

The Actuarial Profession
making financial sense of the future

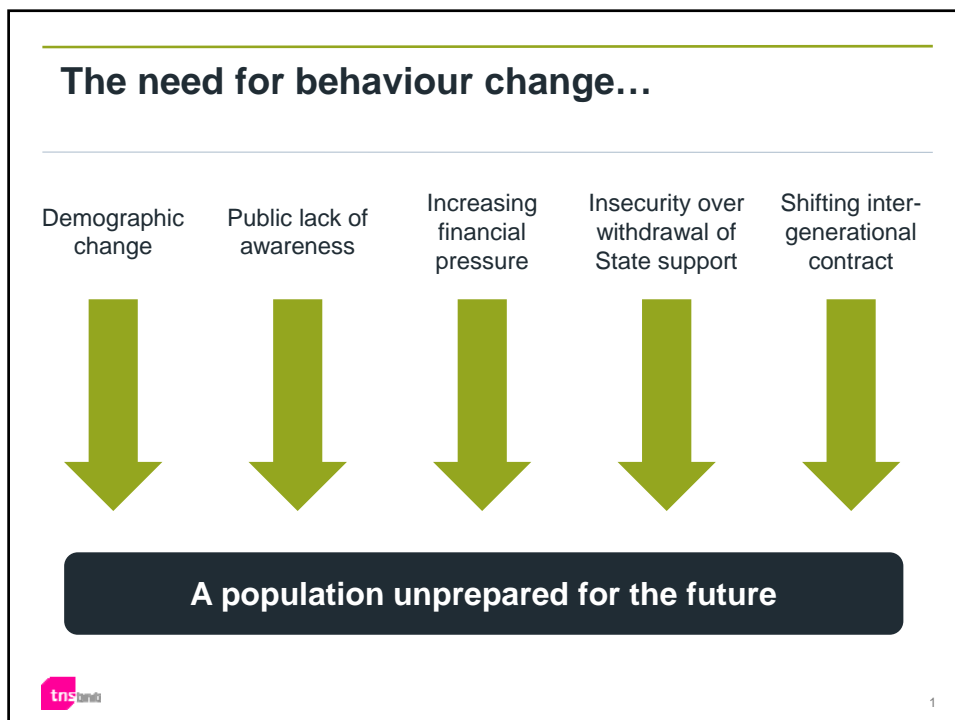
A Consumer Perspective
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tnsbmb



22 November 2011

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'Classic' characteristics of people at different stages of financial and retirement planning

16-34
Unprepared

Less likely to have made plans for retirement
Focus on enjoying spending money rather than putting it away
Tend to avoid thinking about retirement
Likely to be considering housing costs

35-54
Competing priorities

Have made some provision for their retirement
Worried about competing demands on their income
Not confident that they have put enough away and feel that they should have started sooner
Hoping 'house' will be the answer

55-64
Daunted / Maybe sorted

Have put money by for emergencies and made some provision for retirement
Not confident about pensions
Tend to be relying on something beyond their control, i.e. a partner or working past SPA

65+
Too late / Sorted

Already adjusted lifestyles and finances for retirement



Source: Based on segmentation by Continental Research, 2008

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Apathy towards retirement planning

'Too soon to plan'

'I've only just left Uni.
I need a job first!'

'Too soon / too busy to plan'

'I got the kids, home, bills,
work.. I don't have time to
sort my pension as well!'

18-30

31-45

46-55

65+

'It's too late to start
saving, but my house
is surely an asset'

'Hindsight is a
wonderful thing'

'Too late / too busy to plan'

'Too late to plan'

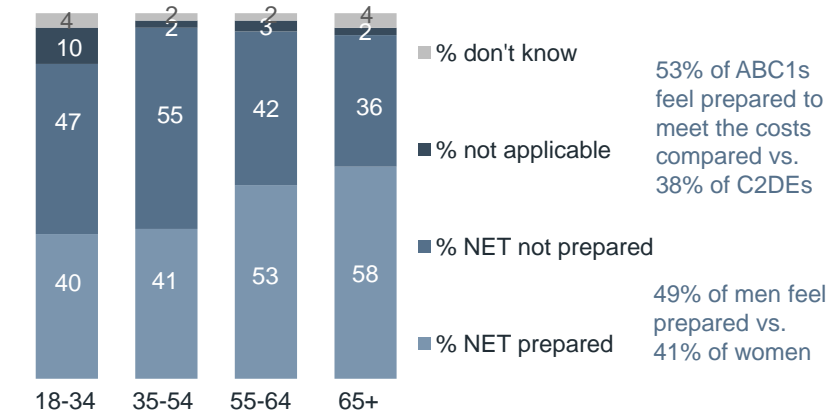


Source: TNS-BMRB Qualitative research into State Pension Communications, 2009

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Around 2 in 5 people aged 65+ do not feel financially prepared to meet the costs of their old age

And how financially prepared do you think you will be to cover the costs of care in your old age should you require it in future?

