

Department for Work and Pensions

Research Report No 413

Needs and preferences among moderate to low earners for retirement information online: small- scale qualitative research

Andrew Thomas and Richard Brown

A report of research carried out by BMRB Social Research Limited on behalf of the Department for Work and Pensions

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Summary

Background

A White Paper on Pension Reform was published by the Department in May 2006¹, setting out proposals for creating a new system of personal accounts and reforms of the State Pension. A subsequent White Paper, published in December 2006², set out how personal accounts will be delivered. These reforms will significantly alter the pensions landscape and signal a shift to greater personal responsibility. The introduction of personal accounts in 2012 and reform of State Pension arrangements will create new information needs for individuals.

The Government is interested in assessing the potential role of, and public preferences for, the provision of online retirement planning information. Of particular interest are the information needs of moderate to low earners, as this group is least likely to be in a position to seek professional financial advice.

The internet is increasingly being used to source a wide range of information. With the rapid increase in the use of the internet over the past few years, a number of organisations have developed online pension planning tools. These vary in their level of sophistication but most provide a calculated projection of monthly pension income based on personal information and pension scheme contribution rates. Few tools incorporate the State Pension in income projections.

The Department for Work and Pensions (DWP) commissioned BMRB Social Research to undertake qualitative research to explore the internet use, financial planning and retirement planning behaviour and experience of moderate to low earners with a view to understanding their preferences for retirement information on the internet. The study explores whether this group would be interested in using an internet-

¹ *Security in retirement: towards a new pensions system* (2006) DWP http://www.dwp.gov.uk/pensionsreform/pdfs/white_paper_complete.pdf

² *Personal accounts: a new way to save* (2006) DWP http://www.dwp.gov.uk/pensionsreform/pdfs/PA_PersonalAccountsFull.pdf

based retirement planning service, and if so, their specific preferences in terms of the facilities it might offer, how it might be accessed and its design features.

It is important to note that the research is small-scale, the services discussed are entirely hypothetical and individuals may never have considered these issues before. The participants were selected based on the fact that they were internet users. Caution needs to be taken not to generalise from the findings to non-internet users. The findings should, therefore, be treated as indicative.

Research design

The research conducted was wholly qualitative in nature³ and based on ten group discussions conducted in London and Leeds. One hundred participants took part in two-hour discussions that explored a wide range of issues: internet use, how they purchase financial products, planning for retirement and views and preferences for a hypothetical internet-based retirement planning tool.

Individuals were recruited into the study on the basis of specific quotas that were set for age, gender, individual income and internet use (Appendix A).

Fieldwork was undertaken over the period 6-14 June 2006. The discussions were facilitated using a topic guide⁴ and recorded for subsequent transcription and analysis.

Internet use

Participants primarily accessed the internet from home although there were some participants who only accessed the internet using a friend's internet connection. Participants in the higher income band and in non-manual jobs used the internet both at work and at home. Although public internet facilities were also used, this was on a less frequent basis and mainly by those with lower incomes and by the older participants in the study.

The internet was used for a wide range of purposes, including email and messaging services for keeping in touch with relatives and friends, for work, information searches, shopping around, e-commerce and web-based services such as internet banking. Participants generally used the internet for a range of reasons. However, individuals who used public internet facilities, older participants who were not confident in their general use of computers or those who had a dial-up internet connection tended to be more likely to use the internet mainly for email and occasional web searches.

³ Qualitative research involves an indepth understanding of human behaviour – it investigates the why and how of decision making, as compared to the what, where, and when of quantitative research.

⁴ See Appendix C.

Participants discussed two types of web registration processes: One was with e-commerce services for which the registration process was seen as relatively straightforward as they had only to enter name and address details and select a user name and password. Access to the sites was usually either instant or as soon as a confirmatory email had been sent and replied to. The other type of registration process was for web-based services such as internet banking and the submission of self-assessment tax returns. Although the registration process was generally described as straightforward there was a delay in accessing the service as PINs were usually sent out by post rather than by email. Opinions were mixed about this. While some were willing to wait until they could use the service, others found the delay frustrating and turned to alternative services. In the case of tax return submission, one respondent decided to submit a paper return instead.

