

Financial Education and Guidance

Understanding the basics of retirement planning is a key life skill and yet there is general recognition that financial literacy is a significant problem in the UK.

More and more employees are being automatically placed into a DC pension plan. While the process makes many decisions on their behalf, the harsh truth is that for many members relying on these defaults will not lead to a satisfactory outcome in retirement.

While steps are being taken to introduce financial education in schools and colleges, the vast majority of today's workforce will have received little or no formal support in understanding key financial issues.

In a survey of 2,000 adults conducted on behalf of Friends Life in August 2014, one in five said they would find it easiest to explain the offside rule in football, but just one in 20 felt the same way about describing a pension.

In our own Employee Insight Report 2014, 56% of respondents said that pensions terminology was complicated, confusing and a barrier to effective retirement planning.

Furthermore, some 73% of employees also said that they expect their employer to provide guidance on the employee benefits being offered.

Plugging the knowledge gap

It is clear that there is a genuine need for help and a desire from members for their employers and/or trustees to step in and provide assistance.

Allied with this is an increasing expectation from the Pensions Regulator that members are helped to understand the impact of the decisions they make on their own circumstances; if members lack the core skills to appreciate key financial issues, it is difficult to see how this can be achieved.

Furthermore, given the level of financial commitment employers are now making to their employees' DC pension plans, there is clearly a positive benefit to be gained by ensuring that this investment is valued by the membership. Understanding drives engagement and appreciation.

However, many employers are naturally concerned that they might unwittingly give what could be construed as advice with all the potential risks this brings.

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(Employee Insight Report 2014)



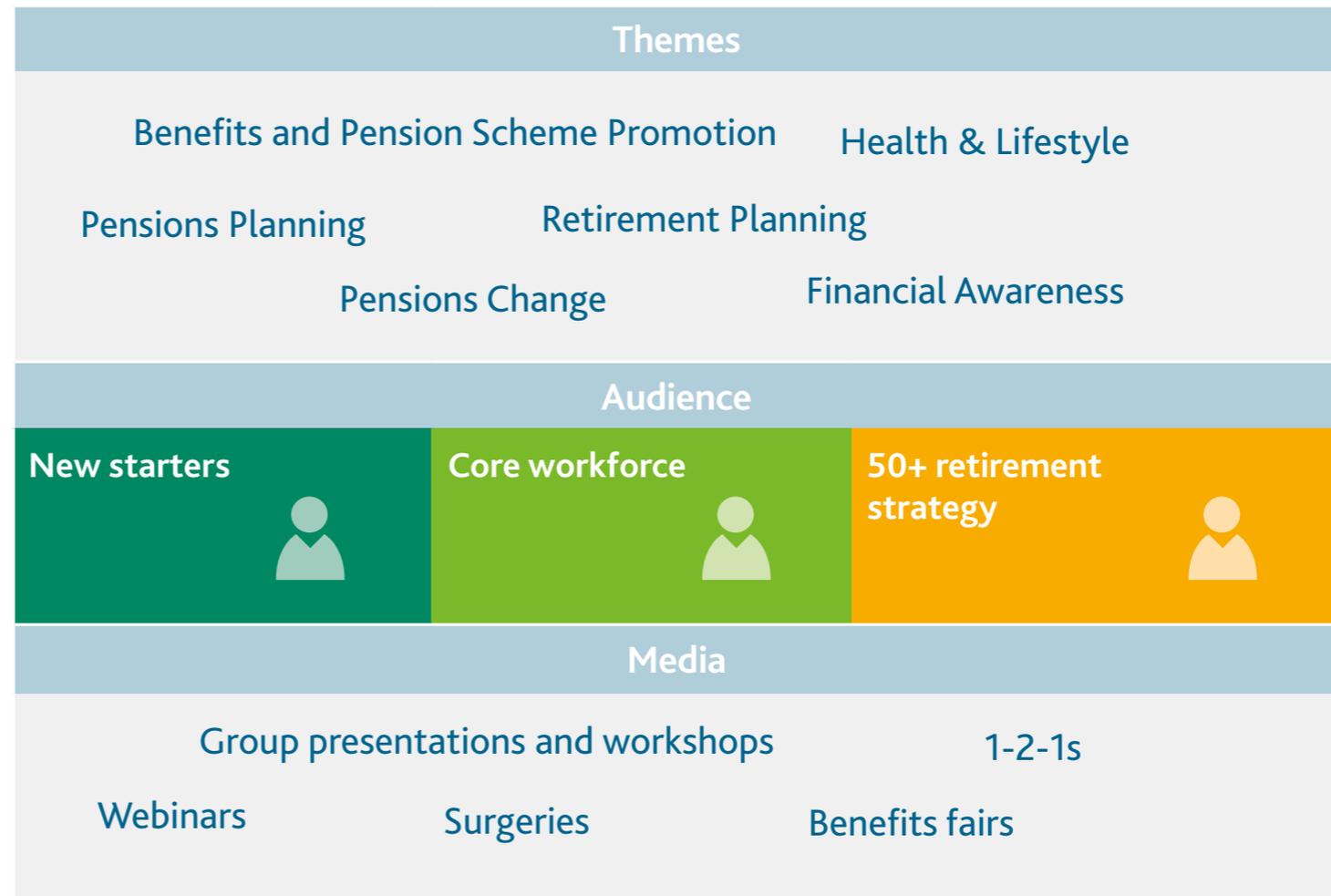
The workplace member education programme

We have developed a structured approach to delivering employee education in the workplace, that meets this growing need to enhance financial literacy and allows you to avoid the risks of offering support directly.

Our programme helps your employees plan for their future and better understand their benefits.

It is designed to meet the needs of employees at the various stages of their working life, and to dovetail with your employee benefits and retirement savings plan, while keeping clearly within the regulatory scope of guidance rather than advice.

By implementing this programme, you can demonstrate genuine commitment to your people and their financial wellbeing. This will create a more engaged and informed workforce, support your broader corporate goals and help employees better plan for their eventual retirement.



Delivering DC excellence: Better education supporting better member outcomes