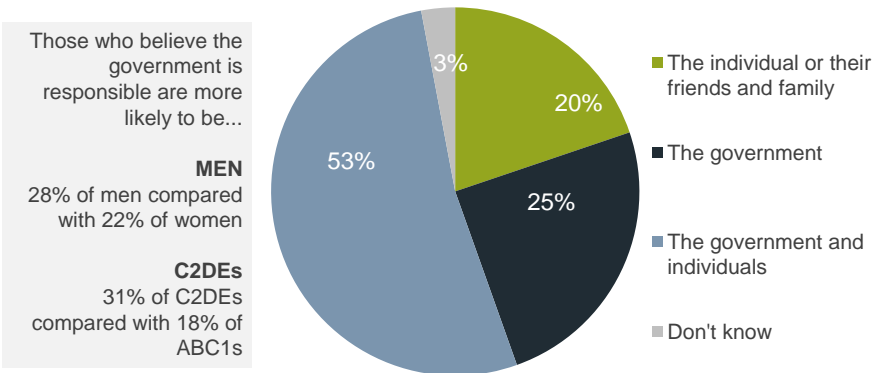


Source: TNS Omnibus, 2011, Base: All respondents, (921)

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Who is responsible?

Who do you think is responsible for covering the cost of care and support in your old age?

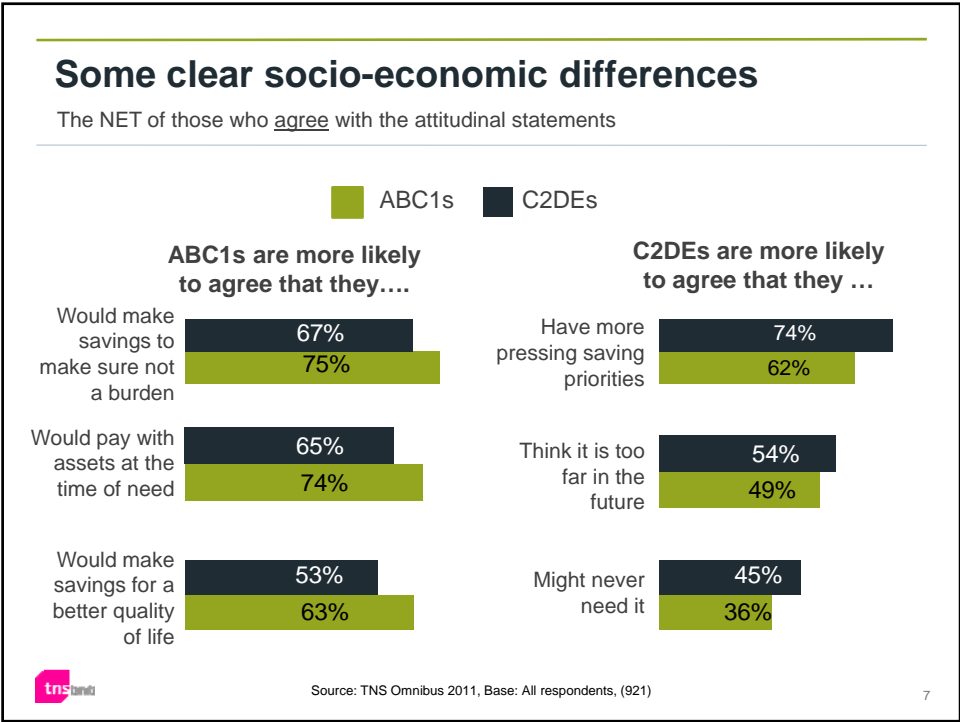
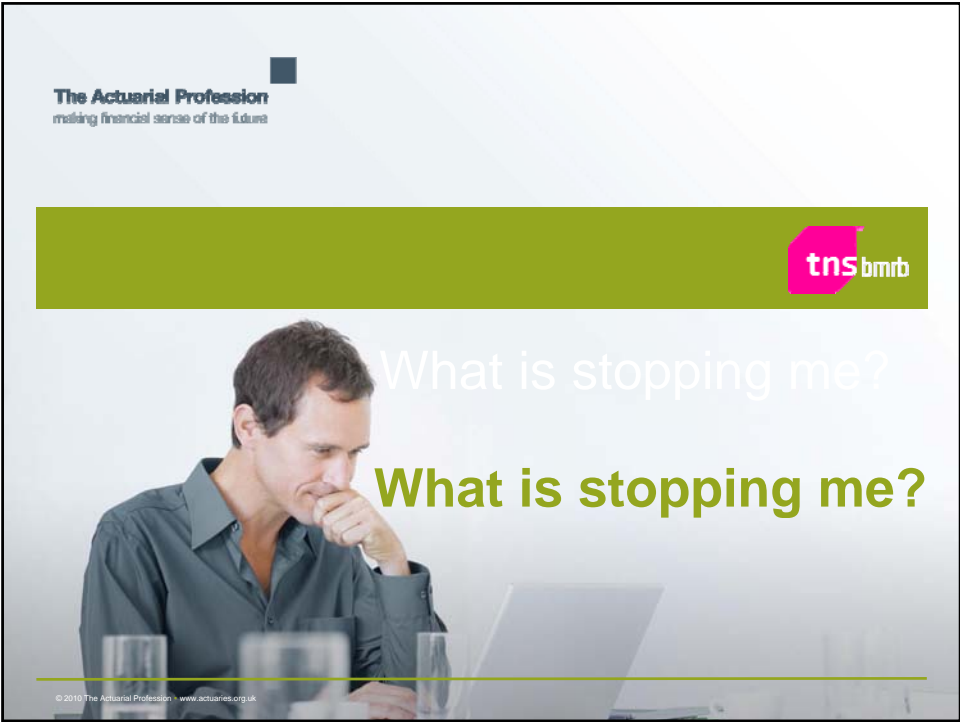


