

# New government financial wellbeing initiative: why employees are going to expect more from employees

Robert Cochran

This material is for use by advisers or employer decision makers only, not to be relied upon by any other person.



# WORKPLACE PENSIONS – EMPLOYEE VIEW



# CHANGING PENSION LANDSCAPE



Help to Save

LISA/ISA

Pension Freedoms

COMPLEXITY

Annual Allowance and  
MPAA Changes

Mass Market Advice



Digital  
Transformation

# FAMR

**Good availability of affordable, high quality advice and guidance**, which supports consumers at all stages of their lives

**Greater innovation in the interests of consumers**, encouraged by a flexible well understood regulatory framework for advice

**A range of channels** through which consumers are able to access advice and guidance including in the **workplace** and flexibility about how to pay for advice.

**Consumers that are engaged with their own financial affairs** and so seeking out the advice and guidance they need



## FAMR

Financial Advice Market Review  
Progress report

April 2017

# FAMR

## Rules of Thumb and Nudges: Improving the financial well-being of UK consumers

Prepared by the Financial Advice Working Group for  
HM Treasury and the Financial Conduct Authority

March 2017

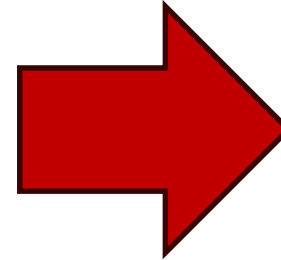
## Consumer explanations of “advice” and “guidance”

Prepared by the Financial Advice Working Group for  
HM Treasury and the Financial Conduct Authority

## Financial Well-being in the Workplace: A Way Forward

Prepared by the Financial Advice Working Group for  
HM Treasury and the Financial Conduct Authority

Final report | March 2017



  
HM Treasury



## FAMR

**Financial Advice Market Review**  
Progress report

April 2017

# RULES OF THUMB AND NUDGES REPORT

## Rules of Thumb and Nudges: Improving the financial well-being of UK consumers

Prepared by the Financial Advice Working Group for  
HM Treasury and the Financial Conduct Authority

March 2017

THIS REPORT TO RESPOND TO  
RECOMMENDATION 18 OF FAMR

TASK FORCE TO DESIGN RULES  
OF THUMB AND NUDGES

PRODUCED FIVE RULES OF  
THUMB

EXPERT INTERVIEWS AND  
CONSUMER GROUPS



# HOW PEOPLE THINK ABOUT THEIR FINANCES TODAY



LIVE FOR TODAY

They have difficulty with calculations and understanding financial concepts

A lack of financial confidence and fear of failure

They have difficulty with thinking about tomorrow

# THE 5 RULES OF THUMB

## Best practice: Rules of thumb



The world is full of 'noise' – an excess of information, complex data, and conflicting advice. A rule of thumb is a way to cut through this to help people make 'good enough' decisions, by focusing on their behaviours and turn intentions into straightforward actions.

