

Improving the adequacy of pension savings amongst young women

YouGov[®] What the world thinks



Pensions Conference 2012 - 31st May 2012

First of all, who are we?

Consulting

Bespoke and tracking projects

Analytics and insight

Quantitative and Qualitative teams

- Financial Services
- Consumer,
- Tech & Tel
- Media
- Political
- Public Sector
- Reputation

Omnibus

Daily surveys

24 hour turnaround:
1,000 responses

48 hour turnaround:
2,000 responses

Also have London, Wales, Scotland and Business Omnibus

£300 per question

No minimum purchase

BrandIndex

Daily brand tracking

2,000 respondents

850 brands

7 Key measures

- Buzz
- General Impression
- Quality
- Value
- Satisfaction
- Recommend
- Corporate Reputation

SixthSense

Syndicated Reports

2,000 respondents

Typically 30+ questions per report

- 100+ reports
- Dedicated finance channel
- Unique reports
- Regular updates throughout year

£2,500 per report

What sort of work do we do?

Behavioural
research

Stakeholder
research

Social policy
research

Attitudinal
research

Thought
leadership

NPD

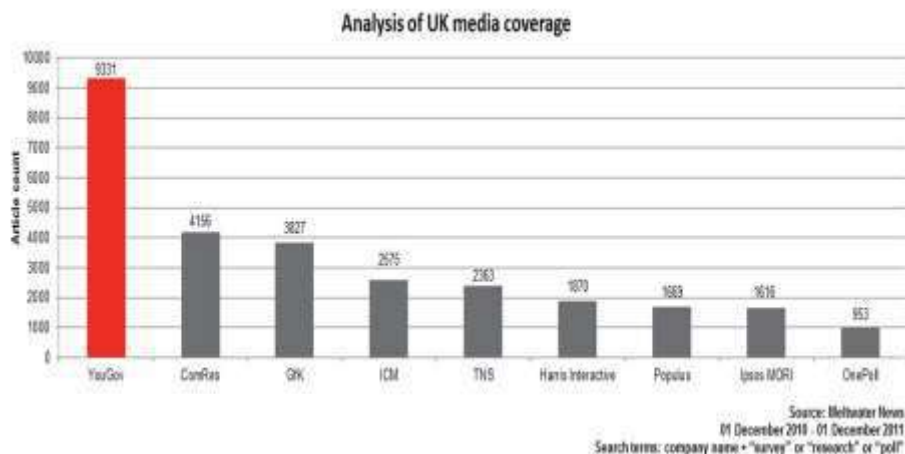
C-Sat

Public relations

Brand/Ad
tracking and
social media
monitoring

Why are we here today?

Most quoted research company in the UK



- We have been working with Scottish Widows for 8 years on the UK Pensions Report
- We have recently conducted our own proprietary research amongst women, (both qualitative and quantitative)

Proven track record of accuracy

- 2001 - British General Election
- 2001 - Conservative Leadership Election
- 2002 - Pop Idol (Gareth vs. Will)
- 2002 - London Local Elections
- 2003 - Scottish Parliament Election
- 2004 - European Election
- 2004 - London Mayoral Election
- 2005 - British General Election
- 2005 - Conservative Leadership Election
- 2007 - Scottish Parliament Election
- 2008 - London Mayoral Election
- 2008 - US Presidential Elections
- 2009 - Election of the State Parliament of Hesse
- 2009 - X Factor winner (3 finalists in correct order)
- 2010 - British General Election
- 2010 - Labour Leadership Contest
- 2010 - X Factor winner (5 finalists in correct order)
- 2011 - Danish National Election
- 2012 - London Mayoral Elections



The agenda for today

- Setting the macro scene: Economic background and context
- Women and pensions: The current state of play
- Our proprietary research: The key findings
- The role for brand and communications: How to engage women
- The future



Setting the macro context: Economic background and context



Economy and pensions feature highly in the issues facing UK consumers. Money is a major concern.

Issues for concern

- Which of the following do you think are the most important issues facing the country at this time? Please tick up to three.
 - The Economy 81%
 - Immigration 46%
 - Health 28%
 - Pensions 25%
 - Europe 19%
 - Crime 17%

- Thinking about the next two or three years, how worried are you that people like you will...
 - Not have enough money to live comfortably 70%
 - Suffer directly from cuts in spending on public services 68%
 - Lose their job / have difficulty finding work 65%

The general feeling around pensions is one of pessimism, both among consumers and IFAs

Importance of pensions

- Fewer than a quarter of UK adults believe that their current pension arrangements will provide them with enough income in retirement.
- There is a significant difference when looking at the genders, with 29% of men believing their pension will provide enough for retirement compared to only 15% of women.
- This level of pessimism is supported by IFAs; only 18% believe that their clients are saving enough for retirement

Please mind the pensions gap

The reality

Annual pension income (including state pension):

£13,000

Total pension pot for the average saver:

£150,000



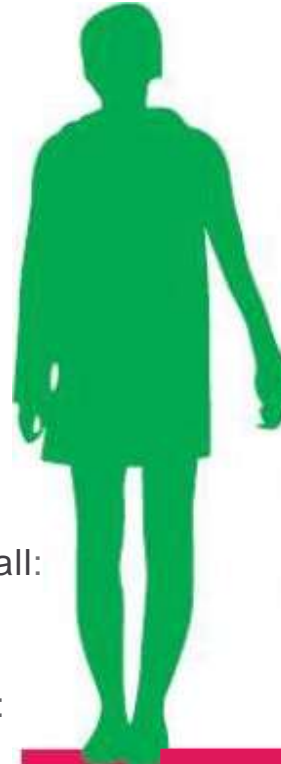
The expectation

Amount people think they need annually for retirement:

£24,500

The size of pension pot needed to achieve this annual income:

£450,000



Annual shortfall:
£11,500

Pensions gap:
£300,000

These figures are based on those who could and should be preparing financially for retirement - those aged 30 or over, who are not retired, and earning at least £10,000 a year. Figures based on a current pension pot of £150,000. Assuming adequacy is those saving at least 12% of their income to replace their main retirement income to come from a defined benefits pension. An average saver is calculated on £15,000 average salary and 8% saving rates between age 30 and age 65. Pension projections are based on the Money Advice Service pensions calculator, using an average of male and female figures.

