the Money Advice Service

Pensions Dashboard Research

A report by 2CV Research

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Written by Sammy Saint-Warrens (Research Manager) and Nick Allen (Research Director)

About 2CV

2CV is an independent global consumer research agency with offices in the UK, USA, and Asia. We provide research and insights for a range of blue chip clients, public sector organisations and charities.

We are dedicated to delivering innovative research and cutting through the noise. That's why 2CV offers Breakthrough Simplicity through fully integrated thinking and techniques. From deep ethnographic immersion to advanced analytics, we do the heavy lifting; editing, contextualising, humanising and storytelling.

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This independent research was commissioned by:

the Money Advice Service

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NOW: Pensions

PRUDENTIAL

ROYAL LONDON

SCOTTISH WIDOWS BANK

Standard Life

the people's pension

Willis Towers Watson

ZURICH

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1 Executive Summary

Background and context

In 2016, the Government committed the pensions industry to the creation of a Pensions Dashboard service. The idea – to provide a single location where people can find all their pension saving details – is intended to address concerns that too many people are underprepared for retirement and feel out of touch with their pension savings.

The Pension Dashboard Prototype Project was set up in autumn 2016 to enable cross-industry collaboration to agree a data sharing infrastructure, build a working prototype and understand the challenges that a Dashboard service faces among consumers. One such challenge is that, while the overall ambition is to present all the data from all pensions held by an individual, at the expected launch in 2019 this may not be possible. The likelihood is that this will take time to adopt across the whole industry and there could be a delay while the information and infrastructure come together – meaning that customers may not see all their pensions when dashboard services are first launched.

The Money Advice Service had commissioned earlier research in 2016 to test consumer responses to various dashboard options. Because of their experience in this field, the Association of British Insurers (ABI), acting on behalf of a consortium of 16 different pension companies who together delivered the Pensions Dashboard Prototype Project (see **pensionsdash boardproject.uk**), asked the Money Advice Service to lead this next phase of consumer research, this time exploring customers' tolerance levels regarding how much information will be available for a launch of live services. Consumer research agency 2CV were then commissioned to conduct this independent research, funded jointly by the 16 pension companies and the Money Advice Service.

Method

2CV conducted 20 qualitative depth interviews and four workshops preceded by pre-tasks. Research was conducted in London, Belfast, Manchester, Edinburgh and Cardiff with consumers who have multiple pensions.

Key findings

People find it difficult to locate information about their pensions, which creates frustration and confusion. Many have low awareness and limited understanding of their pensions, leaving them feeling out of control and unclear on what their income could be in retirement. The Pensions Dashboard concept excites this audience and they feel it will help them be more in control and able to make informed decisions by:

- Reconnecting people with their lost pension pots
- Helping people understand the complete picture of how much pension money they have in total, what this may mean for their retirement income and potential lifestyle
- Allowing comparison of pensions to support decisions (e.g. consolidation)

Recommendations

Good communications will be vital in managing expectations and people's expectations. Three key things to be made very clear are:

- What they can use the Dashboard for now vs. further down the line (to avoid disappointment)
- Why some providers are not 'online' and the likelihood of them joining (to avoid unintended consequences and reputational risk to those schemes).
  - Provide notifications when providers come onto the service.
- Who is responsible for the Dashboard service and how the government will be involved (to reassure on intentions and data security).

People also need advice and guidance if they want to make a change to their pensions as a result of seeing their information via a Dashboard. Providing or at the least signposting to more help will make users feel supported and take action that will have a positive impact on their estimated income.

This audience want a Dashboard to be interactive to help them gain control and make informed decisions. Providing the opportunity to 'test drive' changes to their pensions before committing to a decision (e.g. consolidation or increased contributions) will help them feel in control over what will ultimately improve their lifestyle at retirement.

At launch, people expect a Dashboard service to support these needs and want to see information that helps them take action. Their priority is to see their estimated monthly/ weekly retirement income in order to get an idea of what their lifestyle will be like at retirement and if necessary, make any changes to improve their projections (e.g. increasing contributions). They expect a Dashboard to be interactive so they can manipulate their contributions to see the predicted impact on their estimated income before taking action.

In terms of coverage, there was a low tolerance for an incomplete Dashboard at launch and many would rather wait until the majority of providers are 'online'. At the very least people expect a Dashboard service to include their largest providers as well as the State Pension – otherwise its usefulness would be undermined.

People expect government to be responsible for Dashboard services, and this involvement is seen as crucial to ensure trust in an online environment. There is a broader distrust in financial services and institutions and as a result people feel the government should take the lead.