There were a number of factors that impacted on how respondents used the internet. These were:

- a lack of confidence in using computers, with less frequent internet users being concerned that they would cause problems for themselves if they made a mistake (see Section 2.4.1);
- a preference for face-to-face interaction, particularly for financial transactions, meant that less frequent internet users and older participants were likely to consider using the internet only for the simplest of tasks (see Section 2.4.1);
- registration processes being seen as essential for e-commerce and internet banking services. Nevertheless, there was some reluctance to register with websites unless the registration process served a clear purpose and the website was considered to represent a well known brand. Failed attempts to register with websites had dissuaded some participants from trying to register again (see Section 2.4.2);
- concerns that the internet was not sufficiently secure to stop identity theft or fraudulent transactions from occurring. While this view was widely held across the sample of participants, irrespective of age or gender, it was for the less frequent internet users⁵ that this posed the greatest of barriers to using the internet for internet banking and e-commerce (see Section 2.4.3).

Purchasing financial products on the internet

The internet was seen as a very useful source of financial information and tended to be used for this purpose by more frequent internet users and those with higher incomes. The information sourced tended to be details about particular products rather than information of a more generic nature that might describe the nature of the product. With the exception of those who primarily used the internet for email

⁵ Those who used the internet between once per fortnight and five times per week.

only, comparison sites were regularly used, particularly for comparing savings accounts, credit cards (especially for zero percent deals), loans and mortgages.

Apart from enabling comparisons to be made between financial products, some of the participants particularly liked being able to source information from a very wide range of providers. The ability to check the information given to them by financial providers was also seen as advantageous, particularly in relation to mortgage deals.

A downside to using the internet for obtaining financial information was the sheer volume of information that could be sourced, which could make digesting the information difficult. There was also some scepticism about how up to date some websites were as products advertised were not always available upon further enquiry.

Increasingly, focus group participants were using the internet to purchase financial products, particularly respondents in the 21 - 45 year age group, those with higher incomes and the more frequent users of the internet. However, there was generally a cut-off in terms of the financial value of the product to be bought. While insurance and small loans would be arranged online and savings accounts opened, there was much greater reluctance to arrange a mortgage, large loan or pension scheme online. In such cases, there was a preference for either face-to-face or telephone contact as this was seen as being more trustworthy and provided the opportunity to ask questions and obtain further explanations.

Knowledge about pensions

Although there were some exceptions, knowledge about pensions was generally very limited, both in terms of the types of pensions that are available and how pensions work. Those with the best knowledge of pensions tended to be those who had an interest in financial affairs, or had recently been spurred on to look at their own pension provision in some detail.

Awareness of the existence of the State Pension in the focus groups was very high, although there was a great deal of uncertainty about its current value and the age at which it will be received. Awareness of the State Pension forecast was limited, with the 46-55 age group being the most aware, usually because they had already received a forecast from The Pension Service. Those who had received a State Pension forecast were mixed in their views about its usefulness, with some finding the accompanying information very clear and others finding it difficult to understand. Experiences of dealing with The Pension Service were generally described as being straightforward.

Of the pension schemes discussed – State, employer and personal – the participants felt most knowledgeable about employer pensions⁶. Knowledge about stakeholder

⁶ 50 of the 100 participants had private pension provision.

and personal pensions was limited and confined mainly to the self-employed. Concerns were expressed about the safety of employer and personal pension schemes and there was a marked lack of knowledge about both the current and forecast values for participants' private pension schemes.

Planning for retirement

There was an increasing realisation of the importance of planning financially for retirement, triggered by recent media reports, presentations by employers about their pension schemes and by seeing the financial circumstances of relatives and friends who had retired.

However, there was very little evidence of any active planning for retirement, even amongst those participants who were contributing to a pension scheme. In terms of participants' thoughts about planning for retirement, seven situations emerged:

- no plans at all;
- continue working past State Pension age;
- rely on existing company or private pension schemes;
- emigrate to countries with a cheaper cost of living;
- rely on state benefits;
- rely on other sources of income such as savings and the proceeds from house downsizing;
- plan for retirement at a future date when they had sufficient money to do so.

