the ranks.
- ▶ Financial education needs to start early. Transition year should be the place to start to educate and empower younger people, to engage them for a lifetime of increased financial literacy and decisions to come.
- ▶ We need to eradicate the fear associated with pensions and those longer term financial decisions in life. People in their late 20's and 30's are locked out of the pensions conversation, it is so far removed from their reality right now and their financial priorities. But the opportunities should be there to get started. Pensions need to become a more empowered and accessible story.



2. People need help to recognize their future selves

Research shows that people see themselves in the future as a stranger.

- ▶ It's hard to empathise with the person you'll be in thirty years. We need to help people recognize their future selves.

Some solutions

- ▶ Technology has a role to play - from augmented reality and aging apps, to real-time projections and pro-active communications. We need to make an abstract subject concrete.
- ▶ We need to break the future into bite-sized slices. SSIsAs were successful because people could accept a more realistic, more relevant and more "plan-able" 3 or 5-year timeline.
- ▶ One solution could lie in shorter-to-medium-term investments where savers can actually see the rewards at the end, and plan for how to use them.
- ▶ People want to see short-term results - even in a long-term context. On Property Bridges' platform, customers like the ability to see their investments in real-time. They may be investing for many years, but they still require a feeling that progress is being made on the way.
- ▶ We need to change the language. Your pension fund could be your bucket list fund to make people feel their savings will have a more positive impact on their lives in keeping with their desired lifestyle level.



3. Transparency, trust and control are vital



Pensions seem like a bottomless pit. Where is your money going, what is it costing you, and how can you see what it's doing?

- ▶ Trust in the financial services sector is still a major factor. While the intermediary is recognised as having the customers' needs at heart, there are more general concerns over where the money is going and how many layers of fees are being added in.

Some solutions

- ▶ Ease of access and control are what have got users' attention at Property Bridges. People like the fact that accounts are easy to set up, they have transparency on fees, and visibility on what their money is doing. Why is that so difficult when it comes to pensions?
- ▶ The credit union sector offers an example of how to build trust in financial services through transparency, knowing their customers, and being there for them in good times and bad.
- ▶ A dashboard or platform giving you visibility on all your finances (and therefore your pensions too) in one place - such as the UK government are considering - could make a real difference.



4. Pension providers and business can become more sophisticated at engaging their people

One of the main challenges medium and large businesses face is the ability to offer good-quality, low-cost advice on pensions to their employees.

- ▶ The big pension providers speak the language of finance, but can't seem to communicate pensions awareness in plain English.
- ▶ The current model of advice isn't working and perversely, the people that require advice most, receive it least.



4. Pension providers and business can become more sophisticated at engaging their people (continued)

Some solutions

- ▶ It's a wellness thing. Whether it's going to the gym, or minding what we eat, we have never been more interested in doing the right thing for our future selves. We know we are living longer. We need to prepare financially for that future.
- ▶ Most people's pensions are delivered through the workplace. So employers have a major part to play in changing the conversation about pensions.
- ▶ We need to encourage people to be more assertive. We need to give people the confidence to take control of their financial futures, own it and be accountable for it.
- ▶ The evidence is that auto-enrolment works - but the way it is introduced will be key to capturing people's imagination and gaining public support.
- ▶ There are some great examples from abroad. In Australia, employees talk about their superannuation plans at the water-cooler. The message is 'Sort your super'. That's because business and government have created a sense of empowerment and responsibility among workers for their financial futures.
- ▶ The UK's ISA system offers a very successful template for engaging regular people in the habit of taking responsibility for growing their long-term wealth.
- ▶ We need to leverage existing communications language, digital signposting and frameworks that people know, are transparent and can trust - such as secure digital and mobile dashboards with real-time information, visibility on the social and economic effect of our investments, and convey the sense of progress and control that people felt with SSIA's.



5. Women's pension provision needs action, not talk

We all know that women are worse off when it comes to pay. What's becoming clearer is the lifetime effect, and the need to take action now.

- ▶ A recent ESRI report found that women's pensions in Ireland are on average 35% less than men's.
- ▶ Women live longer, work shorter, and often have lower incomes and career breaks. That needs to feature in their pension planning.

Some solutions

- ▶ Financial decisions are often taken as a household. But the effect is not always spread evenly. It's time to help women to think of the long-term financial implications of household decisions.
- ▶ Career breaks shouldn't mean pension breaks. One possibility would be for a transfer of pension payments to the non-working partner among the household during time off work.