How to read this report

Chapters 1-3 introduce the research, its objectives, methodology and key findings

Chapter 4 introduces perceptions and financial mind-sets that inform how people think, feel and act about their pensions.

Chapter 5 identifies the information and advice that people need about their pensions

Chapter 6 contains the responses to a Pensions Dashboard concept, identifies the information people prioritise and explores tolerance and trust.

Chapter 7 provides a summary and key recommendations for a Pensions Dashboard service – shaped by this audiences' perceptions, needs, expectations and priorities surrounding their pensions and what they want from a Pensions Dashboard.

The report contains an appendix with sample details, MAS segment definitions and the stimulus that was shown to participants to introduce the Pensions Dashboard concept.

2 Objectives and Methodology

The aim of this research was to understand the 'tolerance levels' for the amount of pension scheme data which may be available at the launch of a Pensions Dashboard service and beyond, particularly among those with multiple pensions.

There were three core research objectives tested:

- Acceptable levels of completeness: what level of pension data is seen as acceptable, useful and worth accessing the Dashboard for?
- Acceptable duration until all data is available: how long will people accept a less-than-complete Dashboard service?
- How people imagine using a Dashboard and how it might help them, with specific focus on expectations, demands, accessibility, and provenance.

2CV conducted a multi-method qualitative study to explore the above objectives:

- Pre-task asking all respondents to find out as much as they can about their pensions – to understand their experience and get them thinking about their needs
- 20 x 90 minute depth interviews across London, Belfast, Manchester, Edinburgh and Cardiff.
  - A quarter of these were paired interviews in order to explore the dynamics of marriage/partnership around this issue, how it's talked about between them and any impact on expectations and needs.
- 4 x 2 hour workshops in London and Edinburgh.

Participants were selected using the Financial Resilience segmentation model developed by the Money Advice Service[1]. The model identifies and profiles different groups of people in the UK population and segments them based on their current situation and their attitudes and behaviours towards managing their finances. The segmentation is focussed on 'financial resilience' – one of the key outcomes from improved financial capability - and is defined as the ability to withstand a variety of income shocks, based on a combination of income, savings, protection, credit and demographics. More detail on the methodology and the segment profiles is available in Appendix 1. For this research, the following sample were selected[2]:

- A mixture of the Money Advice Service 'Squeezed' and 'Cushioned' segments
  - Squeezed – 33% of the UK working-age adult population. Working-age consumers with significant financial commitments but relatively little provision for coping with income shocks. Digitally savvy, with high media consumption (although more for entertainment than financial information).
  - Cushioned - 37% of the UK working-age adult population. The most financially resilient group, with highest levels of savings and lowest proportion of over-indebted. Most highly engaged with their finances.
- Working people aged between 30-50 years who have more than one pension
  - A mixture of those with Defined Contribution and/or Defined Benefit pensions
  - A spread of those with low, medium and high pension literacy

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1   The Money Advice Service segmentation groups UK consumers into discrete addressable segments, according to measure of financial resilience, which Money Advice Service defines in terms of five 'pillars' consisting of income, protection, savings, credit and demographics – see further information on the segments in Appendix 1

2   See detailed sample tables in Appendix 1

3 Key Findings

People find it difficult to locate information about their pensions. Many have low awareness and limited understanding of their pensions, leaving them feeling out of control and disconnected from their pensions.

There is a clear need and desire for a Pensions Dashboard

When the concept of a dashboard is introduced, people are excited about it and feel it has a major role to play in helping them feel more in control and able to make informed decisions by:

- Reconnecting people with their lost pension pots
- Helping people understand the complete picture of how much pension money they have in total, what this may mean for their retirement income and potential lifestyle
- Allowing comparison of pensions to support decisions (e.g. consolidation)

People expect a Dashboard to support these needs and want to see information that helps them take action

They need to see their estimated monthly/weekly retirement income in order to get an idea of what their lifestyle will be like, the total of different pension pots alone is not enough. Some feel that being armed with this information will encourage them to increase their pension contributions so they can improve their future lifestyle.

Low tolerance for an incomplete Dashboard

However, given that their need for a Dashboard is one they are unaware of until they try to find out about their pensions (prompted by this research), many would rather wait until the majority of providers are 'online'. A Dashboard was not something they had pictured as a solution until they were asked to find out more about their pensions for this research.