It was generally problematic for respondents to conceptualise retirement, particularly for younger participants in the study. Not only were there difficulties in considering the type of lifestyle that they would like to enjoy but also the amount of money they would need to sustain it. Three forms of help were suggested in order to plan financially for retirement. These were:

- a detailed expenditure checklist that would enable participants to consider their future retirement expenses;
- a method of determining how much money they would need to save in order to meet their retirement needs and aspirations;
- a way of building in the effects of inflation on both income and expenditure estimates.

The key features suggested for an internet-based retirement planning service

Participants were posed the question, *'What do you think about the idea of some form of retirement planning service that would be accessible on the internet?'* No further information or detail was given. Reaction to the concept was positive on the whole and it was generally enthusiastically embraced.

In terms of the design of a hypothetical retirement planning service, four key functions were suggested. These were:

- the ability to access quick, simple pension forecasts and more sophisticated, diagnostic forecasts;
- the ability to access different types of forecast:
 - estimates of the income that would be required in order to cover estimated retirement expenditure and a specific type of lifestyle;
 - estimates of the amount of money that should be saved in order to reach a specific retirement income;
 - estimates of the retirement pension based on current salary and contribution rates;
- the facility to vary the degree of personal information that is used by the service;
- a save and retrieve function with automatic updates.

In addition, a number of important features were suggested for a web-based planning service. These were:

- recognition that the forecasts will not be 100 per cent accurate and a disclaimer presented to this effect. In addition, there should also be advice that encourages participants to use the planning service on a regular basis (for example, every year or two years) so that they get used to the fact that although the forecasts are only estimates, they will provide a picture over time of their likely financial position in retirement;
- automatic adjustments for inflation;
- any assumptions made when calculations are undertaken by the planning service should be explicitly stated on screen, particularly in terms of rates of inflation and investment returns;
- where users of a suggested planning service have indicated that they have sources of income that have explicitly not been entered, the results screen should provide a reminder that the forecast is based on incomplete information;
- a print function.

Subsidiary requirements included: general information about different types of pensions, impartial financial advice, a currency calculator for those participants considering retiring abroad and a speech facility for people with visual impairments.

How an internet-based retirement planning service might function

The study participants were asked how a hypothetical retirement planning service could be presented. In addition to being easy to find on the internet they were keen that the service should provide:

- colourful and attractive web pages that are akin to commercial websites in their appearance;
- clear layout, without cluttered side bars or pictures;
- plain English without the use of jargon;
- font sizes that are easy to read;
- no advertising.

In terms of entering details into an online retirement planning tool, any entry facility should be easy to use and offer drop-down lists with clearly defined points where information is to be entered. Only relevant information should be collected and the service should have the facility to input all sources of income and expenditure but with the option to explicitly exclude some sources of income.

When asked if a retirement planning service should access external financial information, such as existing pension provision or savings, there was a marked lack of enthusiasm for such a facility. This was partly for security reasons and partly because it was thought to be logistically very difficult to arrange.

Participants felt that the facility to obtain a State Pension forecast should be optional.

Navigation of the web-based retirement planning service should be: clear and speedy, possibly using tabs for key demographic information, use intelligent routing and have the facility to 'go back' without losing any information.

Comprehensive help facilities were considered to be essential. There were two suggestions: a dedicated help and FAQ⁷ page and context sensitive help. Help facilities should be comprehensive and written in jargon-free language.

⁷ FAQ – Frequently Asked Questions. Provides text-based answers to questions that are deemed to be frequently asked by users.

Registration and security issues

Where a registration process was thought to be required, the general suggestion was for the minimum of information to be captured and that access to a planning service should be protected using a username and password. Registration should also be free of charge.

Passwords should ideally be user-selected. However, if user-selected passwords were not to be used then automatically generated passwords should be sent directly to the user's registered email address. The study participants could not see any reason for having PINs or passwords sent by post. Indeed, there was a strongly held view that such a process would dissuade participants from using a retirement planning service.