While **over 75% of people understand** that they bear some responsibility for their care costs, **only 2% of people said they are saving** for nursing home care and care costs in their old age



Source: TNS Omnibus 2011, Base: All respondents (921)

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The barriers to planning – in the words of the people

MIXED MESSAGES

*'At the moment you hear it all the time from the government – 'save for your old age' – but then you think why bother, because if you've got this much, they will say 'Oh sorry, can't help you'...you might as well go and spend it. **You're getting two conflicting messages.**' (Male, 65+)*

*'People who have worked all their lives and saved up are **penalised**' (Female, 35-54)*

FINANCIAL STRAIN

*'What with petrol and gas bills, I **don't have any money left**' (Female, 35-54)*

*'Even with the best intentions some people **will not be able to put money away**' (Female, 35-54)*



Source: TNS Qualitative Research, 2011

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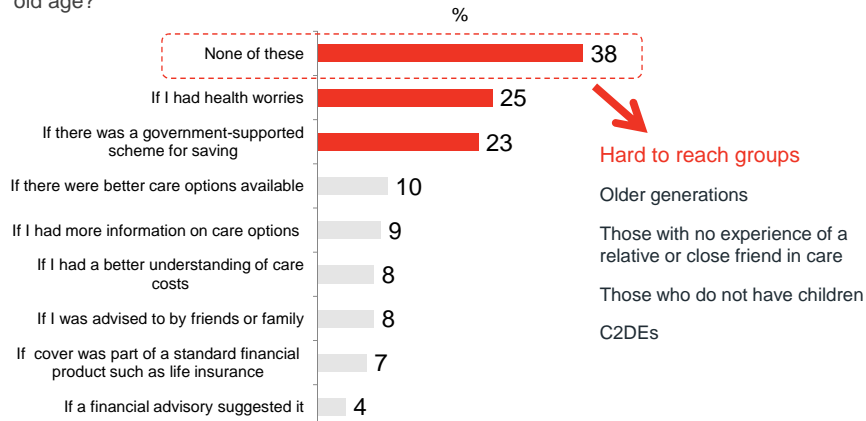


What might change
behaviour?

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Getting people to take responsibility - will the solution need to be compulsory?

Which of the following would make you more likely to plan ahead for care and support in your old age?

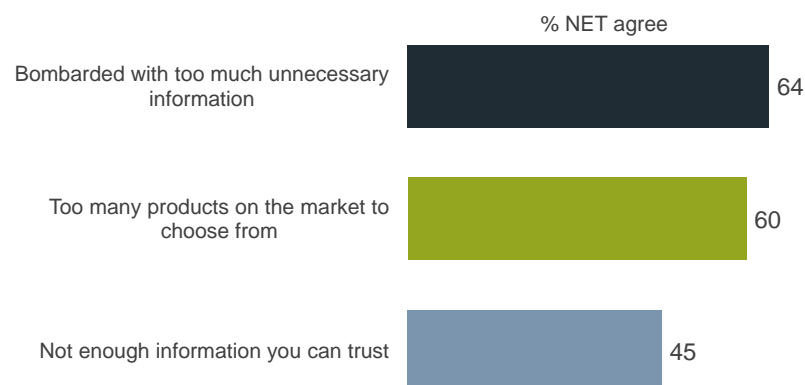


Source: TNS Omnibus 2011, Base: All respondents, (921)

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Accessible, easy-to-understand communications will be key

I am now going to read out some statements other people have made about taking out pensions. Please tell me how strongly you agree or disagree with them.



