

How to engage your employees in saving for retirement

Background

For the last few years businesses have really taken up the “employee engagement” gauntlet and a cornerstone to this is a well thought through reward philosophy which captures the needs and wants of the workforce.

By presenting a “total reward” picture where pension is the central focus, an opportunity emerges to give the “total reward” package a brand that reinforces the commitment of the company to the future wellbeing of the employee and ties into company values. The power of brand is no secret with consumer marketing, and used in benefit communication it has the same influence. It creates a home, stability, a recognisable place to go, a trust in the service and products.

Build a pension communication strategy

From here you can build a whole range of media to deliver the “save for retirement” messages. Getting the right mix of media to engage with the audience has no textbook solution, rather a carefully considered strategy and tone of voice that fits with the culture and values of the company. Where multimedia will work for one audience, detailed literature will work for another.

If we also consider human behaviour in our challenge, we can adapt our techniques and messaging to influence employees. Saving for retirement is such a difficult concept for many people to grasp, and our instinctive behaviour is to spend our money on instant thrills rather than sensible savings that seem so intangible. If we at least recognise this in our engagement programmes, then we can start to relate to the mind set of our target audiences and build communications around that.

Get employees engaged then involved

The ultimate result that we strive for, however, is to move employees from a position of engagement to one of involvement:

- To enrol and choose to make a good level of contribution;
- To actively select investment choices that will meet their future needs.

Whilst building a brand generates an important positive perception, to move employees to involvement, we need to look back to human behaviour. For the majority of people, this means an element of hand holding (or finger wagging) in the form of a one-to-one meeting with a financial adviser, supported by some hard hitting personalised pension forecasting tools that show the employee the stark reality of saving nothing.

Corporate responsibility for employers

Our future challenge is to overcome the inertia to save that may manifest because of the three percent contribution benchmark that the Government has set for Personal Accounts in 2012. This is like an endorsement to the man on the street to say “three percent is all you need to save”, which our pensions experts will quickly prove is unlikely to be anywhere near enough to provide a comparable standard of living in retirement. We also need to rise to the challenge that best practice for employers will move towards not only providing a company pension, but also taking due care and responsibility to ensure that all employees are communicated to regularly about the merits of saving for their retirement and the importance of actively managing their account.