The security of retirement planning services was only seen as an issue where personal and linked financial information were being used. In these instances the study participants wished to be reassured that the website would be totally secure. They saw the 'secure padlock' symbol as one way of ensuring this.

Participants were of the strongly held opinion that information that had been provided by the user should not be shared with any other government department or external organisation.

Branding and marketing

The issue of branding a retirement planning service was directly linked to the issues of impartiality and security with the consequence that government was seen as the most appropriate brand. DWP and HMRC⁸ were specifically mentioned in this respect.

In comparison to commercial organisations, government departments were seen as most likely to provide trustworthy and secure websites, legally correct information, the most accurate inflation information and a free, not-for-profit service.

There were some reservations about government branding of a retirement planning service, primarily because of concerns about political interference. In these instances, the suggestion was for a non-profit independent organisation to manage the service, but overseen by government.

The issue of advertising and marketing a retirement planning service was not a key focus of this research. Nevertheless, there was concern that such a useful facility could easily go unnoticed. The study participants were very keen that if a retirement planning service was launched it should be easily found by internet search engines,

⁸ HM Revenue and Customs – the new department created by the merger of the Inland Revenue and HM Customs and Excise.

widely advertised and targeted at people of all ages, irrespective of whether they have any pension provision.

Would the public use an internet-based retirement planning tool?

There was a general willingness to use a retirement planning service, which cut across the study participants in terms of age, gender and income. The key determinants of a willingness to use it were divided into issues relating to the website and to the individual.

Features relating to the website itself were:

- a simple, easy to use, website;
- the facility to obtain a forecast without the need for personal information;
- a retirement planning service that allowed save and retrieve functions, with automatic updating of inflation rates;
- reassurance that a retirement planning website was secure.

Other issues that were related to the individual were:

- familiarity with, and confidence in, using the internet;
- experience of using the internet for e-finance issues, particularly in terms of making purchases over the internet;
- a view that the internet was a sufficiently secure medium through which to deal with financial issues.

Infrequent internet users, those who had little confidence in their internet skills, and participants who have serious concerns about the security of the internet and do not use the internet currently for financial transactions of any form, thought they would be less likely to use a retirement planning service that was internet-based. Those who value social interaction when undertaking financial transactions would also be less likely to use an internet-based retirement planning service.

The participants were asked how long they would be willing to spend using an internet-based retirement planning service. Those participants who required a quick retirement forecast, younger participants in particular, and wanted to provide the barest minimum of information thought that a session lasting five or ten minutes would be adequate. However, if different types of forecast were required they would like the opportunity to extend this. Users of dial-up connections that were on a pay-as-you-go tariff thought that five to ten minutes would be sufficient.

Older participants in the study, those who thought that they might want to enter all their financial information in order to undertake a sophisticated forecast and those who wanted the time to understand what a retirement planning service could do for

them, thought that they would spend much longer using the planning service, with periods of up to an hour being considered reasonable.

For the greater proportion of the study participants, the key to being able to use a retirement planning service would be a clear and uncluttered web design. They also required:

- a simply written FAQ;
- help buttons that were located next to where information was to be entered;
- help information that opened in a pop-up window;
- context sensitive help.

Those who were not confident that they could use a retirement planning service felt that the only way they could use the service was if someone was there to guide them.

Conclusion

Making financial plans for retirement was not generally a high priority for the research participants and was considered to be a task that was difficult to undertake. Retirement planning was further complicated by a marked lack of understanding about how pensions work. In the light of this, a concept such as a retirement planning service was enthusiastically welcomed by the focus group participants.

For those participants who would be interested in using such a service there are a number of features that are preferred: First, a retirement planning service needs to provide a range of forecast options and allow flexibility over the type and level of information entered. Second, although the preference is for a service to be multi-function, it must remain simple to use and easy to navigate. Third, there need to be adequate forms of on-line help that are easily accessible and written in lay terms. Finally, the process of registration should be optional, with save and retrieve options being limited only to those who register.