Source: Consumer Purchasing and Outcomes Survey 2010, Base: All group A respondents, (823)

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How can we engage the consumer?

A 'product' is not enough. The consumer needs:

A Trusted Advisor

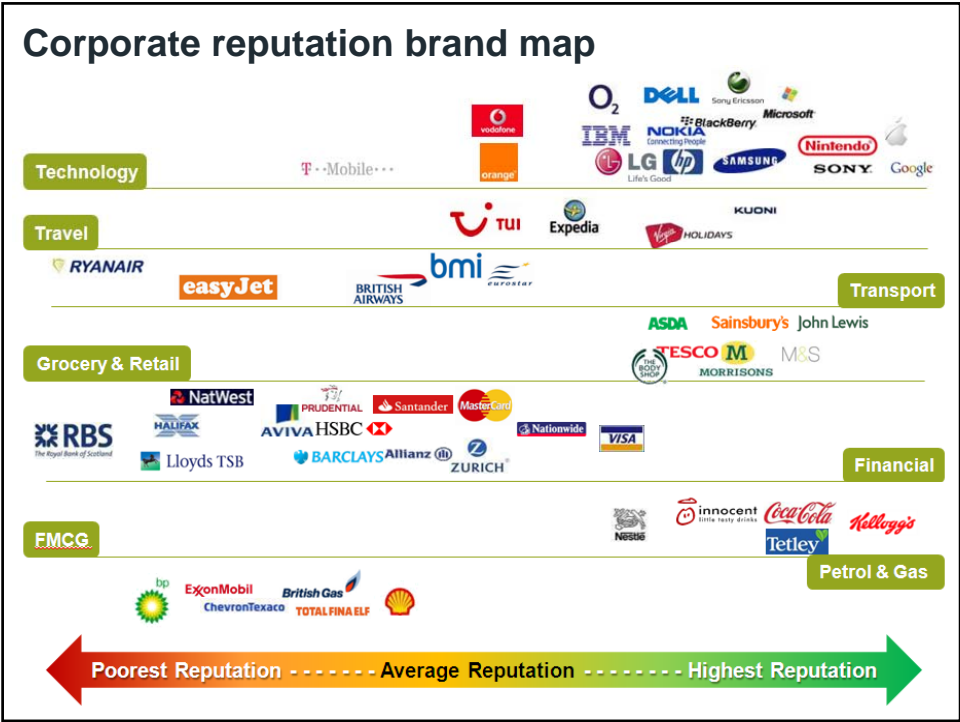
To overcome the perception of risk and the associated anxiety

An Emotional Match

To overcome the barriers of inertia and choose YOU

A good (and appropriate) customer experience

To avoid losing people along the way



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Ultimate driver of human behaviour

tnsbmb

Guy Kemplay

Emotion

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The underlying need for financial security is hugely emotional

And the choice of which products and providers to choose will be largely influenced by the need to cope with the associated anxiety



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And brands clearly recognise that emotion is important..

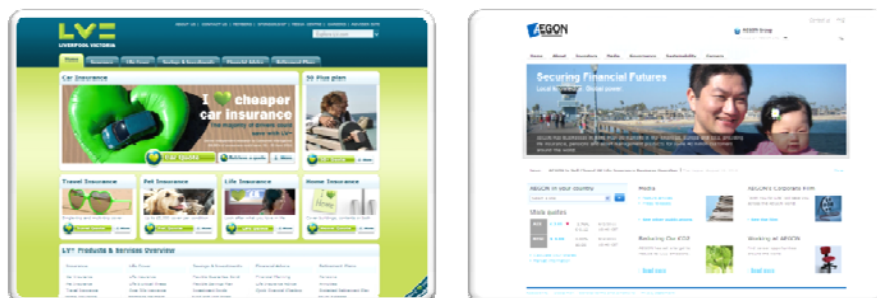


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Shape and colour of a brand logo



The design



Communicating functional benefits



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Our philosophy:

“ Having a clear brand positioning with emotion at its core – and a recognition of the ‘key life event’ is key to delivering improved customer engagement ”

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To Review

- Improving consumer information is necessary to build financial resilience
- But as we have seen, it is not enough
- Building a deeper emotional rapport with consumers is key
- Supported by high and sustained levels of trust



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THANK YOU

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