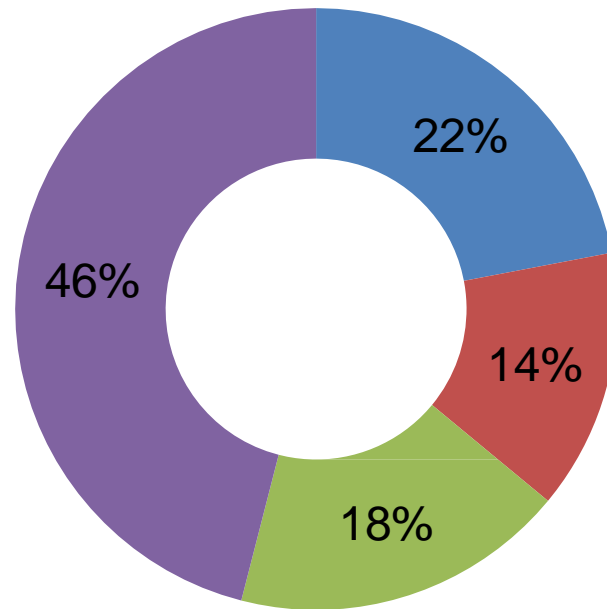
The research was carried out online for YouGov who interviewed a total of 5,200 UK adults over the age of 18 between 23rd March and 28th March 2012.

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SCOTTISH
WIDOWS

... ..
WIDOWS

Fewer than half of individuals are considered to be saving adequately



- Not saving
- Seriously undersaving (0-6% of income)
- Somewhat undersaving (6-12% of income)
- Saving adequately



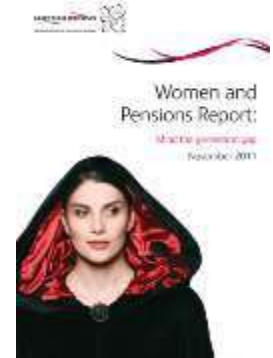
Woman and Pensions: The current state of play



Women are particularly pessimistic, feeling that their long-term financial outlook is bleak

Gender pensions gap

- Scottish Widows Women & Pensions Report 2011:
 - Women are more likely to feel financially worse off:



- On average, men are realistically able to put aside considerably more each month for long-term saving:
 - Men £73; Women £45
- Women are more pessimistic than men over their personal long-term financial position:



Perhaps there is a basis for heightened pessimism, with women saving less on a monthly basis

- Women make lower monthly contributions to pensions than men:

n=753	< £100 a month	£100–£249 a month	£250+ a month
Men	29%	40%	18%
Women	48%	27%	6%

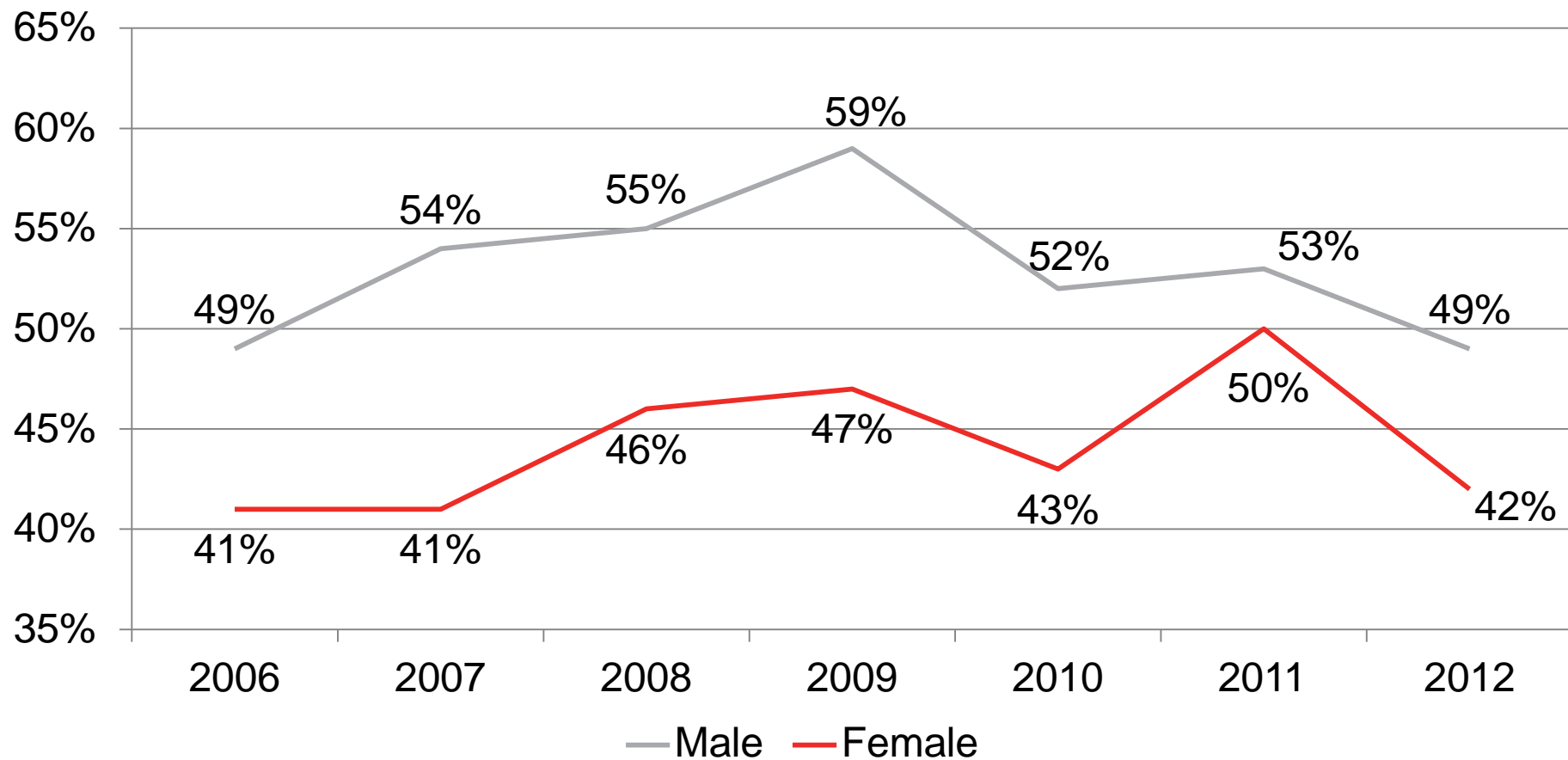
- Men are far more likely to believe that their financial plans will allow them to live comfortably in retirement:

