

Scheme communications: Essential ideas for getting messages to members

Lynda Whitney chaired Aon's recent *Better DC Decisions Workshop* where Behave London's Hannah Lewis ran an excellent session for delegates about behavioural member communications. Here Lynda lists some of her favourite tips for great scheme communication

Member communications are an essential element of any defined contribution (DC) scheme. As well as fulfilling legal requirements, communications need to help members understand the value of what is in their pension, inspire them to save more, support them in making decisions about what to do with their money — and encourage them to act so that they can build the best possible retirement pot.

Understanding how members respond to messages and how they behave as a result, underpins good communications and decision-making. Here are six best practice tips:

Get to know your members — the more you know about your members, the better you can make your communications. Making assumptions about members based on your own experiences or beliefs could mean the messages are not right for them.

Be positive — would you be more likely to respond to a message that told you that you were currently on track for a poor pension, or one that explained how you can help your pension pot grow? Research by Behave London has shown people say that positive messages (such as 'help your pension to grow') are far more likely to encourage them to take action than negative messages (such as 'prevent disaster and save for your retirement today').

Make images and words work together — if members have to work hard to understand how images and words fit together, they will get distracted from the message you want them to absorb. Reinforce written messages with pictures that members can relate to and which work in harmony with the words you are using.

Avoid 'too much information' — there is a fine balance between giving people enough information to make an informed decision and overwhelming them. Provide members with the key details you want them to absorb, and then offer links to further information for those who want to know more.

Help members to absorb detail — when faced with a large block of text, our natural response is to scan through it rather than focus on absorbing the detail. Encourage members to slow down and read essential information by dividing text up into short chunks using headings and bullet points.

Make choices manageable — too much choice can be overwhelming, and could even mean that members end up not making a decision at all. In 2000, two psychologists, Sheena Iyengar and Mark Lepper, carried out an experiment that demonstrated just how easily we can become overwhelmed. Customers could sample from a set of 24 jams, or six jams. They were given a discount coupon for jam. The large jam display attracted more visitors but when faced with a choice of 24 jams, only 3% of customers went on to buy a jam. With six to choose from, purchase rate was ten times that, at 30%. Pension scheme members are faced with a similar dilemma when they are offered too many fund choices, or options as they approach retirement. Using decision trees can help members narrow down their choices.

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