CLEAN UP YOUR FINANCES  
REGULARLY

MANAGE YOUR BORROWING  
NOT OTHER WAY ROUND

SAVE WHEN YOU CAN EVEN A  
LITTLE HELPS A LOT

PILE INTO YOUR PENSIONS ITS  
YOUR FUTURE INCOME

OTHER PEOPLE GET MOST OUT  
OF THEIR MONEY – SO CAN YOU



# LET'S FOCUS ON RULE 4

## Rule #4: Pile into your pension – it's your future income

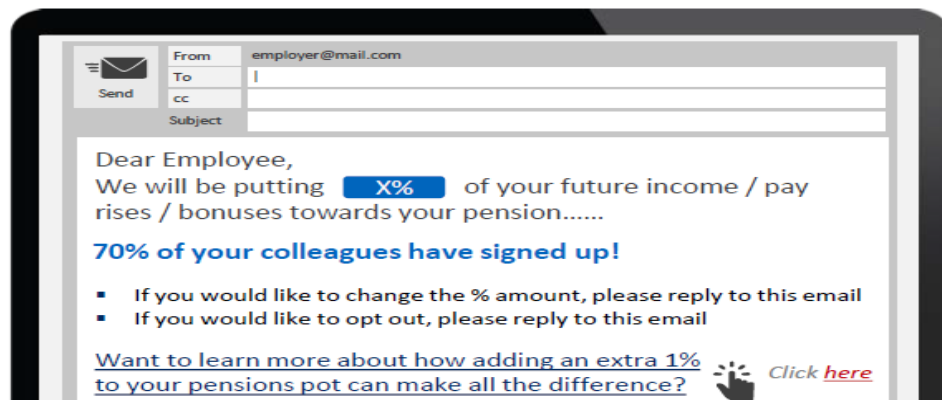
### Recommended actions

Put your future income towards your pension

- Sign up to a pension scheme, and remain in it
- Understand how much you will need to retire comfortably
- If your employer offers contribution matching, make sure you pay in the maximum amount

### Illustrative nudge and design process

**Put a default proportion of future income towards pensions (Save more tomorrow)<sup>1</sup>**



# FINANCIAL WELL-BEING IN THE WORKPLACE: A WAY FORWARD

---



Employees need help with their financial well-being; and there is a clear link between well-being and employee productivity

**Most employers understand this link and are willing to do more to help their employees, but need guidance on what they can do**

We can help employers achieve this, without imposing any new burdens on them, by offering a practical resource for employers and employees

Workplace is a place where people already engage with money through wages and pensions. Employers have a vested interest in helping employees improve financial well being.

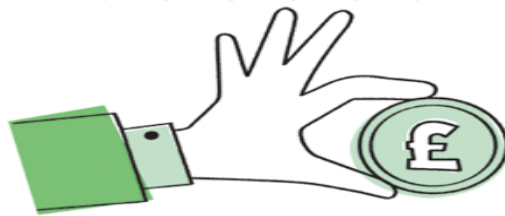
# FAWG – EMPLOYER PORTAL AND EMPLOYEE SUPPORT

## Financial Well-being in the Workplace: A Way Forward

Prepared by the Financial Advice Working Group for  
HM Treasury and the Financial Conduct Authority

Final report | March 2017

How much are your employees' financial worries costing your business?



### What's in it for my business & other FAQs

More productive employees. Better engagement. Enhanced reputation. Employees are struggling (more than you might realise) and it's affecting their work. Employees would like you to help - and helping might not be as much work as you think.