How likely are retirement plans to allow a comfortable lifestyle upon retirement?

% Likely



Pensions index by gender



The lack of engagement with pensions affects women of all ages, with too few saving into pensions

Perceptions

- Women rely on their partners' plans as their main income for retirement, some of the poorest in retirement are widows
- Women are less likely than men to know what type of occupational pension they have
 - 34% of women DK vs. 22% of men (35% amongst women 40-54 vs. 20% of men of the same age)
- 56% of women under the age of 30 accept that they are not saving adequately
- Younger women only save half of that saved by older women
 - 18-29 year-olds: £55 per month vs. 51+ year-olds: £122 per month

The government is looking to address the gender pensions gap, but the private pensions industry is arguably lagging behind

Government action

- Rachel Reeves, previous Shadow Pensions Minister Nov, 2011

“...the average 56-year-old woman has just £9,100 of private pension savings compared to £52,800 for a man the same age”.

- The government has recognised this issue and made a move in the right direction:
 - By 2015 all women will receive full State pension regardless of the number of years of work completed
 - Women who have taken time off for children will not be penalised



Our proprietary research: The key findings



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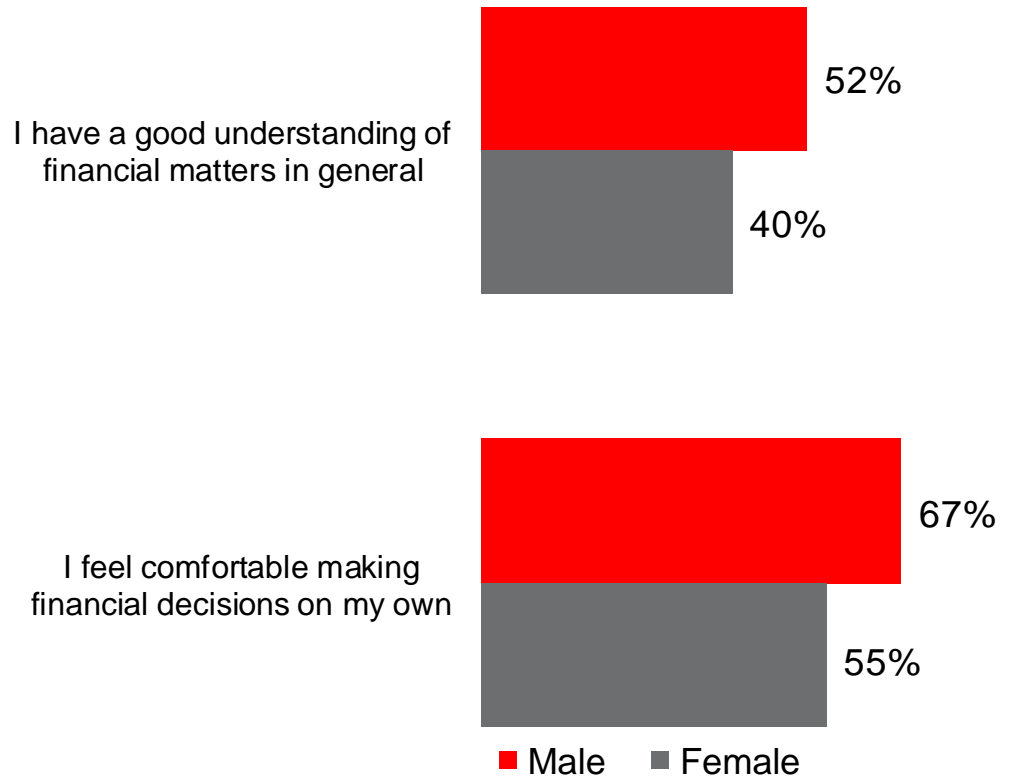
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Digging deeper...

