

# How best to present State Pension information and support retirement planning

By Josh Hunt and Jo Phillips

## Background

The demographic make-up of the UK is changing. People are living longer, and the number of people eligible to claim the State Pension is growing relative to the working age population. The cost of pensions will therefore increase, yet there has been a corresponding long-term decline in private saving for later life.

Against this backdrop, DWP estimates<sup>1</sup> suggested that approximately seven million people were not saving enough to deliver the pension income they were likely to want, or expect, in retirement.

The response by the DWP resulted in the development of three core policy strands:

- changes to the State Pension, to make it simpler and fairer (particularly with respect to women and carers);
- a legal duty on employers to automatically enrol their eligible workers (if they meet certain age and income criteria) into a suitable workplace pension scheme; and make pension contributions;
- policies to support longer working lives, such as deferral of the State Pension.

There are a range of challenges in informing people about these policies, including:

- people's reluctance to think about the future;
- low trust and confidence in the government and financial service providers;
- the perceived complexity of the State Pension; and
- low levels of financial capability and engagement.

<sup>1</sup> Pensions Bill 2007 impact assessment, published 24 April 2008, p14.

Effective communications and information can help overcome these barriers and facilitate engagement with retirement planning.

## Research aims and objectives

The DWP commissioned this research to help understand how it could best develop engaging communications and information about the State Pension in order to:

- feed into the development of wider pension reform information and communications products;
- inform the development of existing products such as government information leaflets, web content and State Pension forecasts.

The specific aims of the research were to:

- establish what understanding people have of the concept of the State Pension and its individual components;
- gain evidence on what works in terms of explaining the State Pension so that it could be positioned within individual retirement plans;
- develop and test prototype information products that are informed by effective and innovative ways to generate understanding of the State Pension.

## Methodology

Focus groups, in-depth interviews and a creative workshop were used to identify, develop and test innovative and effective State Pension communications principles.

The research, conducted in 2009 was carried out in three phases:

## **Phase 1 – Understanding the context**

An initial phase of qualitative research to explore the issue at hand. This tested some excerpts from DWP State Pension leaflets to understand how respondents connected with the information, including identification of the triggers and barriers to engagement and understanding.

## **Phase 2 – Developing new packets of information from a customer point of view**

This started with a creative workshop, where a range of external expert perspectives were brought to the issue, with an aim to establish the principles of information design and then apply this to the core elements of the State Pension. This output was then used to develop stimulus to test information with respondents. This stimulus was then quickly tested and refined through a brief phase of qualitative research.

## **Phase 3 – Testing the new information materials with customers**

The final phase of the project was to test the materials with respondents and refine them according to the responses. Finally, research was used to gauge the effect that they had in comparison with the DWP State Pension information used in Phase 1.

The purposive sample was designed to ensure representation across key demographic variables such as income, age and gender. In addition, and most importantly, the respondents were recruited on the basis of being wholly or mostly reliant on the State Pension for their retirement provision or income, and possessing low pensions knowledge.

It should be noted that in qualitative research, the findings cannot be generalised to the population as a whole due to the small sample size and the method of recruitment.

The sample was derived on the basis that respondents tend to consider pensions as they begin to assume other responsibilities, such as buying a house, getting married, having children and taking on financial responsibilities. Age was an important determinant that influenced attitudes to ‘when was the right time’ to start making plans for retirement. It was not uncommon for those under 30 to feel they were too young to seriously explore the subject.<sup>2</sup>

For the purposes of the fieldwork, research stimulus materials were developed so that respondents could comment on the newly presented information. These materials, and the detail they contained were for research purposes only and do not reflect the current DWP information that is currently available to the general public.

All the information developed took into account the State Pension changes introduced from 6 April 2010. Although the fieldwork was conducted prior to this date, it was felt appropriate to seek evidence on information relating to State Pension policies that were due to be introduced.

## **Summary of findings**

The information about the State Pension that was tested in the research was generally found by respondents to be difficult to understand and engage with.

Respondents found that the questions that were most relevant and important to them, such as ‘what will I get?’ and ‘when will I get it?’ were left unanswered. The failure to find the information that met their needs led to frustration and disengagement.

Respondents felt that:

- from the start, the materials appeared dense and with a large volume of information. It looked to respondents as though it was going to be hard work to read them;

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<sup>2</sup> DWP (2009) Working paper No. 72 Individuals’ attitudes and behaviours around planning and saving for later life.