People wonder what pension schemes are trying to hide if they're not on the Dashboard from the start, which presents a reputational risk. Some even feel they would consider switching from any providers that didn't appear.

At the very least people expect to see the largest providers as well as the State Pension.

Government involvement is seen as crucial to ensure trust in an online environment

Some fear that a Dashboard service could be misused to sell their data or market pensions or savings products. Broader distrust in financial services and institutions leaves people feeling that the government should take the lead with this.

Communications will be key in managing expectations

People need communications to make three key things very clear:

- What they can use a Dashboard for now vs. further down the line (to avoid disappointment). There was low tolerance for a service that isn't as useful as the name implies.
- Why some providers are not 'online' and the likelihood of them joining (to avoid unintended consequences and reputational risk to those schemes)
- Who is responsible for a Dashboard service and how the government will be involved (to reassure on intentions and data security).

4 Pensions: Out of Sight, Out of Mind

Familiar financial mind-sets and behaviours are informing how people think about their pensions.

"Honestly, all I've done with my pensions in the past decade look at my contributions to my pension on my pay slip, that's it!"

Pessimism aside, there are a number of mind-sets that sit behind why people have decided to deal with their pensions 'another time'.

Many have a scarcity mind-set[1] which forces trade-off thinking, particularly those in the 'Squeezed' segment. This leads to 'tunnelling' and 'juggling' where people have a tunnel-vision focus on the now and only address the most immediate problems. For example, someone may have an overdue bill to pay today, so they can't pay off their credit card this month, they can't save and their pensions are not even on their radar.

Some consciously push the harsh realities of their finances to the back of their mind and when seeing a disappointing pension pot, their wilful denial will push it to being a 'problem for tomorrow'. They know they should do something, but are happy not to.

Cognitive biases also make it very easy to ignore pensions. Some were forsaking long-term goals (like a comfortable retirement) for instant gratification (going out for dinner), also known as 'Hyperbolic discounting'. The projection bias was also present, where they mis-predict the future, either being overly negative (I'll die before I can retire) or overly positive (It will all work itself out, I'm gonna be rich one day).

"My pension isn't great but I'm at least two decades away from retirement so it won't be that bad! I'll be earning more in the future so I can pay in more then"

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1 Scarcity, Mullainathan & Eldar (2013)

Lack of understanding and interaction with their pensions means people feel they have no control over them

Information about pensions can be difficult to find and hard to understand. For many, their pensions are 'out of sight and out of mind' – even for those who feel they are in control of the rest of their finances. Many have forgotten their old pension schemes and find it particularly difficult to get contact details and request further information.

This means that many pension schemes end up being left alone with no plan to review. At the very minimum people will review their pension statements once a year, but this does not leave them feeling informed. Many claim that the most interaction they have with their pension is seeing how much comes out of their pay each month.

"It's all going to change in the future what's the point in worrying about it now?"

When tasked with finding out the details of their pensions, this audience faced a lot of frustration and most found it impossible to look at all of their pensions. The key issues they faced were:

- Trouble logging in to online accounts
- Making multiple phone calls without getting the information they need
- Waiting around for account details to arrive in the post before accessing the information they need
- Being passed around between different people in contact centres
- Not being able to access all the information they needed straight away
- Misplaced paperwork

Many felt confused with the information they did find, largely because the language used by the providers was difficult for them to understand. As a result of these challenges, many are left with an incomplete picture of what their pensions look like.

This lack of control has emotional and functional consequences:

- Pensions are ignored and set aside for another time
- People do not feel like the pension is their own
- Paralysis of decision making – no active management of pensions or thinking ahead to future
- Lack of confidence that they will have a comfortable retirement

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CASE STUDY: **MANDY'S (50, SQUEEZED) EXPERIENCE OF TRYING TO FIND HER PENSIONS**

Her problem: "I tried to log in to my current pension plan but I couldn't. I tried to phone but was passed from pillar to post. Nobody was really interested in speaking to me. They told me I would have to wait up to 14 days for new login details to be sent in the post – that didn't really work for me. When trying to find information on my pensions, I did not find it easy at all – it was way too much hard work so in the end I just gave up. I think these things are set up to make it difficult so that we don't want to do it. I don't understand a lot to do with pensions and it brought home to me just how difficult it is to find things out and ask questions. Pensions are a minefield and unless you're on top of it, which I'm not, then I think things can get lost and mislaid. Who keeps paperwork from 20 years ago? I certainly don't. So I think it's really difficult."