- Having examined findings from research commissioned by the industry, we decided to run our own research
- Our key focus: comparing behaviour and attitudes of men and women on the topic of pensions
- Interviewed nationally representative sample of UK residents aged 18+ (sample size: 2,014)
- Fieldwork conducted online between 8th and 10th May 2012
- Supplemented with qualitative focus groups

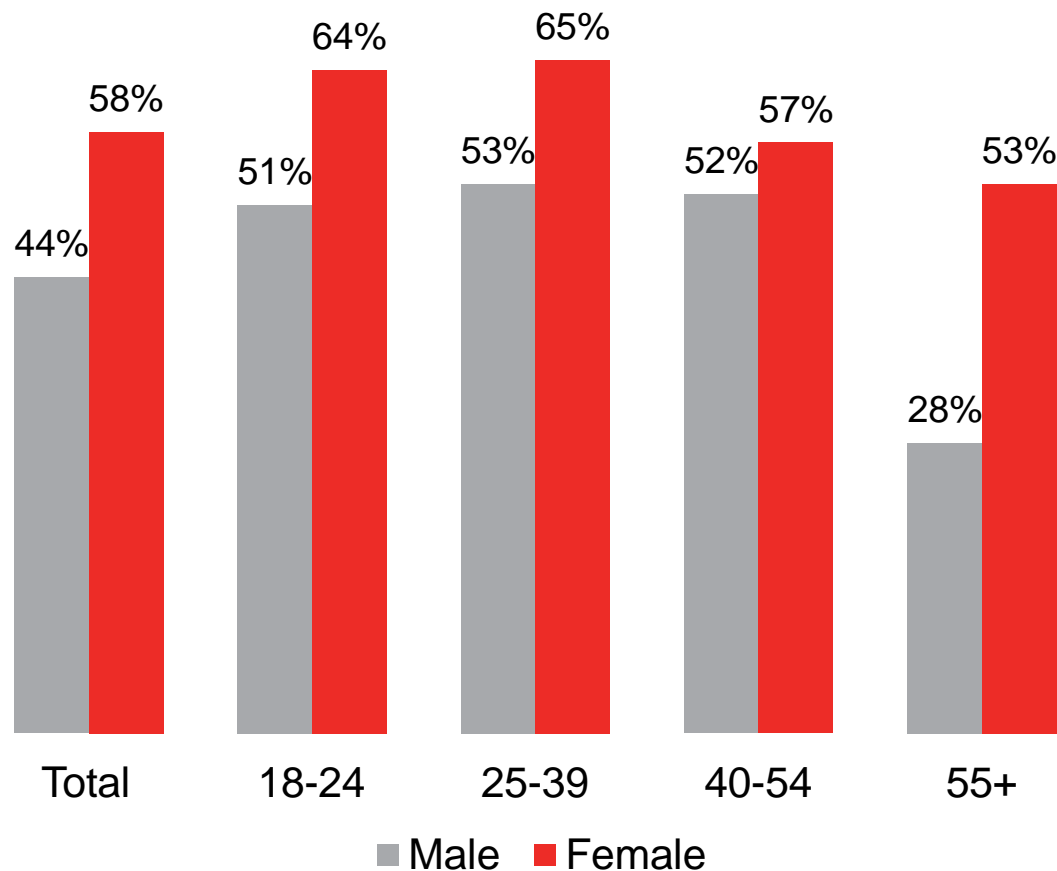
Women have less confidence when it comes to making financial decisions

- Only four-in-ten women feel they have a good understanding of financial matters in general
- Also less likely to feel comfortable making financial decisions on their own



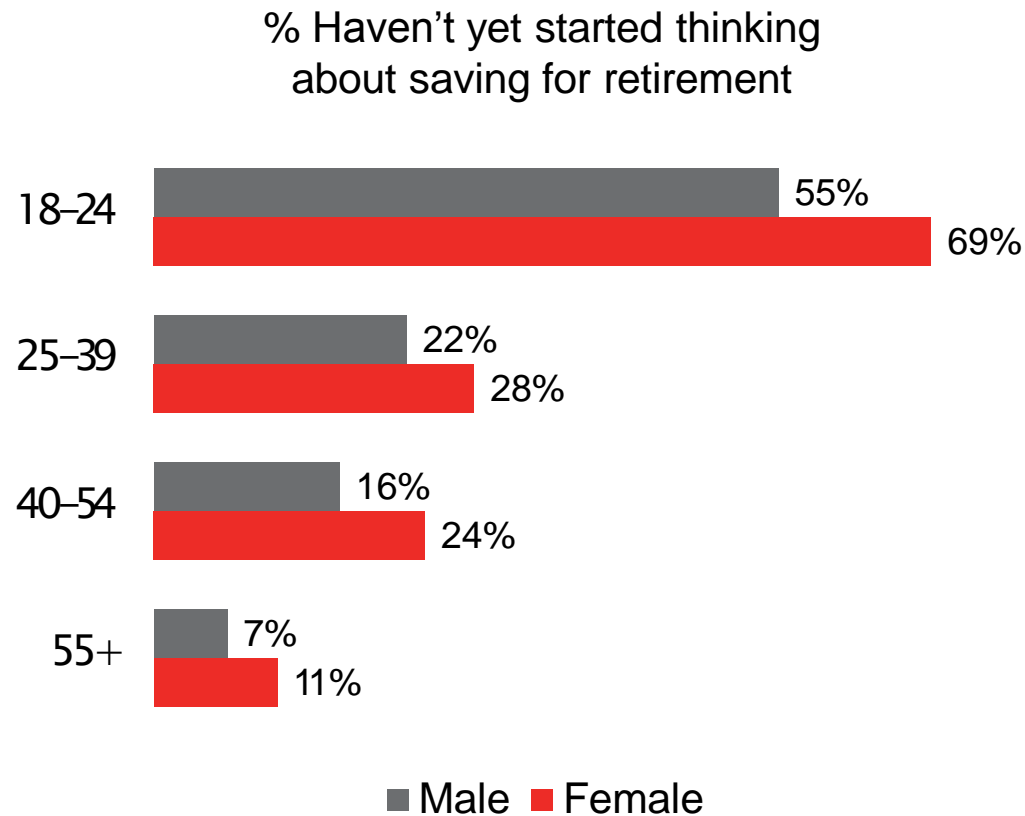
... which translates into a greater tendency to find pensions confusing