## Making the most of your money














# WHAT MORE CAN EMPLOYERS DO?

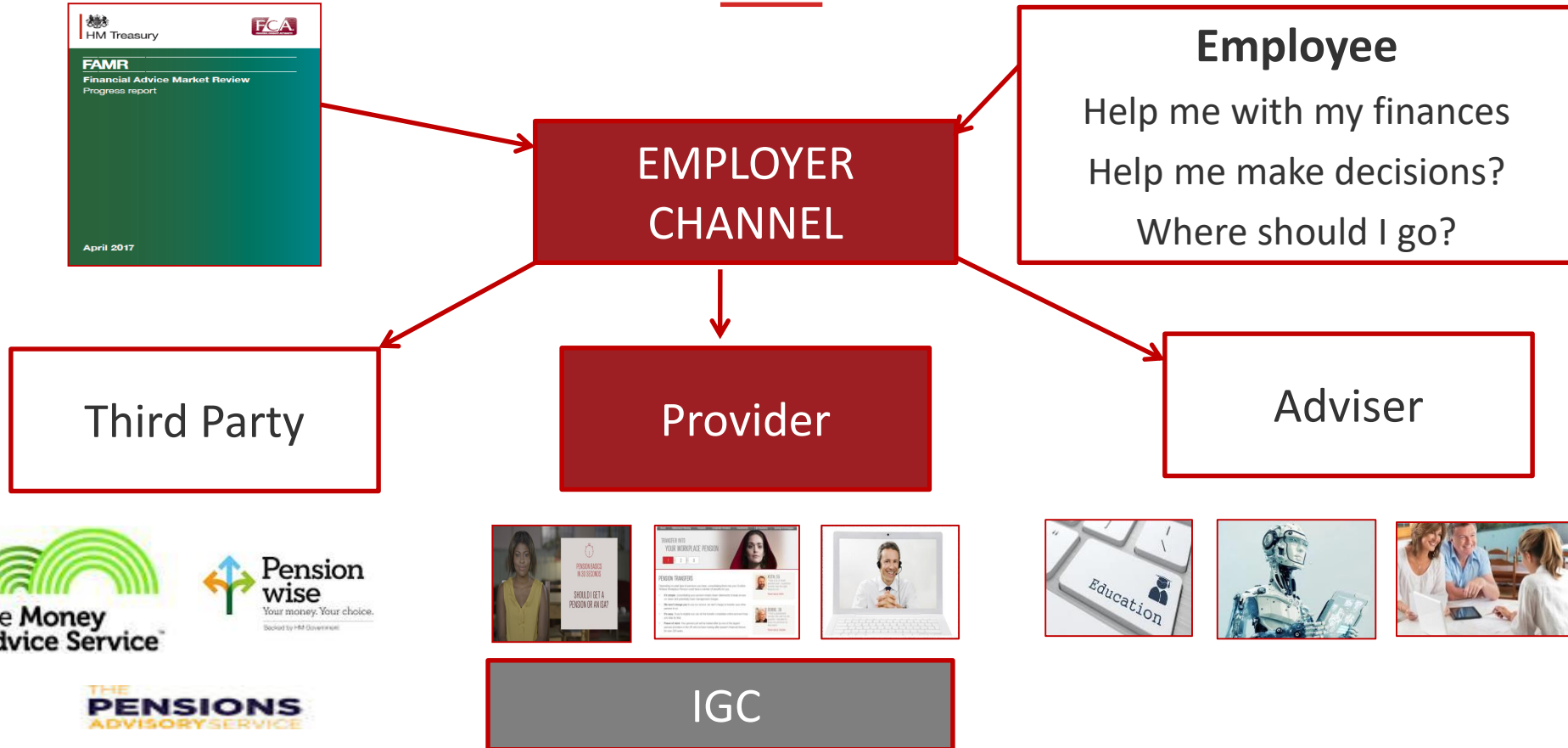
## Financial Well-being in the Workplace: A Way Forward

Prepared by the Financial Advice Working Group for  
HM Treasury and the Financial Conduct Authority

