



Punter Southall
GROUP

Member Communication

30 June 2009



Punter Southall Group
20 YEARS
1988-2008

Your role as trustees

- Are you **allowed** to communicate?
- **How** do you communicate?
- **What** are you trying to communicate?



Around the room

- Who are you?
- What are your roles and responsibilities?
- The size and type of your company?
- What are two key issues that you feel need to be communicated?

Create a pension message

- Separate into small groups
- Five minutes to design a pension communication poster
- Five minutes to show poster to the other groups

Visual media

Just one type of communication media

- 78% of companies use paper-based communication¹
- 1.2 million severely dyslexic people in the UK workforce²

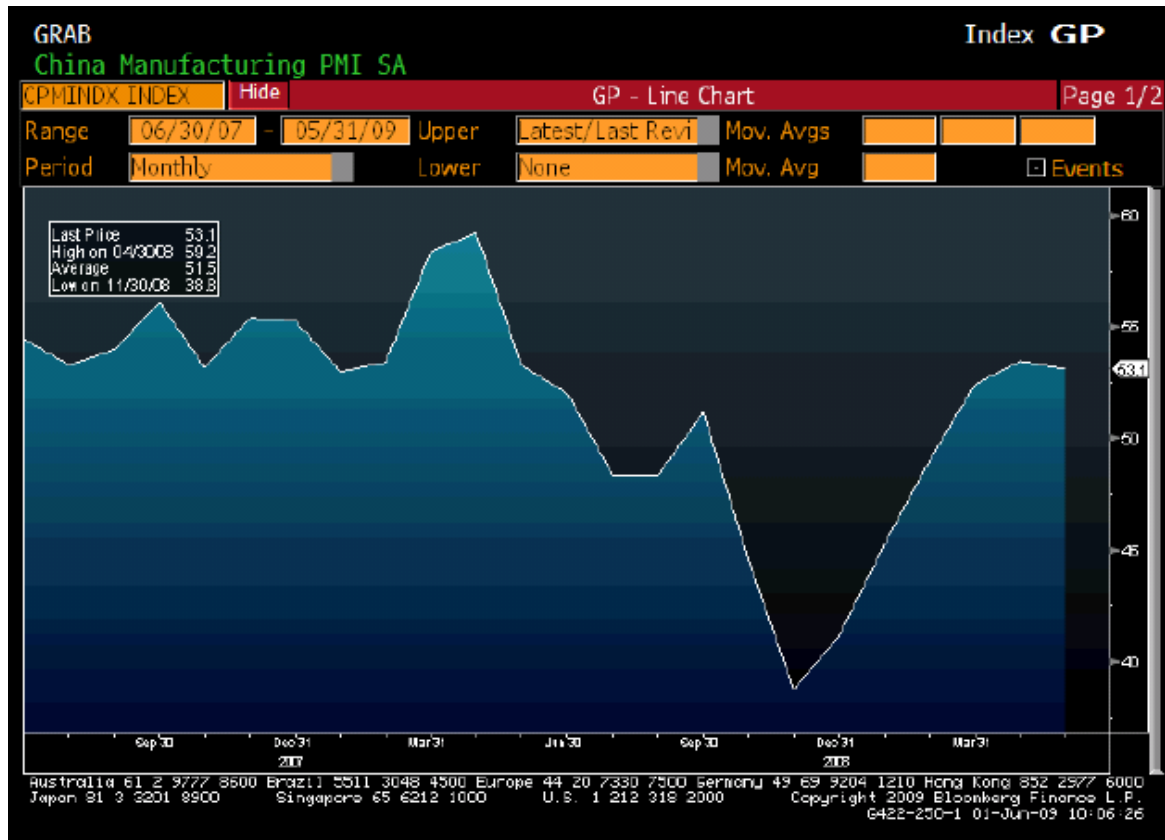
¹ Punter Southall Corporate DC Survey 2009

² British Dyslexia Association

Psychology of communication

- Visual
 - Sight and pictures
- Auditory
 - Sounds and language
- Kinaesthetic
 - Touch
- Auditory Digital
 - Analytical, process and structure

Bad communication



- China manufacturing pmi
- 2007 to 2009
- Growth Figures

Around the room

Are you allowed to communicate?