- Overall 51% report finding pensions confusing: suggests the industry has some way to go in making pensions easily understood/accessible
- Clear gulf between men and women
- The gap is most apparent in the over 55s



...little surprise that women typically leave it until later in life to address the need for a pension

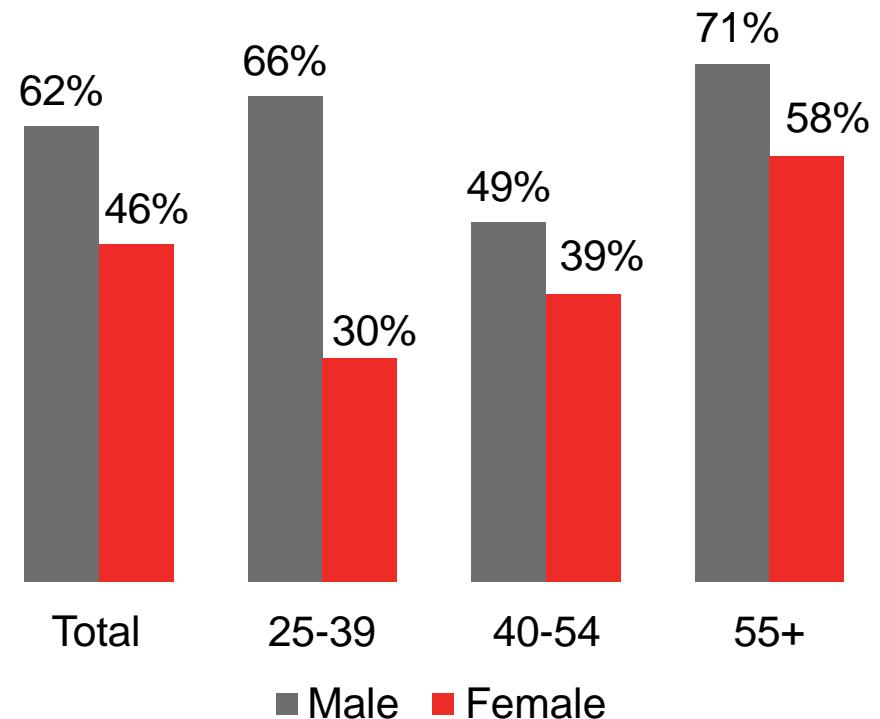
- Considerable gulf between 18-24 year old males and females.
- A quarter of women aged 40-54 years had not yet started thinking about saving
- One in ten women aged 55 plus were yet to think about saving for retirement.



Men are more confident they know what type of pension they have

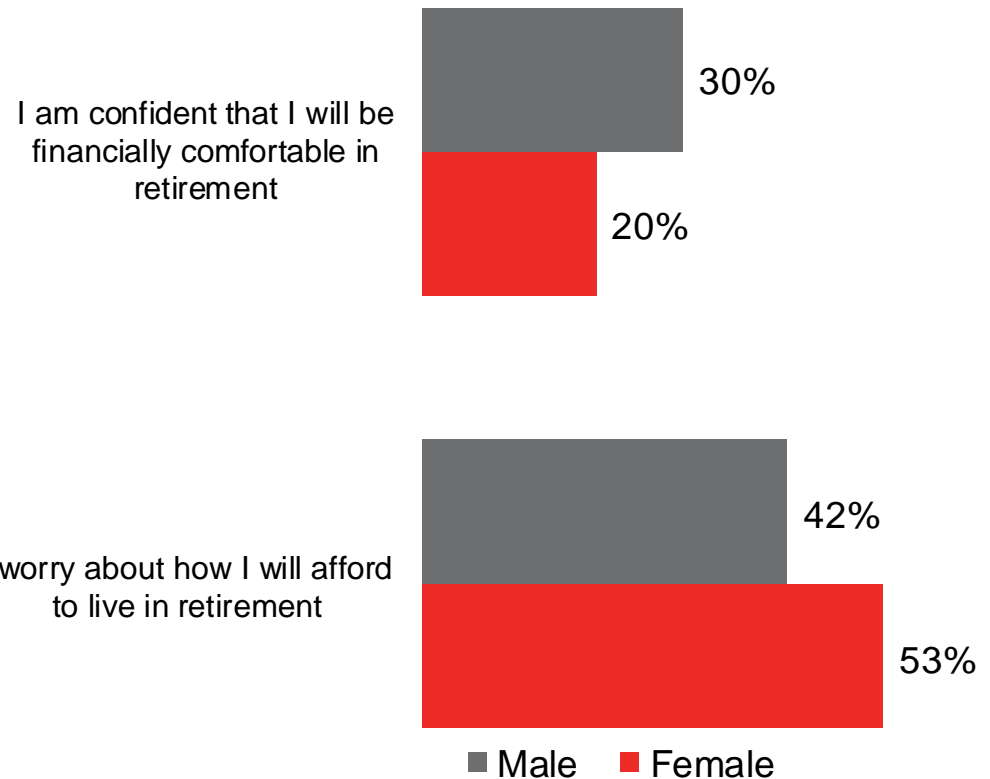
...and are more likely to read their statements

- Across age groups, women are less confident that they know the type of pension they have
- This gap narrows amongst the over 40s
- 67% of men 'always' read their annual pension statement compared to 55% of women
- Suggests that even women with pensions do not find them engaging