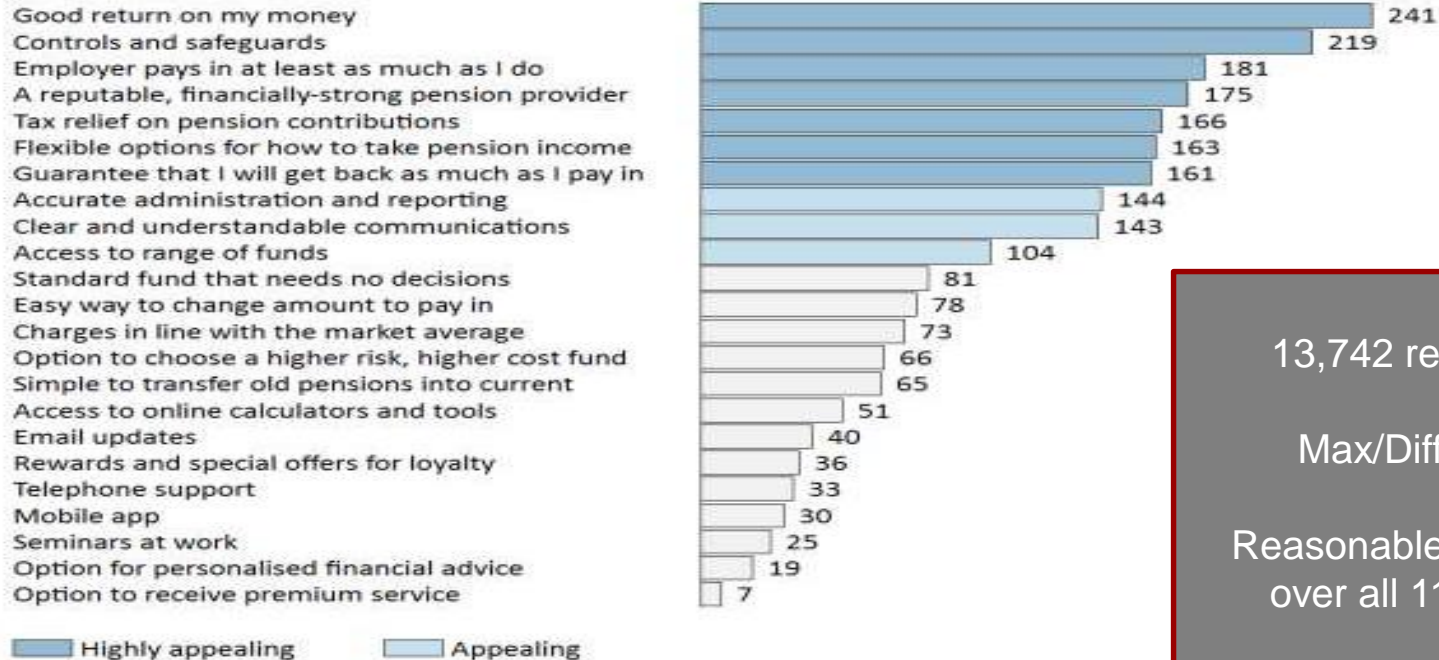
Final report | March 2017

-  1 Do you need to automatically enrol your employees into a **workplace pension**? Find out what you need to do today.
-  2 Invite experts such as your pension provider or your local bank's mortgage specialist to discuss money matters with your employees.
-  3 Find out if local businesses, like gyms and restaurants, offer employee discount schemes.
-  4 Ease the burden of commuting costs for your employees – help out with **travel season tickets** or provide a **bike to work scheme**.
-  5 Partner with companies, for example, **Neyber** or **Salary Finance** who provide employee loans and take repayments direct from payroll.
-  6 Look for ways to help employees manage work related expenses, like providing a corporate credit card.
-  7 Consider negotiating group life insurance for your employees. This can provide a lower cost policy that your employees can pay for. This will provide financial security for their loved ones in event of their death while they work for you.
-  8 Provide your employees with group income protection insurance which helps them if they are unable to work due to injury or long term illness.
-  9 Health insurance through the workplace can give your employees additional medical benefits for them and their loved ones.
-  10 An Employee assistance program can provide confidential counselling services to help your employee to discuss issues that may be affecting their lives.
-  11 Offer employees access to a **regulated financial adviser**. You can offer up to £500 pension advice a year and receive tax and national insurance contribution relief.

# THE NEW LANDSCAPE



# WHAT IS IMPORTANT TO EMPLOYEES?



13,742 respondents

Max/Diff analysis

Reasonable consistency  
over all 11 providers



# HELPING YOUR EMPLOYEES

## Education



## Guidance



Home Retirement Planning Pensions Corporate Pensions Investments Life Insurance Savings & Mortgages

### TRANSFER INTO YOUR WORKPLACE PENSION

1 2 3

#### PENSION TRANSFERS

Depending on what type of pensions you have, consolidating them into your Scottish Widows Workplace Pension could have a number of benefits for you.

- ✓ **It's simple** consolidating your pension means fewer statements to keep an eye on, fewer and potentially lower management charges
- ✓ **We won't charge you** to use our service. We don't charge to transfer your other pension to us
- ✓ **It's easy** if you're eligible you can do the transfer completely online and we'll help you step by step
- ✓ **Peace of mind** Your pension pot will be looked after by one of the largest pension providers in the UK who've been looking after people's financial futures for over 200 years.

**KEITH, 55**  
"I had a lot of small pension pots - a pension transfer was the right thing for me."

[Read about Keith](#)

**DEBBIE, 39**  
"I had a guaranteed annuity rate with my old pension. I decided to leave my pensions as they were."

[Read about Debbie](#)

## Advice



# WORKPLACE PENSIONS – EMPLOYEE VIEW



# FINANCIAL CONFIDENCE



IT STARTS WITH AWARENESS

THANK YOU  
FOR YOUR TIME

Scottish Widows Limited. Registered in England and Wales No. 3196171. Registered office in the United Kingdom at 25 Gresham Street, London EC2V 7HN.  
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.  
Financial Services Register number 181655.

51777 03/16