The Pensions Regulator

- Poor administrative practices
- Poor investment practices
- Unduly high charges
- Poor decisions in retirement
- Lack of member understanding

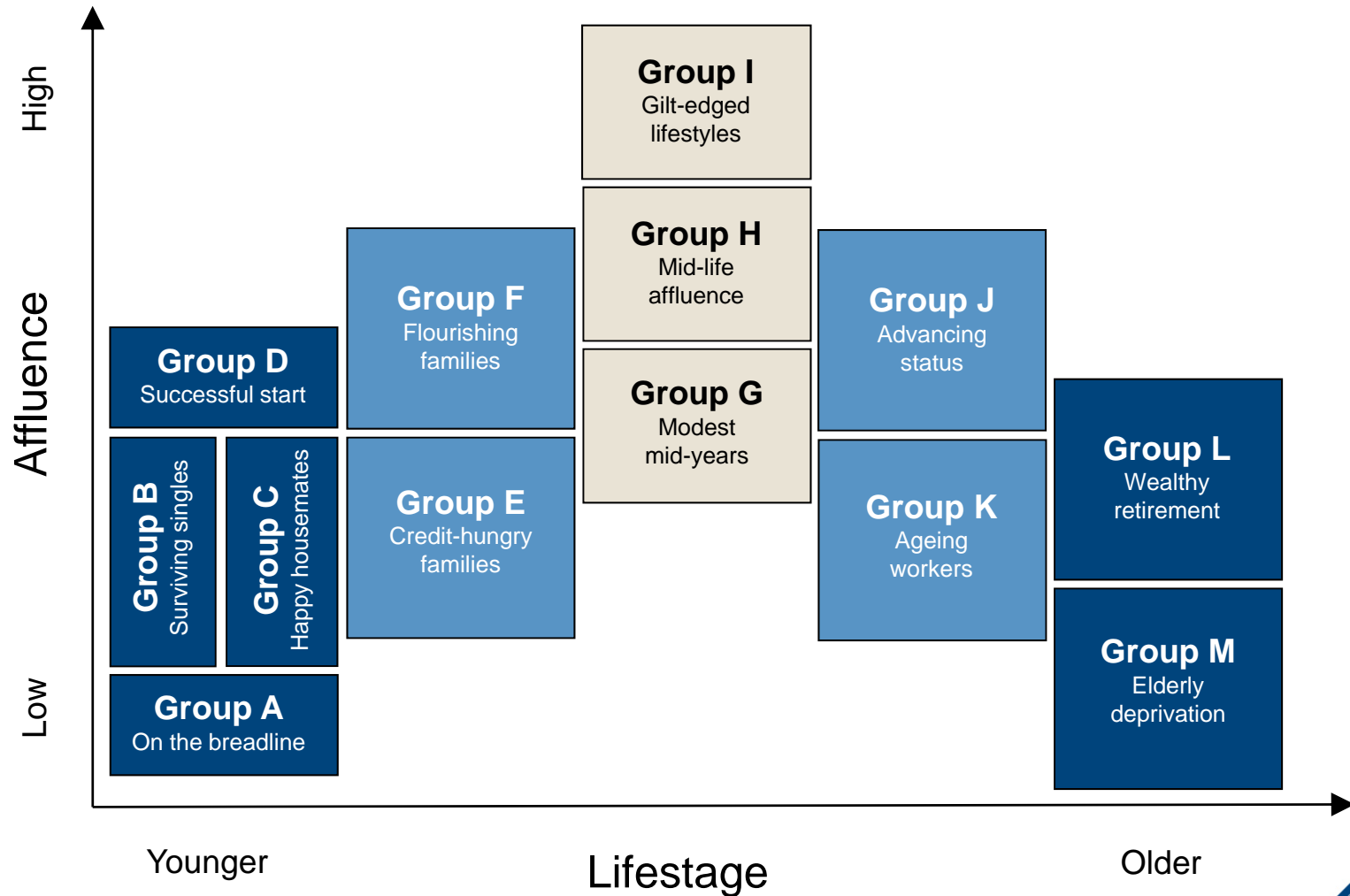


Education, engagement and delivery

- 60% of companies believe that employers have a responsibility towards their employee pension communication
- 40% of companies do not brand their pension communication
- 21% of companies leave all communication to the provider