Her spontaneous solution: "What I would like to do is log in to my national insurance number where any pension I've ever had will be stored. I will see everything to do with them so if I wanted to transfer or move anything or consolidate – anything I wanted to do – up my payments, down my payments, I could do really easily all in one place to make it simple for me"

5 Information and Advice Needs

Most people do not know the value of their pensions.

"Can I take a lump sum now?"

Yet they feel this is the most important piece of information they need in order to make decisions about them. The most pressing information is the current value and projected value for retirement. This is a major unmet need that leaves many unable to answer their most burning question – "How much will I have in retirement?"

"How are my pension investments performing and what is the management fee for each?"

The squeezed and cushioned segments share information needs that are based on three main themes:

1. Finding lost pensions

- How many old pension pots do I have?
- How much money is in them? Are they still making money or are they declining in value?
- How do I find them, contact them and take control of them?

2. Projected Retirement Income tool

- How much will I earn from my pensions? What will my life be like?
- Do I need to be contributing more right now?
- Can I retire early?
- What is the value of the pot?

CASE STUDY:

KEVIN (35, SQUEEZED) FEELS HE HAS NO CONTROL OVER HIS PENSIONS AND NEEDS HELP MAKING THE RIGHT DECISIONS

His problem: "I've got at least five pensions with companies in the past, at least four, anyway. I know I've collected when I was working at Lloyds TSB, then I had another work pension when I was at Morrisons. The rest of them I don't know – are they in the ether? I don't really know where they reside now. I'm kind of working back from the employers that I had and the memory I have of seeing payslips, and payslips that had a pension contribution.

I'm terrible for just burying my head in the sand with stuff like that. I know it applies to me, but I've just been putting it away, knowing that it's important, but dealing with other stuff that's in front of me. I do want to be paying more attention to it, and maybe looking for some advice on how to consolidate. I know I'm not anywhere near that age yet, but I do want to think about the future."

His needs:
- **Answers to immediate questions:** "When I can retire? What are the options?"
- **Help with long term planning:** "What's my estimated income? That's really important"
- **Gaining control of his pensions:** "I have a fear of what happens to my pensions when I move jobs"
- **Advice and guidance to help make decisions:** "I think a financial adviser is probably the first thing I'd need to suss it all out. I know I need to contribute, but it's whether I do more or do less."

"Can I take a break from paying into my pension?"

3. Consolidating pension pots

- Is it possible to consolidate into fewer pots? What are the pros and cons?
- What will it cost to consolidate? Will it be worthwhile for me?
- How do I do it – what are the next steps?

People want to be able to access this information as a starting point, but many feel they need advice and guidance to help them make the right decisions for their future.

WATCH OUT: Many people we spoke to feel there are a number of risks to being exposed to detailed information about their pensions without any supporting advice or guidance:

- Becoming overwhelmed by the information and not empowered to take active control of pensions
- Scary realisation of just how little they are predicted to earn on retirement – and that this could be unsettling
- Confusion around what it all means for them and what they should do with their pensions, especially if:
  - this is the first time they have engaged with information on their pensions
  - they are anxious about their projections for retirement

People's needs vary depending on the level of control and engagement they have with their pensions

Those who feel least in control are focussed on simply gaining access to their pensions and solving immediate financial needs such as exploring the possibility to reduce contributions so they can pay more off their credit card.

Recommendation

Live Chat was spontaneously mentioned as a feature that would help users navigate some of the immediate questions regarding what the information on a Dashboard means and how best to act.

While those who feel most in control of their pensions are more likely to be thinking about how to efficiently manage their multiple pension pots.

Interestingly, there was no link between feeling in control and having a higher income. Those with higher incomes can feel just as out of control of their pensions as those with much lower incomes.

People need a place where they can easily update their details with pension providers

People see potential benefits in having a portal where they can view and amend a range of details. This is an unmet need, given how hard they feel it is to contact their pension providers. It is important for this audience to feel reassured that their pensions will follow them no matter where they go in life. Whether that's viewing and changing beneficiaries or updating their address and other contact details.

Many feel that being able to change these details will help them feel more in control of their pensions.

"What if I get a divorce? I need to know that I can update the beneficiaries of my pensions should my personal circumstances change!"

6 A Pensions Dashboard

The concept of a Pensions Dashboard feels intuitive and useful

"It would show me everything about them and I could play around with things to see what would make me have more money at retirement"

When introduced, it clearly matches many of the needs that people discussed before hearing about a Dashboard . Two key aspects stand out to potential users:

- Pensions tracing function meets the need to find old, often long forgotten pensions and look at their current and predicted values side by side to compare how they are doing.
- Total estimated retirement income meets the need to get an indication of what their lifestyle will be like at retirement. Seeing a weekly or monthly income prediction helps them relate it to their current income and lifestyle, so they can get a sense if they will be better off, worse off or the same.

