Happy New Year!
Welcome to the January issue of ‘Intercom’.

At the end of December, it’s no surprise that most people’s focus was on buying presents, what to wear at the Christmas party and winding down for the year. But 2014 has now started! So, we’d like to take this opportunity to look at the year ahead and remind you of some key issues – in particular, the changes to the annual and lifetime allowances, which will come into effect in April. We share with you some of the work we’re doing with companies to help their higher earners plan for these changes – using both online and offline solutions.

And continuing on the theme of pensions; in his Autumn Statement 2013, the Chancellor revealed that State Pension age will increase to 68 by the mid 2030s and 70 for the young adults of today. So, someone who is 35 at the moment could potentially end up needing to work 8 years longer than one of their parents before they can receive their State Pension. This announcement highlights that contributing towards your pension has never been more important – especially for younger employees.

On page 3, we give you an update on automatic enrolment, the Government initiative to encourage people to start planning for their retirement. Companies with less than 500 employees are starting to stage now – and a lot of these companies may not already have a suitable pension scheme in place. So it’s especially important that these employees understand the need to not only contribute to their pension, but also to take an active interest in it. This means that the messages around making contributions and smart investment decisions need to be communicated clearly and effectively.

Finally, with the arrival of the New Year, we’d like to tell you about our Communications Audit offer. We can help you get 2014 off to a great start by really looking at your communications and asking whether your employees are listening to the messages that you want them to hear. Turn to page 5 to find out more!
Lifetime and annual allowances – are you communicating the changes?

The rules that surround pensions rarely stand still for long. Only a few years on from a reduction to the annual allowance and lifetime allowance, each is to be squeezed again from the start of the 2014/15 tax year.

The annual allowance reduces from £50,000 to £40,000 from 6 April 2014, and from the same date the lifetime allowance goes down from £1.5 million to £1.25 million.

It follows that the lower the allowances are, the more people they affect, the more important it is to communicate the changes.

In the Communication Practice, we have been warning and reminding employees of the forthcoming changes since they were first announced a year ago. Sometimes this is as a feature article in a Trustee newsletter, or for a greater impact, we have also produced standalone ‘tax allowance’ fliers for our clients.

Whatever the form of communication, there is often value in including example calculations, using figures that are appropriate to the client’s employees. This helps members to understand the potential impact of exceeding either allowance and encourages them to assess their own position.

See how it works >>>
Lifetime and annual allowances – are you communicating the changes?

It’s also important to highlight how members can avoid the potential tax charges. There is a lot to communicate. And we can do more to help too. For example:

**Allowance statements**
We’ve been working with a number of clients to produce annual and lifetime allowance statements for their employees. These two-page statements are simple but effective. The first page highlights members’ contribution levels – highlighting the potential to make more contributions or flagging if the member is going over the allowance.

On the reverse, the statement provides useful signposting around:
- Scheme Pays
- self-assessment and tax office/reference details
- deadlines

On just a two-page flyer, members are made aware of what they are currently contributing, any actions they may need to take, and – most importantly – when they need to take them.

**Online calculator**
The Communication Practice has also recently been part of the team that has produced an online tax allowance calculator for a major financial client. The aim is to make their employees’ retirement planning that bit easier.

Members will simply need to enter:
- their details
- relevant details from their latest benefit statement and
- information about any other pensions.

The modeller will then do the maths. It will calculate if the employee has exceeded the Annual Allowance for the current pension input period and forecast whether they are likely to exceed the Lifetime Allowance at their chosen retirement date.

Innovative solutions such as this can save employers time and money – in this case, one online tool replacing a high number of one-to-one tax assessments. So if you would like to discuss how best to communicate this year’s changes, please get in touch.
Automatic enrolment – an update

In October 2013, one year after automatic enrolment was introduced, the Government announced that 1.6 million people had enrolled into a workplace pension. In the same publication, Steve Webb, Minister for Pensions, stated ‘the early signs are that this is an enormously successful scheme with 9 out of 10 workers choosing to stay in a pension’. Indeed, so far, there is industry-wide agreement that opt-out rates are much lower than anticipated.

One of the key reasons for this success is the effective use of communications. The National Association of Pensions Funds’ report One year on states that ‘communications are an essential component of automatic enrolment’. They also need to be clear and engaging.

In the Communication Practice, we offer innovative strategies to increase engagement and help reduce opt-out rates. Our warm-up campaign for automatic enrolment introduces pensions to the employee and highlights the long-term value of retirement saving. Crucially, the communications are provided to employees well ahead of their company’s staging date so that if they are automatically enrolled, this does not come out of the blue.

We have also developed a useful Q&A factsheet which can be distributed to employees. It answers the most commonly asked questions on automatic enrolment and can potentially save the company time and money by having answers to the most common questions readily available in one place. The factsheet complements all automatic enrolment materials and can be provided alongside the warm-up or the statutory communications.

We offer our warm-up communications and Q&A factsheet ‘off-the-shelf’ or more personalised to the client’s particular needs. If you’d like to find out more, please get in touch.

Our experience with clients who have already staged is that providing information in good time across a mix of communications works best. While the duty to provide the right information to the right individual, at the right time means that companies are having to write to individual employees, a client’s existing pension site, intranet, even office notice boards can all be successfully used to build awareness and inform employees.
Communications Audit

For most companies, planning in the New Year usually means setting a new budget, agreeing key milestones, or even developing a whole new business strategy. But how many companies use the opportunity to have a good look at their communication strategy – how they communicate with their employees about their benefits, for example?

The Communication Practice at Aon Hewitt is offering to conduct a Communications Audit to help you consider just how effective your communications are:

- Does your communication strategy have meaningful objectives which support your overall business strategy?
- Are your key messages clear and relevant to your employees?
- Are you using appropriate channels – online and offline - to engage with your employees?
- Are you missing opportunities to communicate with your employees?

Our Audit will look at all your communications and evaluate the content, design, and overall effectiveness. You may, for example, have a number of pension schemes and communicate in different ways with each group of members. It can typically identify opportunities to harmonise your communications, making them more effective and streamlined and as a result has the potential to reduce your costs. An Audit will also demonstrate your commitment to improving employee communications and show that you take into account feedback from your employees when considering your communication strategy. It will allow you to see which channels work best for which types of communications and draw attention to potential opportunities for new channels and deliverables.

There is also the option available for us to conduct a series of focus groups and surveys on your behalf to gauge how engaged your employees are with the communications they receive.

Following the Audit, we will provide a report which will include key recommendations to improve your communications – a great starting point for creating a new, more effective communications strategy for your company for 2014.

If you’re interested, please get in touch and we’ll be pleased to discuss our services with you. And, if you contact us before 31 January 2014, we’ll reduce the cost of your Audit by 20%!
Still confused about employee communications?

Unclear how to be effective with your employee communications?
Then request a copy of our services mini guide and see how we can help you . . .

We’d like to hear from you
Please contact Annette Cheseldine and she will find the best person for you to speak to, tel: 01372 733236 or email: annette.cheseldine@aonhewitt.com