Source: Punter Southall Corporate DC Survey 2009

Workplace segmentation



Types of communication

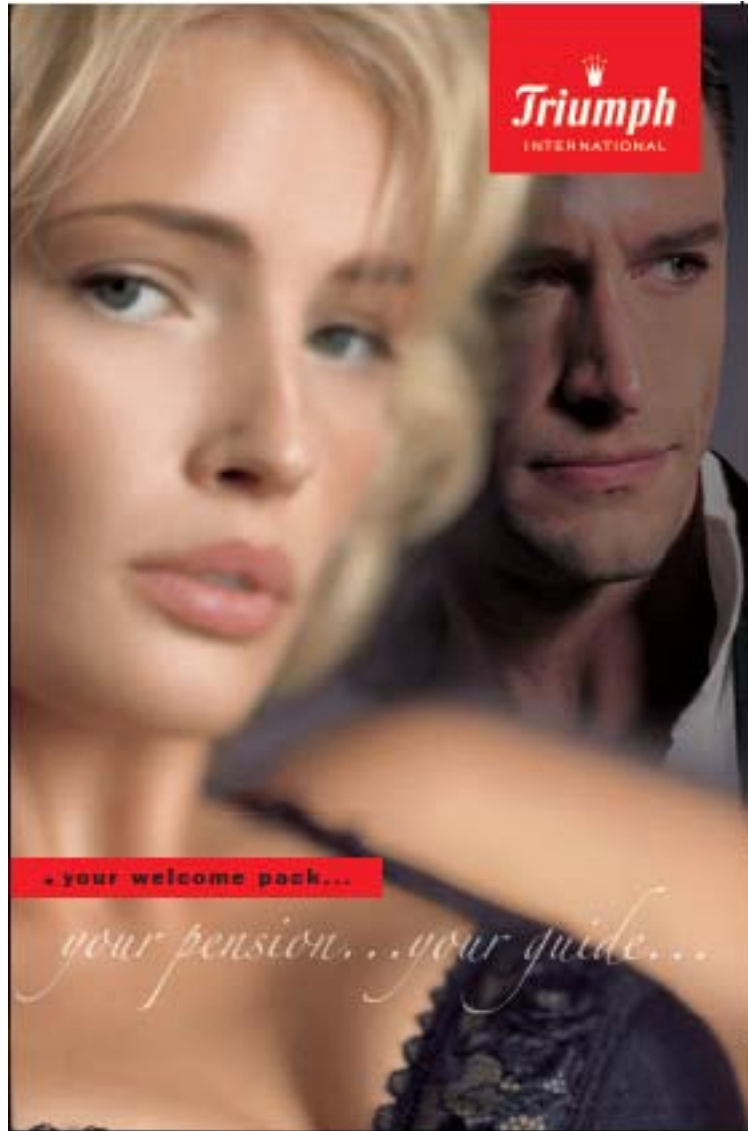
Auto enrolment	70-90%
Pension clinics	50-70%
Group presentations	30-50%
Distance marketing	10-30%

Take-up
rates

Communication options

- Dedicated helpline and email address
- Presentations
- One-to-one discussions
- Company intranet
- Podcasts
- Websites

Branding



- Bespoke literature
- A company benefit for employees
- Employee recognition

The big message in DC pensions

Charges

Provider

Investment

Contributions

Appropriateness

The cost of delay...