"Getting an idea of my monthly income at retirement makes it feel real."

Almost all can see a use for it, with some who claim they would use it at least monthly. This is a huge jump from once a year or in some cases, never. The minority who couldn't see themselves using a Dashboard were simply too detached and unengaged with pensions and admitted that no one could make them change.

WATCH OUT: The term 'Dashboard' sets up expectations for interactivity.

For most, it suggests the ability to manipulate and see the impact (e.g. tweaking contribution amounts to see the total pot value change).

Unlike their current accounts, savings or investments, most did not feel any level of interactivity or control over their pension, so a Dashboard that provides this is highly desirable.

Interactivity and control were intertwined, people felt that to fully control their pension they should be able to tweak aspects of a Dashboard.

There was also a willingness from many to interact with a Dashboard by adding details for pensions that weren't fully online yet.

Recommendation

Given the popularity of the concept and desire to interact, it will be important to set and manage expectations, especially if interactivity is not fully possible at initial launch.

"I have no doubt that seeing all this information will inspire me to be more involved with my pensions"

Information that leads to action is prioritised

When asked which information they would need the most, people prioritise the information that will help them to make a decision about their pensions:

- **Retirement income estimator & projections:** enables people to see what their lifestyle would be like if contributions increased or decreased and adjust as needed. A core and unmet need that a Dashboard service is ideally placed to deliver.
- **Total pension pot and income valuation:** provides a sense of ownership of pensions which can make it feel more real and be a potential trigger to taking more active control.
- **Death benefits:** Solves a real concern amongst many that they do not know what will happen to their pensions if they pass away. Seeing this information would serve as a useful reminder to change details if they are no longer relevant (e.g. after getting divorced).
- **Guaranteed annuity rates:** Provides both a feeling of security and also a base level that could then be used to 'shop around' further retirement options later.
- **Pension status:** Important for those who are unsure how active or inactive previous pensions are – and helpful in co-ordinating consolidation efforts.
- **Scheme number:** Seen as a useful reference to use when dealing with providers to trace pensions.

When it comes to which pension people are most interested in, those further away from retirement prioritise their current pension to understand how to change contributions and make a difference to their future lifestyle. Whereas as those closer to retirement want to see biggest pot with the greatest value to get best read on retirement income.

Low tolerance for a Dashboard that isn't as useful as the name implies

At the very least people expect a Dashboard to include the largest providers in the market as well as the State Pension – otherwise people feel its usefulness would be undermined.

In order to reassure users, a Dashboard should be transparent about the pension schemes that are not online, as well as the status and progress towards coming online. For example, an email notification when one of their providers comes onto the Dashboard.

As this is not something that currently exists in the public domain, there is opportunity to shape expectations and therefore tolerance of a Dashboard's coverage through good communication. People feel that how a Dashboard is framed will manage their expectations to avoid disappointment and unintended consequences. For example, some claim they may consider changing providers if they can't see their current one on the Dashboard, largely because they feel the absence implies they may have something to hide.

WATCH OUT: Overall, there is low tolerance for a service that has limited information about their pensions, especially if there are no values.

Launching with only a few providers online could lead to people thinking their pensions are more complex, more out of control than they already feel they are and worry it could add to the confusion and be a waste of time.

"If I only saw the value for one of my pensions I'd be confused and disappointed. Especially if it's an old tiny one. I'd rather wait until they have all the providers set up then I will use it."

"The idea makes me think that my pensions will be more accessible, so I can treat it more like I do with everyday banking"

People are unwilling to accept a Dashboard that does not provide values for all of their pensions. They do not want to log in and find incomplete information, they are particularly unaccepting of a Dashboard that:

- Will never have all of their pensions on
- Only has the contact details of their provider(s)
- Only has the name of their scheme(s) and nothing else

People have high expectations and want to see the name and current value as a bare minimum for pension schemes that are not fully on a Dashboard from the start.

Recommendation

This is not a service people have access to at the moment so there is not a great sense of urgency to have one. Many would rather wait for a fully functioning Dashboard that has all of their pension details in one place.

"I don't think your current provider would let you see all the other pensions on their Dashboard — what's in it for them?"

