The need for behaviour change…

Demographic change  Public lack of awareness  Increasing financial pressure  Insecurity over withdrawal of State support  Shifting inter-generational contract

A population unprepared for the future
‘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
- Already adjusted lifestyles and finances for retirement

65+
Too late / Sorted
- Daunted / Maybe sorted
- Not confident about pensions
- Tend to be relying on something beyond their control, i.e. a partner or working past SPA
- Already adjusted lifestyles and finances for retirement

Source: Based on segmentation by Continental Research, 2008

Apathy towards retirement planning

18-30
‘Too soon to plan’
- ‘I’ve only just left Uni. I need a job first!’

31-45
‘Too soon / too busy to plan’
- ‘I got the kids, home, bills, work... I don’t have time to sort my pension as well!’

46-55
‘It’s too late to start saving, but my house is surely an asset’
- ‘Too late / too busy to plan’

65+
‘Hindsight is a wonderful thing’
- ‘Too late to plan’

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

<table>
<thead>
<tr>
<th>Age Group</th>
<th>% Don't Know</th>
<th>% Not Applicable</th>
<th>% Net Not Prepared</th>
<th>% Net Prepared</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-34</td>
<td>10</td>
<td>47</td>
<td>40</td>
<td>53</td>
</tr>
<tr>
<td>35-54</td>
<td>2</td>
<td>55</td>
<td>41</td>
<td>53</td>
</tr>
<tr>
<td>55-64</td>
<td>3</td>
<td>42</td>
<td>53</td>
<td>58</td>
</tr>
<tr>
<td>65+</td>
<td>4</td>
<td>36</td>
<td>58</td>
<td>%</td>
</tr>
</tbody>
</table>

53% of ABC1s feel prepared to meet the costs compared vs. 38% of C2DEs

49% of men feel prepared vs. 41% of women

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

Who is responsible?

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

Those who believe the government is responsible are more likely to be...

- MEN: 28% of men compared with 22% of women
- C2DEs: 31% of C2DEs compared with 18% of ABC1s

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)
What is stopping me?

Some clear socio-economic differences

The NET of those who agree with the attitudinal statements

<table>
<thead>
<tr>
<th>ABC1s are more likely to agree that they...</th>
<th>C2DEs are more likely to agree that they...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Would make savings to make sure not a burden</td>
<td>Have more pressing saving priorities</td>
</tr>
<tr>
<td>67%</td>
<td>74%</td>
</tr>
<tr>
<td>75%</td>
<td>62%</td>
</tr>
<tr>
<td>Would pay with assets at the time of need</td>
<td>Think it is too far in the future</td>
</tr>
<tr>
<td>65%</td>
<td>54%</td>
</tr>
<tr>
<td>74%</td>
<td>49%</td>
</tr>
<tr>
<td>Would make savings for a better quality of life</td>
<td>Might never need it</td>
</tr>
<tr>
<td>53%</td>
<td>45%</td>
</tr>
<tr>
<td>63%</td>
<td>36%</td>
</tr>
</tbody>
</table>

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

- If I had health worries: 25%
- If there was a government-supported scheme for saving: 23%
- If there were better care options available: 10%
- If I had more information on care options: 9%
- If I had a better understanding of care costs: 8%
- If I was advised to by friends or family: 8%
- If there was a government-supported scheme for saving: 7%
- If cover was part of a standard financial product such as life insurance: 4%

None of these: 38%

Hard to reach groups

- Older generations
- Those with no experience of a relative or close friend in care
- Those who do not have children
- C2DEs

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.

- Bombarded with too much unnecessary information: 64%
- Too many products on the market to choose from: 60%
- Not enough information you can trust: 45%
Using Emotion in Branding to Engage the Consumer

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
Corporate reputation brand map

Ultimate driver of human behaviour

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www.actuaries.org.uk

Emotion
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.

And brands clearly recognise that emotion is important.
Shape and colour of a brand logo

The design
Communicating functional benefits

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”
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

THANK YOU

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