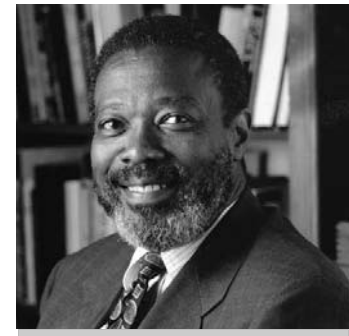
Age 25 **£221**



Age 35 **£347**



Age 45 **£590**



Age 55 **£1,300**



Age 25 **£223**



Age 35 **£348**

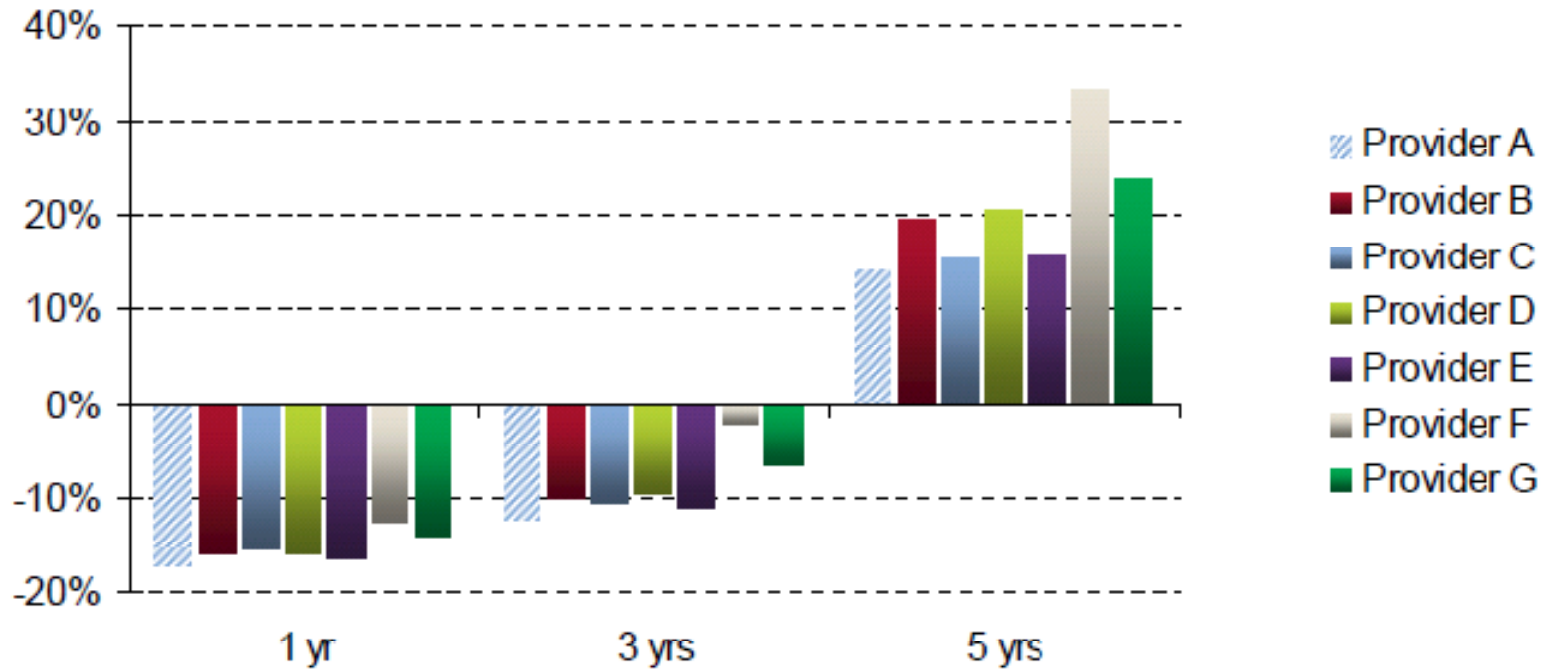


Age 45 **£593**



Age 55 **£1,311**

What are you trying to say?



Understanding

- Risk
- Assets
- Volatility
- Passive/active investment
- Lifestyle

Less than one quarter of pension members invest outside of the default option in 68% of schemes