Trust in the Dashboard will need to be established by the host

While not a specific objective for this research, people spontaneously shared who they would and wouldn't trust to host a Pensions Dashboard. Almost everyone expects the government to be involved at some level and many anticipate them to enforce provider participation in a Dashboard service as an industry standard.

Many in this audience didn't trust banks and other financial services providers in general — unless they had a long and positive experience with them (e.g. current account).

WATCH OUT: People would be concerned if the government did not take responsibility for a Dashboard service.

A key concern is that some providers may try to avoid revealing information about the pension pots (e.g. high fees, poor performance).

They were also concerned about a Dashboard being used to sell them different financial products through advertising, or financial advice that favours certain providers.

Recommendation

People feel that the government provides legitimacy and gives them confidence in a Dashboard service. Most feel it makes sense for government to be responsible for any Dashboard service and that the motive would be very clear — to ensure people are prepared for retirement.

7 Summary and recommendations

Overall, people are enthusiastic about a Pensions Dashboard service and feel it will give them much needed control over their pensions. However, this is not a need they were aware of before participating in this research. It is an unconscious need that people only uncover when they try to find out more about their pensions.

As people don't know about the concept of a Dashboard, and they aren't currently asking for it, there is an opportunity to frame the launch in a way that manages their expectations and tolerance of the Dashboard coverage should some providers not be on there. For example, if there is some information missing at launch, communications prior to launch can highlight this and provide justification so people know what to expect.

The following recommendations are shaped by this audiences' perceptions, needs, expectations and priorities surrounding their pensions and what they want from a Pensions Dashboard.

Communications and framing can help avoid disappointment and raise tolerance

- Show 'Pending' status for pensions which aren't fully live on the Dashboard service yet – with contact details and ability to manually enter details in the interim
- Be transparent - explain why it is taking longer for some pension providers to come online
- Frame the service differently (e.g. as a 'hub') to manage expectations
- Introduce as a pilot or beta project – to a limited number of people

There is greater risk in launching an incomplete dashboard than a delayed launch

- Reduce risk to pension providers whose reputation could come under fire if a current or previous customer can't see their information
- Avoid unintended consequences, namely that people could switch pension providers if they don't see theirs on the Dashboard service at launch
- Ensure there is adequate advice and guidance to help people through this journey before going live

Building knowledge through information and advice will make people feel more in control of their pensions

- Provide the information they prioritise in order to understand their pensions and inspire action
- Provide/signpost to help and advice and answer their questions to help them make informed decisions
- Use clear, consistent and simple language avoiding technical terms where possible as recommended in ABI's 'Making Retirement Choice Clear' report – essential in avoiding confusion and helping people better understand their options at retirement .

A Pensions Dashboard supported by the government will establish trust in the service

- Reassure people that the service is 'unbiased' and favours no provider(s) to abate concerns around ulterior motives (e.g. sales)
- Establish and communicate government involvement

An interactive Dashboard could help people take confident action when needed

- Future development should focus on interactivity on two levels:
  - projections (e.g. increasing/decreasing their contributions to see impact)
  - pension admin (e.g. naming/ changing beneficiaries)
- Interactivity could give people a level of control that helps boost confidence in dealing with their pensions and retirement

Appendix 1

Depth Sample

	MAS Segment	Pension type	Pension literacy	Interview type	Location
1	Squeezed	DC	High	Paired	London/SE
2	Squeezed	DB	Medium	Individual	London/SE
3	Cushioned	DC	Low	Individual	London/SE
4	Cushioned	DB	High	Individual	London/SE
5	Squeezed	DC	Medium	Individual	Manchester
6	Squeezed	DB	Low	Individual	Manchester
7	Cushioned	DC	High	Individual	Manchester
8	Cushioned	DC	Medium	Paired	Manchester
9	Squeezed	DC	Low	Individual	Edinburgh
10	Squeezed	DB	High	Paired	Edinburgh
11	Cushioned	DB	Medium	Individual	Edinburgh
12	Cushioned	DC	Low	Individual	Edinburgh
13	Squeezed	DC	High	Individual	Belfast
14	Squeezed	DB	Medium	Individual	Belfast
15	Cushioned	DC	Low	Paired	Belfast
16	Cushioned	DC	High	Individual	Belfast
17	Squeezed	DB	Medium	Individual	Cardiff
18	Squeezed	DC	Low	Individual	Cardiff
19	Cushioned	DB	High	Individual	Cardiff
20	Cushioned	DC	Medium	Paired	Cardiff