Forum participants and sponsors

Forum participants

- | | | |
|-------------------|---|------------------------------|
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Time to change the conversation about pensions

Next stop 2020

We're already planning for Pensions Awareness Week 2020.

Interested to get involved?

Contact us to discuss how your organisation could become involved.

Opportunities include:

- ▶ Workplace events to promote pensions awareness among your workforce
- ▶ Sponsorship opportunities
- ▶ Further your CSR agenda

Key contacts

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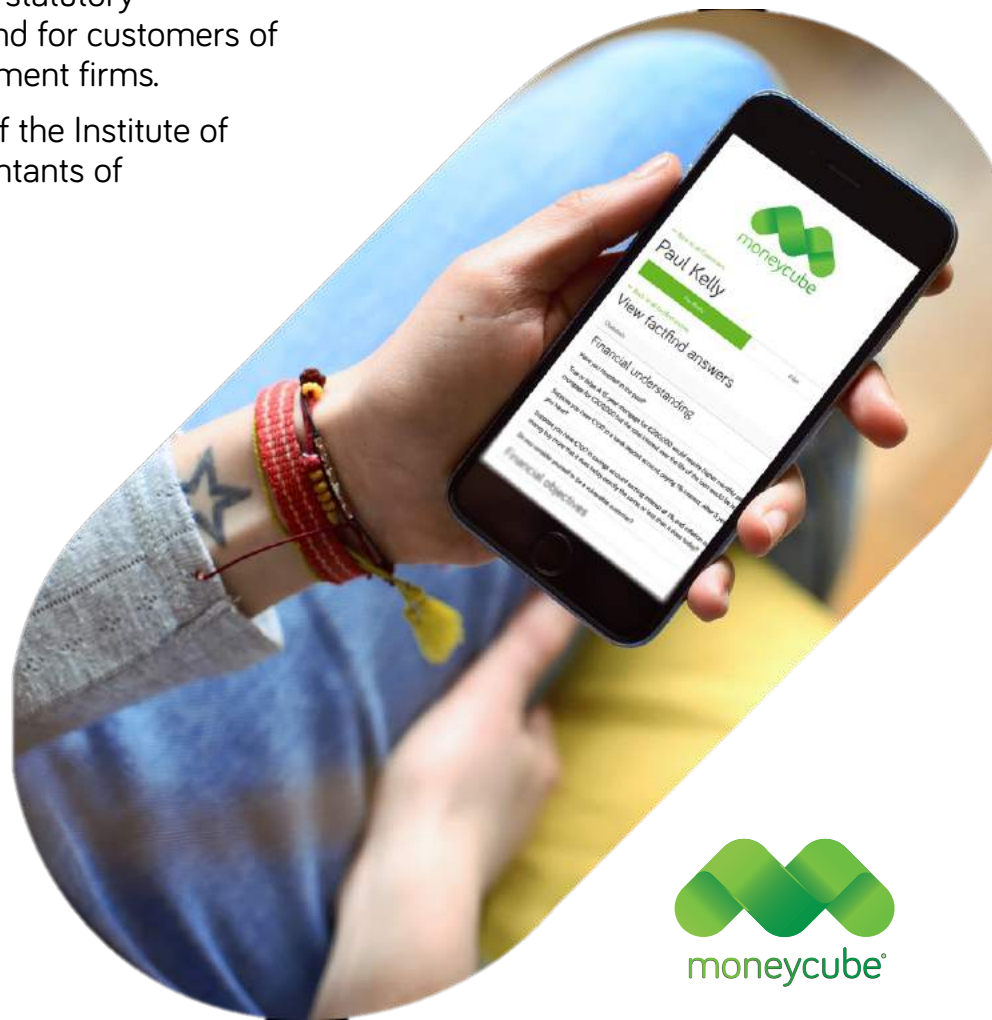
About Moneycube

Moneycube is a leading provider of investment and pensions advice in Ireland.

Moneycube enables companies and individuals to take control of their investments and pensions through better use of technology, transparent pricing, and straight talking about money. We also offer employee engagement solutions to Irish businesses.

Moneycube is:

- ▶ Authorised by the Central Bank of Ireland to act as an investment intermediary under the Investment Intermediaries Act 1995 (as amended) and an insurance intermediary under the European Communities (Insurance Mediation) Regulations, 2005.
- ▶ A member of the Investor Compensation Scheme, Ireland's statutory compensation fund for customers of authorised investment firms.
- ▶ A member firm of the Institute of Chartered Accountants of Scotland (ICAS).



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