Source: Punter Southall Corporate DC Survey 2009

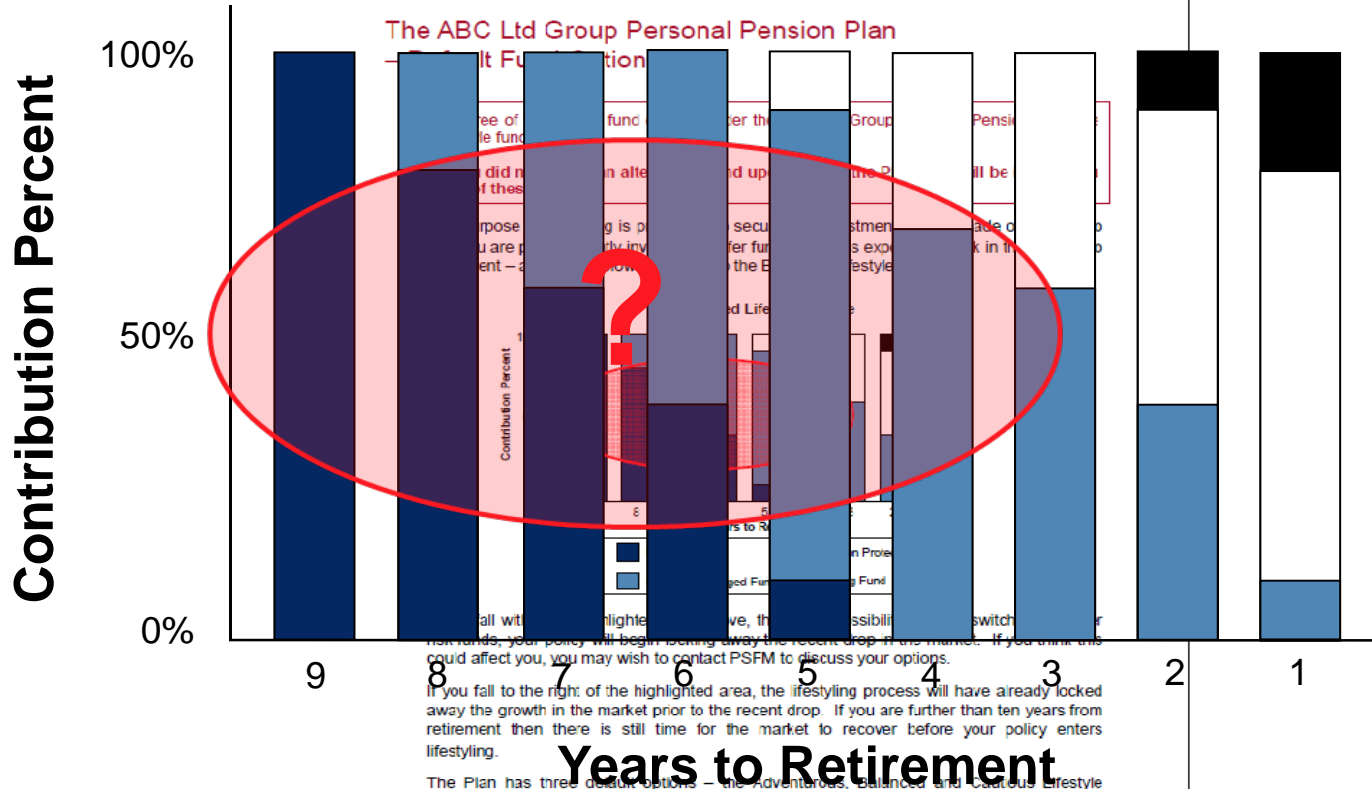
Is lifestyling suitable for you?