Workshop sample

London

1. Squeezed, Mix pension type, High pension literacy

Gender	Age	SEG	Ethnicity	Life-stage	Pension type
F	44	c2	White/British	cohab, kids	DC
M	50	B	White/British	single, empty nester	DC
M	49	c2	White/British	single, empty nester	DC
F	34	B	White/British	single, pre family	DC
M	34	D	White/British	single, pre family	DC,DB
F	27	c1	Iranian/White/British	cohab, kid	DB
F	32	c2	Black/British	cohab kid	DC,DB
M	46	c1	White/British	cohab kid	DB

2. Cushioned, Mix pension type, Medium/Low pension literacy

Gender	AGE	SEG	Ethnicity	Life-stage	Pension type
F	34	D	White/British	single, pre family	DC
F	30	c1	White/British	married, kids	DC
M	44	c2	Black/British	cohab, kids	DB,DC
F	48	c2	Black/British	married, empty nester	DB,DC
M	37	B	Asian/British	married, kids	DB,DC
M	45	c1	White/British	cohab, kids	DC
M	33	c2	White/British	married, pre family	DC
F	51	c1	Black/British	married empty nester	DC,DB

Workshop sample

Edinburgh

3. Squeezed, Mix pension type, Medium/Low pension literacy

Gender	AGE	SEG	Ethnicity	Life-stage	Pension type
F	50	D	White British	Older Family	DB, DC
F	49	B	White British	Empty Nester	DC, DB
M	45	C1	White British	Older Family	DB, DC
F	38	C1	White British	Young Family	DC, DB
M	46	C1	White British	Pre Family	DC, DB
M	46	D	White British	Empty Nester	DB, DC
M	34	B	Greek	Pre Family	DC, DB
F	34	C1	White British	Pre Family	DC, DB

4. Cushoned, Mix pension type, High pension literacy

Gender	AGE	SEG	Ethnicity	Life-stage	Pension type
M	41	B	White British	Pre Family	DC, DB
M	34	C2	White British	Young Family	DC, DB
F	50	B	White British	Empty Nester	DB, DC
F	46	C1	Mixed Race/British	Young Family	DB, DC
F	30	C1	White British	Young Family	DC, DB
F	30	D	White British	Young Family	DB, DC
M	33	C2	White British	Young Family	DC, DB
M	30	B	White British	Young Family	DC, DB

Money Advice Service segments

The Money Advice Service segmentation model identifies and profiles different groups of people in the UK population and segments them based on their current situation and their attitudes and behaviours towards managing their finances. The segmentation is focussed on 'financial resilience' – one of the key outcomes from improved financial capability – and is defined as the ability to withstand a variety of income shocks, based on a combination of income, savings, protection, credit and demographics.

The 'Squeezed' and 'Cushioned' segments were recruited for this research.

More information on the Money Advice Service segmentation can be found at
www.moneyadviceservice.org.uk/en/corporate/research

The segments

The Money Advice Service segmentation comprises three macro-segments and fiften sub-segments. The macro-segments are as follows:

STRUGGLING	SQUEEZED	CUSHIONED

STRUGGLING

They struggle to keep up with bills and payments and to build any form of savings buffer. They are the least financially resilient and the most likely to be over-indebted.

22.7% of the UK adult population

11.6 million UK consumers

Profile:

Most likely to have **low or no qualifications**: 60% (UK: 43%)

Predominantly in **social housing**

Most likely to be **not working or unemployed**: 23% (UK: 12%)

Heavily dependent **on benefits**

Financial attributes:

£21K Average Household Income (UK: £30K)

Median Savings Value
£50 (UK: £1,000)

Highest levels of over-indebtedness **24%** (UK: 17%)

Attitudes and behaviours:

Less likely to keep up with bills without difficulty:
49% (UK: 59%)

Less confident managing money:
50% (UK: 58%)

Think they **budget well**:
57% (UK: 61%)

SQUEEZED

Working-age consumers withsignificant financial commitments but relatively little provision for coping with income shocks. They are digitally savvy and have high media consumption but this is more for entertainment than financial information.

24.9% of the UK adult population

12.7 million UK consumers

Profile:

Mainly in **mortgaged** or **private rented** accommodation

Most likely to be **full-time employed**: 58% (UK: 42%)

Financial attributes:

£32K Average

Household Income (UK: £30K)

Median Savings Value
£580 (UK: £1,000)

Highest level of debt: income 41% more than 1 month (UK: 30%)

Highest usage of non-mainstream credit: 11% (UK: 7%)

Attitudes and behaviours:

Less likely to **keep up with bills without difficulty**: 49% (UK: 59%)

Less confident managing money: 52% (UK: 58%)

The smallest proportion who think they **budget well**: 51% (UK: 61%)

Highest smartphone ownership: 73% (UK: 57%)

CUSHIONED

The most financially resilient group with the highest levels of income and savings and the lowest proportion of over-indebted. They are the most highly engaged with their finances.