Research participants were recruited because they use the internet at least once per fortnight. However, even among this group, it is clear that not everyone would be interested in using such a facility precisely because it is internet-based. Infrequent internet users, those with little confidence in using the internet and participants who are concerned about the security aspects of the internet were less enthusiastic about the concept of an internet-based retirement planning service.

For this group of participants there would need to be guidance that is written in plain and simple terms, together with reassurance that even if they made a mistake whilst online they could not do any damage, either to their computer or any records that might be held within the planning tool. An option to withhold personal information, such as identity information, may also allay fears about internet security.

There is increasing research evidence to indicate that planning for retirement is often neglected by the general public. There are many reasons for this, including inertia, the complexity of the decisions involved, financial myopia and the cost of pension saving⁹. There is an important role for information and education in overcoming these issues as part of a broader strategy to enable retirement planning. While it should be noted that this research study is small in nature, there are clear indications that facilities to help participants plan more adequately for their retirement would be welcomed. While an internet-based facility is likely to appeal to a proportion of the population, those who do not have access to a computer, dislike using the internet for financial transactions or lack the confidence to use such facilities, will require information and guidance to be provided in other ways.

⁹ *Security in retirement: towards a new pensions system* (2006) DWP.

1 Introduction

People are living longer. This presents important challenges, one of which is the increased need to provide for retirement. However, many people are not aware of the implications that their working and saving patterns have on their retirement income and they do not know where to go for information or how information relates to their circumstances. People tend only to seek information out later in working life¹⁰ and people on moderate to low incomes may not have access to professional advice. There are low levels of understanding and confidence in dealing with pensions and many people are not good at planning ahead¹¹.

Information has a crucial role to play in underpinning other pension saving policies as well as supporting individuals in retirement planning. Looking to the future, the Government outlined proposals for Pension Reform in the White Paper *Security in retirement: towards a new pensions system*, published in May 2006. This sets out proposals for personal accounts and reforms of the State Pension system. The more recent December 2006 White Paper *Personal accounts: a new way to save* sets out how personal accounts will be delivered. The reforms will significantly change the pension landscape by automatically enrolling employees in personal accounts (or exempt employer schemes) with minimum employer contributions and tax relief. It is hoped that the introduction of reforms will promote personal responsibility as well as encouraging individuals to plan more adequately for their retirement in personal accounts. Once the changes are implemented, it is anticipated that many more people, particularly moderate to low earners, will be contributing to a private pension and that the State Pension, becoming payable at a later age (through a series of incremental step increases between 2024 and 2046), will be more generous with the re-establishment of the earnings link (during the next Parliament).

¹⁰ For example, 89 per cent of people who request a State Pension forecast from The Pension Service are aged 50 or over (Howat & Sims (2006), *The Pension Service Customer Survey 2005*, DWP Research Report No. 331).

¹¹ Atkinson *et al.* (2006), *Levels of financial capability in the UK: results of a baseline survey*, FSA Consumer Research 47.

The introduction of personal accounts and the reform of State Pension arrangements will create new information needs. It will be important that individuals are well informed about the extent and adequacy of their own provision. Providing internet-based information is a potential method of supporting this.

With increasing public access to, and use of, the internet¹², the government makes extensive use of the internet for communicating with individuals. The Pension Service website¹³ is an important medium for conveying pensions information. Additionally, a number of other organisations have developed online pension planning tools¹⁴. These vary in their level of sophistication but most provide a calculated projection of monthly pension income based on personal information and pension scheme contribution rates. Few tools incorporate the State Pension in income projections.

To encourage people to plan for their retirement, the Government is interested in assessing the potential role of, and public preferences for, providing information on the internet to help support retirement planning. This could enable the public to gain a better understanding of the importance of long-term saving, the value of any savings they may have and any shortfall in their financial expectations for retirement. Such a planning service could also prompt individuals to examine their retirement provision from public and private sources and consider a range of options open to them.

Of particular interest to the Government are the information needs of moderate to low earners, as this group is least likely to be in a position to seek professional financial advice.

