Engagement pathways in workplace pensions

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Engagement pathways in workplace pensions: an overview of pension decision-making

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People aren’t saving enough through workplace pensions and it’s not clear how to engage them.

Qualitative methods aimed to understand the complex and contextual nuances of decision-making.
The research revealed a typology of approaches which form pathways of engagement in workplace pension saving.

- **Starting off**: Threshold adults focus on establishing themselves. They need to be nudged into pension saving and supported to deal with the other complex challenges they face.

- **Building Trust**: Sceptical speculators are unsure about pension savings. They need to feel reassured that they can trust pensions, and that they can have a voice to encourage engagement.

- **Increasing engagement**: Market investors want to make active choices about their pensions. They need detailed, jargon-free information and tools to support them in this.

- **Increasing participation**: Protectionist savers want to contribute more but without really thinking about it. They need default investment schemes and clear, simple explanations.
The threshold adults are at the start of their workplace pension journey and have more important life goals

<table>
<thead>
<tr>
<th>Policy tools</th>
<th>Key messages</th>
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<tbody>
<tr>
<td>• Automatic enrolment into workplace pensions</td>
<td>• Pension saving is important, but we understand the complex financial decisions you face.</td>
</tr>
<tr>
<td>• Default contribution levels and investment schemes which are clearly explained</td>
<td>• We’ve provided standard options to get you started.</td>
</tr>
<tr>
<td>• Recognition and support for challenges</td>
<td>• When you feel able to contribute more to your pension, here’s where you can find more information [link to overview of employer matching schemes].</td>
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The protectionist savers increased their contributions but do not want to engage with the details of their pension

| Policy tools | • Matched contributions from employer above default levels  
• Default investment schemes which are clearly explained  
• Use of shared platforms, such as events or FAQs, to clarify key points of understanding |
| Key messages | • Our employer matching is there to help you build your retirement savings faster.  
• We’ve provided a standard investment option which means you don’t have to get into the detail of this.  
• If you do want to understand more about your pension and what it is invested in, you can find more information here [link to detailed information] |
The sceptical speculators need to feel more confident about participating in workplace pension saving

| Policy tools | • Detailed information on scheme, including charges, likely returns and trustees  
• Tools including comparisons and calculators  
• Opportunities to access guidance across savings portfolio  
• Avenues for providing feedback to employer and provider |
|--------------|----------------------------------------------------------------------------------------------------------------------------------|
| Key messages | • We understand that pension saving might not feel like the right thing for you.  
• You may prefer other forms of saving and investment at the moment.  
• We’ve provided some information to help you understand the benefits of pension saving [link to info and tools]  
• We’d love to hear your feedback! |
The market investors are active in terms of managing their pension as an element of their investment portfolio

| Policy tools                        | • Matched contributions from employer above default levels  
|                                   | • Investment options supported by jargon-free information  
|                                   | • Online tools, such as comparisons and calculators  
|                                   | • Access to guidance across saving and investing portfolio  
| Key messages                      | • We know that you want control over how your pension is investment, so we offer a number of options for this.  
|                                   | • To help you make decisions about your pension, we’ve also provided some tools to calculate what you might need for later life and compare across different investments.  |
However, there are important considerations about this model of engagement.

Active engagement requires specific knowledge, access, social and economic capital – is this feasible for everyone?

The gendered nature of decision-making may reinforce penalties of career breaks and lower pay for women.

Issues around trust in the workplace pension system may need more action than just interventions at the individual level.
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