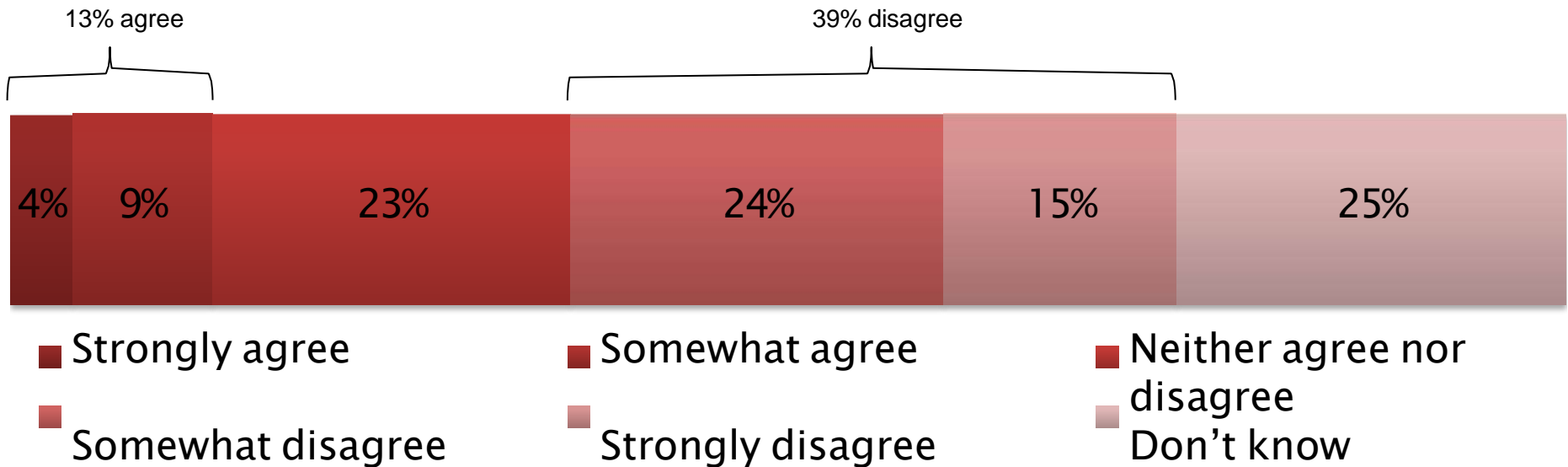


...and are more confident they will be OK financially in retirement

- 30% men confident that they will be comfortable in retirement vs. 20% of women
- 42% men worry about how they will afford to live in retirement vs. 53% of women

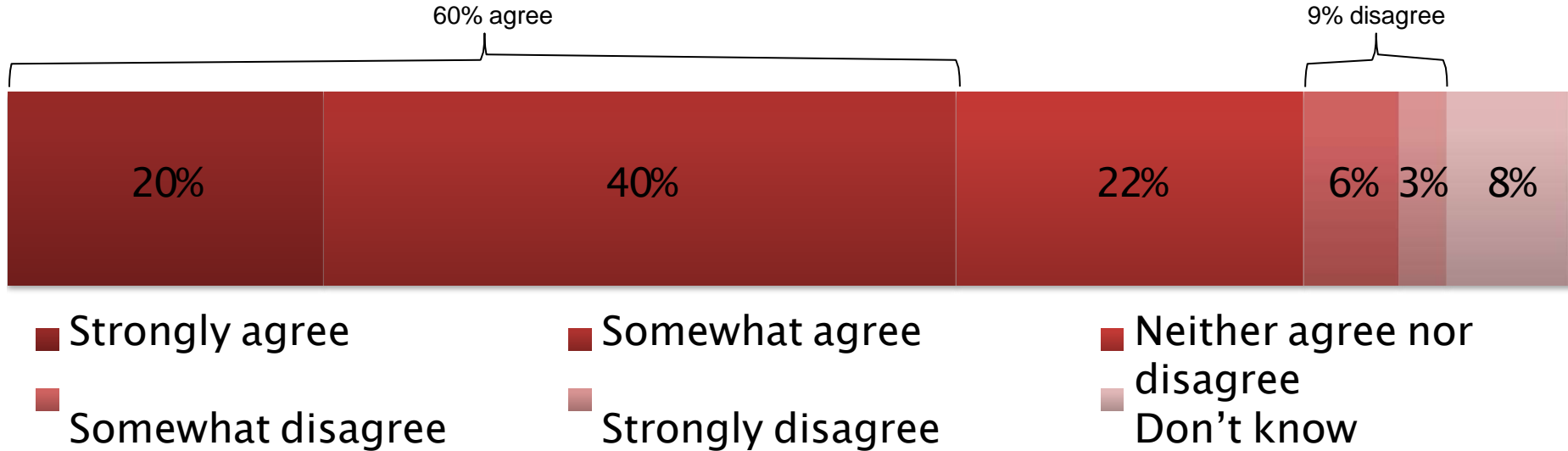


Two in five women do not believe pension companies take their career paths into consideration



- Highlights an issue for the private pension industry that the Government has sought to address in the State pension domain
- This sentiment is higher among the 35-54 age group

...and sixty per cent like the idea of a pension designed specifically for women



Greater appetite for furthering pensions knowledge amongst young women compared with young men