48.2% of the UK adult population

24.5 million UK consumers

Profile:

Most likely to be **owner-occupier**: 75% (UK: 59%)

Most likely to be **retired**: 35% (UK: 23%) Those of working age are more likely to be in **full-time employment**

Financial attributes:

£33K Average

Household Income (UK: £30K)

Median Savings Value
£5,500 (UK: £1,000)

Lowest proportion of credit card users who revolve their balance
14% (UK: 20%)

Attitudes and behaviours:

More likely to **keep up with bills without difficulty**: 69% (UK: 59%)

More confident managing money: 65% (UK: 58%)

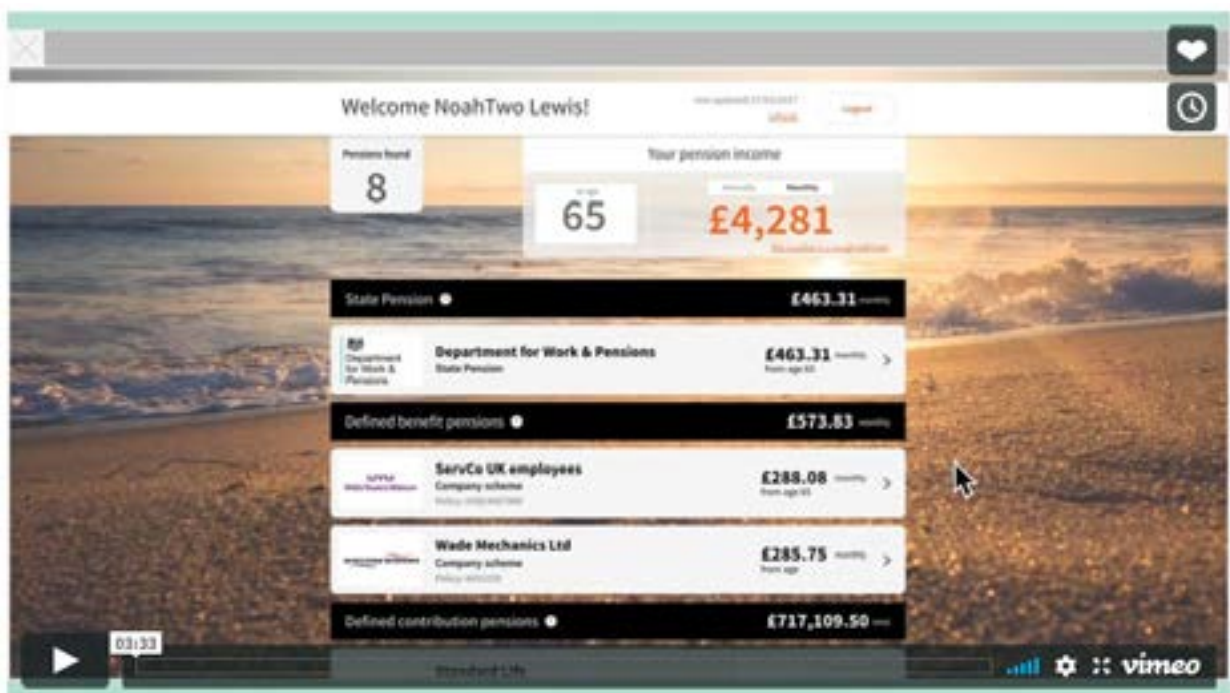Think they **budget well**: 69% (UK: 61%)

Appendix 2

Pensions Dashboard stimulus

Below is the stimulus that was shown to the participants in this research to introduce the Pensions Dashboard concept.

Initial introduction read out to participants:

- The idea – to provide a single location where people can find all their pension saving details – is intended to address the fact that too many people are underprepared for retirement and are not in touch with their pension savings.
- This is particularly necessary given that the average working adult in the UK can expect to have 11 jobs in his or her working life: people are increasingly going to face making complex decisions about retirement while considering multiple pension pots.

Video played to participants: **pensionsdashboardproject.uk**

moneyadviceservice.org.uk

the **Money Advice Service**