The ABC Ltd Group Personal Pension Plan – Governance Report 14 January 2009

Managed Lifestyle Profile

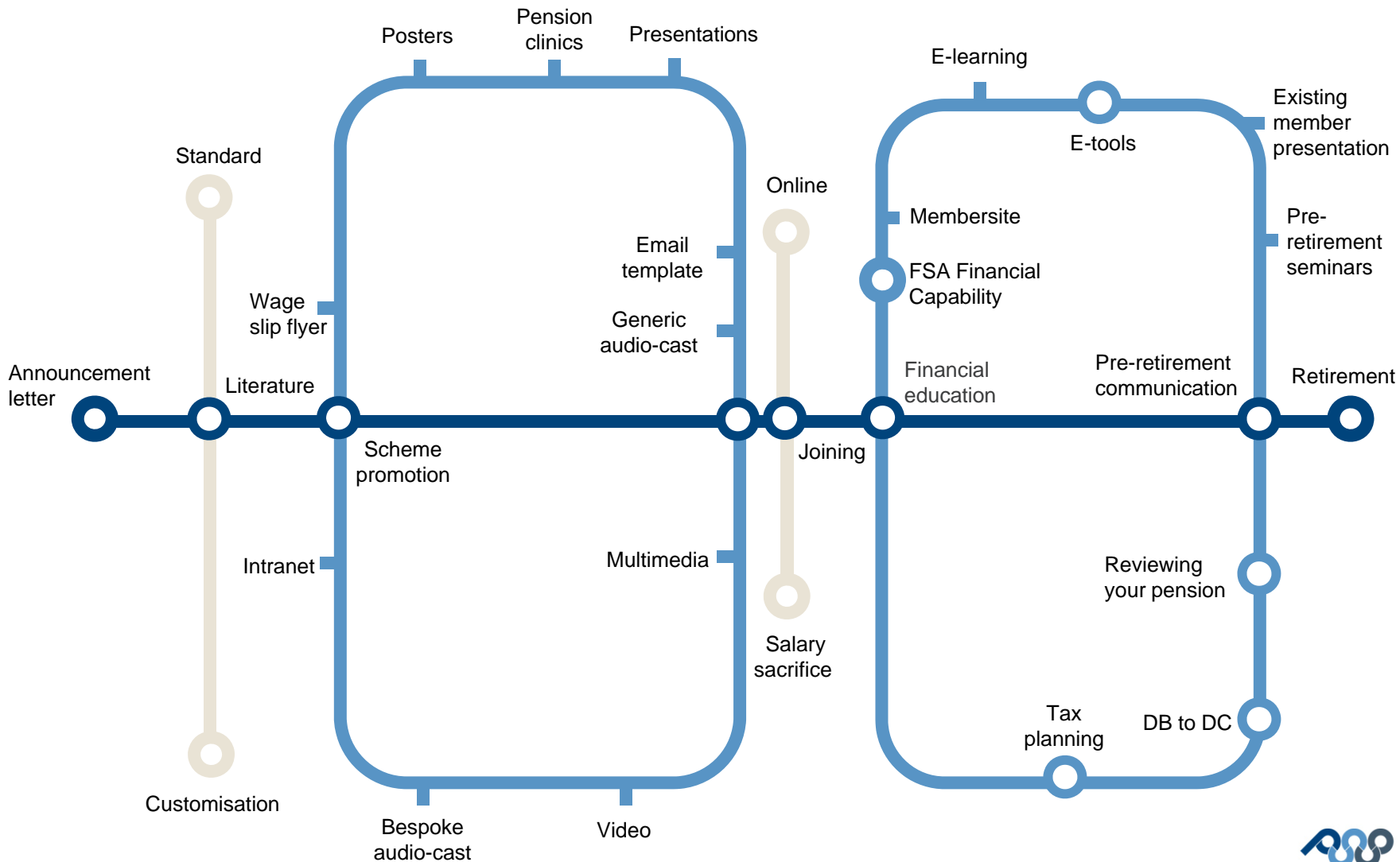
Appendix I

The ABC Ltd Group Personal Pension Plan



If you fall to the right of the highlighted area, the lifestyling process will have already locked away the growth in the market prior to the recent drop. If you are further than ten years from retirement then there is still time for the market to recover before your policy enters lifestyling.

The Plan has three default options – the Adventurous, Balanced and Cautious Lifestyle Profiles. The majority of members are invested in the Balanced Lifestyle Profile, which directs contributions into the Managed Fund until eight years before your retirement.



Employee education

- Employer duties in 2012
 - Auto enrolment
 - Personal accounts
 - Impact on Pensions Credit

- Retirement age

Summary

- Clear trustee and governance responsibility
- Employee education is a necessity
- Employees can be targeted by a range of communication methods
- Communication can be done cost efficiently

The assumptions made for slide 16

- The examples on slide 16 are for illustrative purposes only
- They assume:
 - Monthly payments are level, paid gross and to retirement
 - Investment returns of 7% pa and charges of 1% pa apply to retirement, and FSA prescribed annuity rates apply
 - No tax free cash is taken
 - The pension is level, paid monthly in advance and guaranteed for 5 years
 - A 50% spouse's pension is also paid