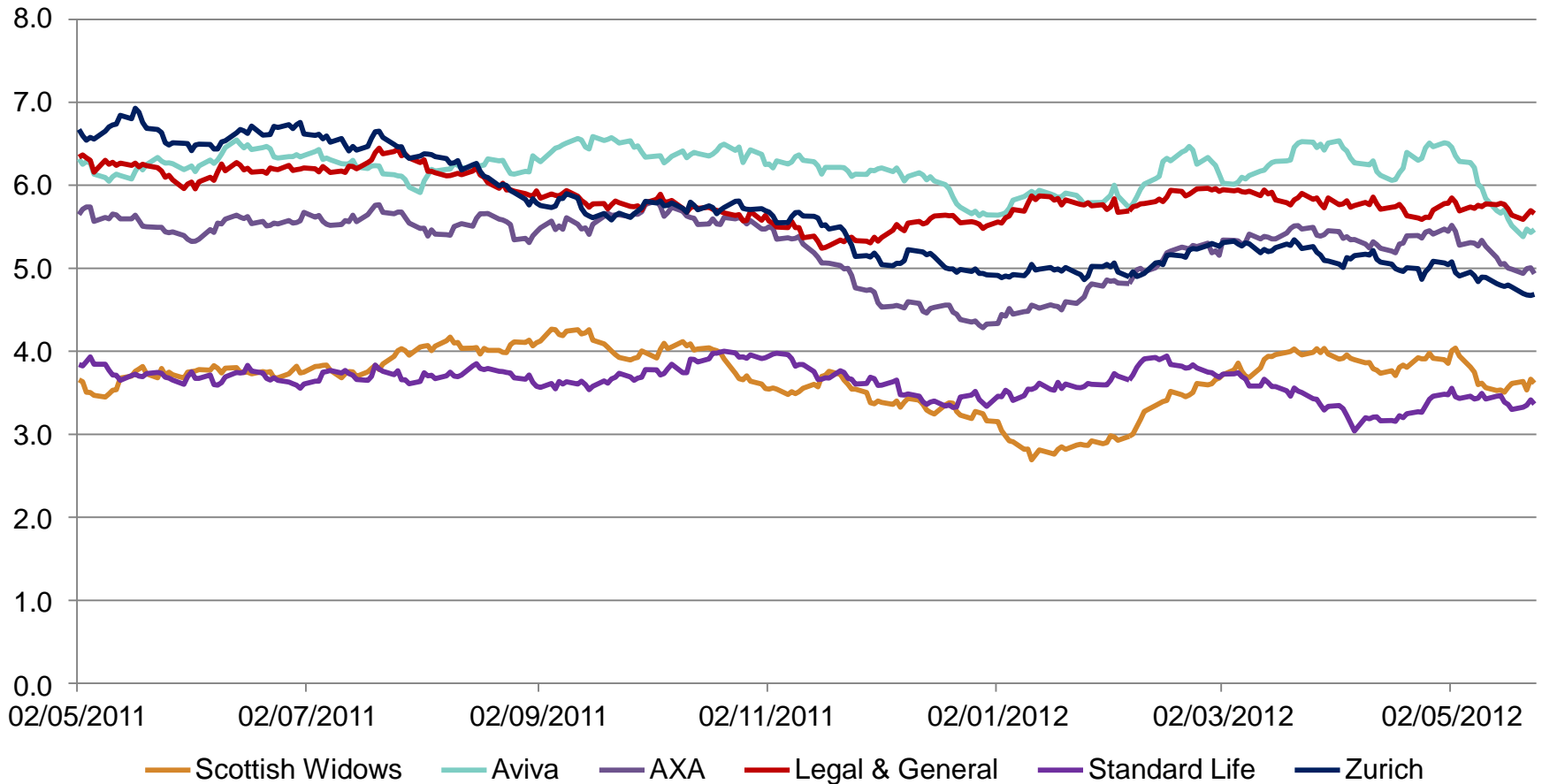
- 56% of women want more information on pensions compared to half of men. The gap is particularly noticeable amongst the under-40s
 - Male <40: 59% vs. Female <40: 73%
- 66% of women aged 16-24 would take more interest in pensions if they were easier to understand, compared to 51% of men the same age