- on closer inspection, they were dominated by text, which was intimidating to some respondents, and catered to only certain modes of learning and information absorption. On the whole, respondents found it easier to take in information that was presented visually or as a combination of words and graphics. From a customer point of view, the materials also appeared dull, overly official, not user-friendly and difficult to navigate:
- reading the information was generally not found to be easy;
- the focus was on policy and technical information rather than the issues that respondents were interested in. Exceptions and caveats, according to respondents, appeared to be given more weight than general principles. It was hard for respondents to find the information that they felt they needed or to pick out bits of information that were relevant to them;
- information was presented in long sentences and paragraphs, which contained twists and turns, such as multiple sub-clauses and references to other pages, which made the meaning hard to follow;
- the language used was often not that of the layperson;
- the information assumed a considerable amount of prior knowledge of technical terms and concepts;
- finally materials did not encourage or motivate respondents to act on the information when it suggested they needed to.

As a result of finding information materials about the State Pension difficult to engage with, respondents tended to 'switch off', which could result in them failing to engage with retirement planning.

Designing information materials around the needs, competence and context of the reader can arguably make a great difference in driving engagement with, and understanding of the State Pension. This could result in increasing interest and confidence in thinking about planning for later life. In order to try to achieve this aim, materials were produced using a number of different principles, including:

#### Content:

- ensuring that the most relevant content from a customer point of view was made most prominent;
- tiering information so that a basic overview was established, allowing people to grasp foundation concepts before progressing to more detailed information;
- making sure that detail was accessible to those who need or want it but did not overwhelm people who are less confident;
- directly addressing common myths and misconceptions.

#### Format:

- using multiple methods of communication – textual and visual – to best suit the type of information being imparted. This caters for the different ways that people have of absorbing information.

#### Language:

- using plain, simple language and technical terms only when necessary;
- using simple layperson's language and explaining technical terms as they were introduced.

#### Layout:

- sequencing information in a way that made sense to the customer and using visual presentation, clear navigation and signposting to aid engagement and understanding;
- breaking information down into 'digestible' pieces with plenty of white space around them;
- providing action boxes and interactive tools.

Generally, respondents found the new materials accessible, approachable, engaging and empowering. The information was framed in a way that was helpful and relevant to them, with answers to their most important questions, such as: what is it? will I get it? how much will I get? when will I get it, most prominently placed.

## Individualised State Pension information

Through the iterative development and testing of new information components, it became clear that respondents sought individualised information about their State Pension entitlement. The most important piece of information to communicate was the approximate amount of State Pension people may get as it helped to significantly generate interest and engagement.

This was the information that respondents were most interested in, but which few had any idea of how to calculate using the initial materials. It was also the one piece of information which was most likely to provoke consideration of the personal implications of financial planning. It gave respondents a reason to read on, because they wanted to know how to maximise the figure and ensure they got more than the average.

Due to lack of knowledge about the subject, general surprise was expressed once respondents became aware of the typical amount of the State Pension. This awareness acted as a key driver of consideration and engagement, as did the understanding that not everybody receives the same amount.

It was found that a rough estimate of what they will receive was enough information for most respondents, especially if they knew how to get a more precise figure. The availability of quick estimation tools could therefore be extremely important to engage people in learning more about the State Pension and consider how to make plans for later life.

The use of rules of thumb and benchmarks, including giving respondents some idea of how much the State Pension can be, and the use of clear calls to action in the information, resulted in respondents suggesting there was a greater inclination to act on the information. This action, when promoted, could include requesting a State Pension forecast, tracing a lost pension from the past using the Pension Tracing Service, or asking their employer about a workplace scheme.

## Conclusion and recommendations

The presentation of information in a more customer friendly manner can enable understanding and build confidence and engagement in thinking about the State Pension and retirement planning.

The findings suggest that there is considerable scope for using a similar customer-centric approach to designing information on a much wider basis. It is believed that the findings of this study (specifically the approach), could be applied across the development of materials across a wide variety of DWP communications and public information.

Evidence collected from this research has strengthened the evidence base underpinning the development of State Pension and wider DWP information products. The DWP are already using the findings to help them communicate effectively, to engage with individuals about State Pension policies, applying them to developments, such as:

- provision of an on-line tool, the State Pension profiler, designed to give users an approximate idea of their basic State Pension entitlement;
- written communications to women who will reach State Pension age whilst legislative changes to the State Pension age for women are being implemented to inform them of how the changes will affect them personally.

The full report of these research findings is published by the Department for Work and Pensions (ISBN 978 1 84712 845 4. Research Report 690. October 2010).

You can download the full report free from:  
<http://research.dwp.gov.uk/asd/asd5/rrs-index.asp>

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