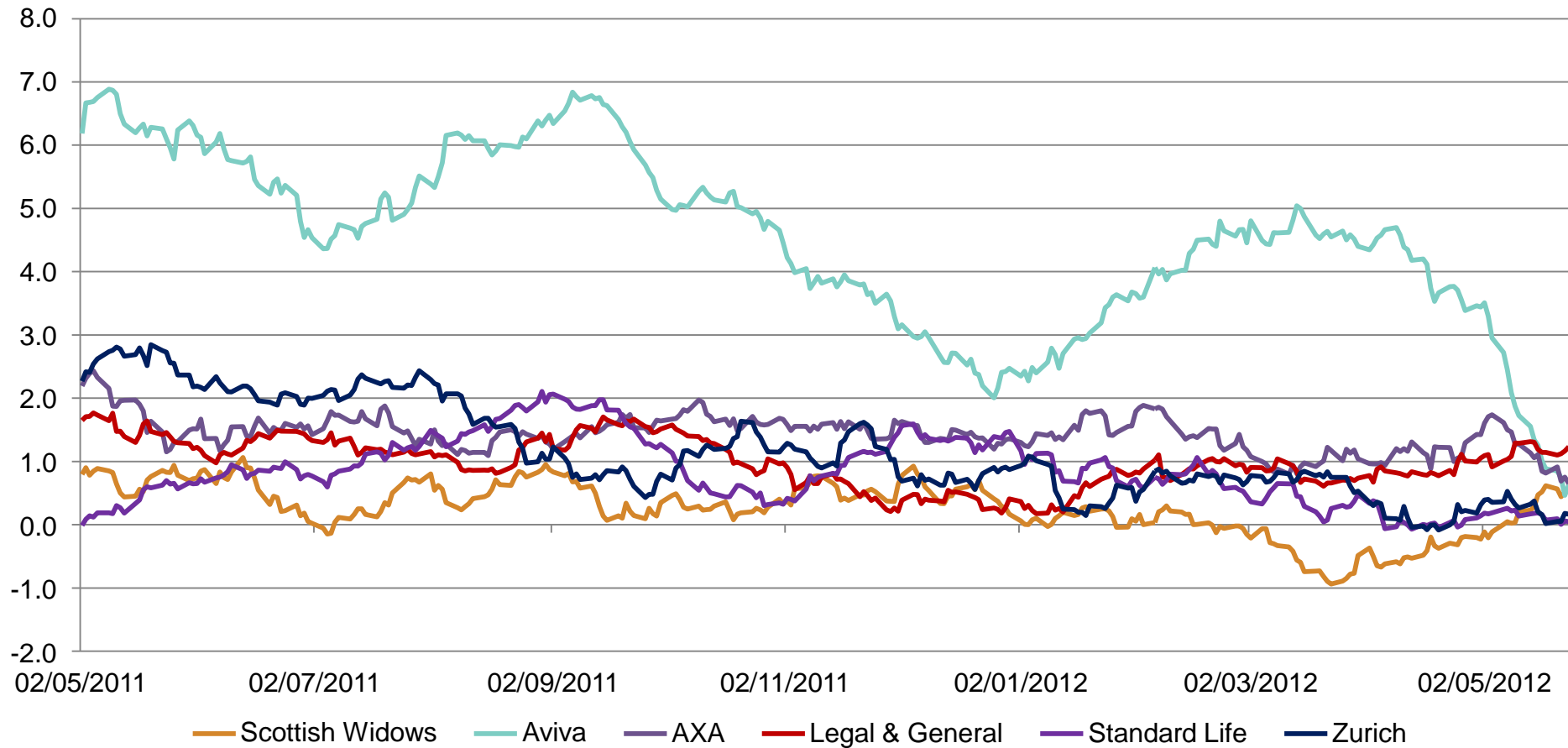
The role of brands and communications: How to engage women



YouGov's BrandIndex Index: A bleak picture for the pensions industry?



Buzz: With the exception of Aviva, amongst women there is a lack of differentiation, by Brand



Scottish Widows is the brand mentioned most often

But no provider stands out in this field

“A big well known company. I recognise them more for insurance products”



“Now this is a company I automatically link to pensions”



“I think Scottish Widows [is tailored towards women] but only because of the name and advert”

“I tend to think more of a provider than retire”



Lloyds TSB

“Which brands do I associate with planning for retirement? AXA”



The general feeling amongst women is that financial services are confusing and evoke negative feelings

Moderator: When we talk about financial services, what are all the thoughts, words and feelings that come to mind?

Kate C: **Boring**, and sometimes hard to understand

Carol R: **Banks, loans and people struggling**

Charlene M: The feelings invoked are those of **complexity and uncertainty**

Carol R: I try to keep up but I find it all quite confusing. **Never sure who to trust** for advice

Rose S: **Pensions are so complex**, some of the wording is so confusing

Pension providers must identify concerns women have for retirement in order to engage them

Moderator: What are your biggest fears and concerns about your standard of living in retirement?

Janet A: I will have to work until I drop

Rose S: Not being able to pay basic bills and feed ourselves

Carol R: I won't be able to afford to have the lifestyle I currently have

Charlene M: I won't own my own home and won't have enough money for a good quality residential home should I need it

Rose S: Prices are going up, wages aren't. What's it going to be like in thirty years?



The future



What can the private pensions industry do to engage women with pensions? (1)

- **Women must be encouraged to save specifically for retirement**
 - At the moment they prefer cash savings and property to pensions
 - Women are coming to the party later than men. They need to be engaged with pensions at a younger age
- **Making products easier to both understand and manage will help women feel more confident**
 - Women find pensions more confusing than men, and are less likely to be regular readers of personal finance pages
- **Women need to have their own pension and not rely on a partner**
 - Pensions aimed at women will encourage them to break with tradition and not rely on the retirement income their partner receives
- **The industry must look for ways to provide for women, factoring in maternity leave and career breaks to raise children**
 - Women-specific pension packages can be tailored to varied career paths and take into account breaks in paying into pension pot due to maternity leave

What can the private pensions industry do to engage women with pensions? (2)

- **Marketing and communications must tap into the female psyche**
 - No unnecessary jargon
 - Understand the fears, concerns, risk and reward appetite that women have
 - Harness where they get advice (fathers are key!)
 - Positive shock tactics (Rachel Reeves pension statement)
- **Women must be encouraged / incentivised to contribute more**
 - Minimum contributions are at a low level for women. 48% of women pay in under £100 a month (Sixth Sense Pensions Report, 2010)
- **IFAs in a post RDR world need to demonstrate transparency**
 - RDR is changing the profile of advice for the mass market, especially women. Clarity, honesty and transparency will be key
 - Now, more than ever before, there is an inherent role for female oriented financial advice
- **Advice must be tailored, targeted, and individual**
 - There are some 2,800 major pension funds offered in the UK. How can women specifically choose a portfolio that will provide a sum large enough to retire on 40+ years in the future?
 - Employers will play a CRUCIAL ROLE moving forwards

The future?

Auto-enrolment as the code-breaker for enforcing retirement saving

“As my pension is deducted automatically through work, I don’t really think about it as I know it’s taken care of but I don’t really know what type of return I’ll get or when I’ll claim it. If my pension wasn’t through work, I probably wouldn’t have one if I’m totally honest. Other things seem to take precedence”

Women in control of personal finance and retirement planning

“I think we’re getting there. In comparison to our mothers and grandmothers, we’re much more educated about finances. There’s been a cultural shift. Men don’t control all the income any more”

Questions or comments?

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