The Department for Work and Pensions (DWP) commissioned BMRB Social Research to undertake qualitative research to explore the internet use, financial planning and retirement planning behaviour and experience of moderate to low earners with a view to understanding their preferences for retirement planning information on the internet. The study explores whether this group would be interested in an internet-based retirement planning service concept, and if so, their preferences in terms of functions and design features.

It is important to note that the research is small-scale, the services discussed are entirely hypothetical and individuals may have never considered these issues before. The findings should therefore be treated as indicative.

¹² 28.3 million adults (59 per cent of the UK adult population) have access to the internet. BMRB Internet Monitor, August 2006.

¹³ www.thepensionservice.gov.uk/

¹⁴ For example, the ABI/FSA have developed an online calculator as have pension providers and other organisations including Prudential Assurance, Scottish Widows, Standard Life, Axa, Legal and General and Tesco.

1.1 Aims of the research

The research was designed to explore the information needs, preferences and expectations for retirement planning support on the internet amongst moderate to low earners and to clearly identify where the priorities are in terms of the facilities that would be preferred in order for people to use the internet to help them plan for retirement. The key aims of the research were to explore:

- use of the internet, particularly for e-commerce, banking, accessing financial information and products, and the reasons for use and non-use of the internet for dealing with financial issues;
- the sources of financial information that are used, particularly for retirement planning information;
- whether and how participants plan for retirement, the perceived importance of retirement planning, what information they take into account and what they feel they need to know;
- what would help participants plan for retirement;
- the perceived value of the internet to support retirement planning:
 - how and where participants would want to access the facility;
 - the functions and features of an internet-based retirement planning service;
 - whether an internet-based service should be interactive;
 - whether there should be a 'save' facility to store information entered and calculations made;
 - the types of information participants would be willing to enter;
 - the 'look and feel' of a hypothetical retirement planning service website;
- what would encourage or discourage participants from using a website for retirement planning and the type of help they may need to do so.

1.2 Research design and sample selection

The study comprised of ten group discussions with moderate to low income earners from the general public. A qualitative approach was adopted as it provided the most appropriate means for exploring a wide of range of issues in considerable depth.

The study was undertaken in two areas of the country – London and Leeds – with specific urban and suburban areas being selected that reflected the moderate to low income nature of the local population. In London, the group discussions were undertaken in Blackheath; in Leeds the areas selected were Seacroft and Moortown. A total of 100 participants took part in the study and were selected on the basis of a set of quota variables. These were:

- internet access – a mix of regular users, selected according to the number of times they accessed the internet each week – 5-7 days per week, and once per fortnight to five days per week¹⁵. Non-users of the internet were excluded from the study;
- individual income – two bands of £10K-£20K per annum and £21K-£30K per annum gross earnings that reflected the moderate to low income target population who are typically under-savers;
- age – three age bands were used that approximated to different life stages. These were 21-30, 31-45 and 46-55¹⁶.

A lower age cut-off was used as there is a high proportion of the 18-20 age group in higher education and therefore, unlikely to be in a position to consider retirement issues. The older age cut-off of 55 was used as older participants are already more likely to be making plans for retirement and the study is focused on those age groups who may not (but should) be thinking about their retirement plans.

Employment status (employed or self-employed) and whether the individuals had any pension provision to which they were currently contributing (employer or personal) were recorded at the time of recruitment but were not used to structure the sample.

¹⁵ Note that this is a very crude indication of internet usage and does not take into account the length of time a person uses the internet in each session.

¹⁶ Age, income and area quotas were interlocked such that £10K-£20K incomes were reflected in both the 21-30 and 31-45 age groups in each of the London and Leeds areas. However, in London the 46-55 age group all earned £21K-£30K whilst in Leeds the 46-55 age group had individuals incomes of £10K-£20K.

The achieved sample is shown below:

Table 1.1 Sample profile

Total	100
Age	
21-30	40
31-45	40
46-55	20
Gender	
Female	52
Male	48
Income	
£10K-£20K	50
£21K-£30K	50
Employment	
Employed	74
Self-employed	26
Currently contributing to a pension scheme?	
Yes	50
No	50
Internet use	
Frequent user (5-7 times a week)	56
Less frequent user (once a fortnight to five times a week)	44
Area	
London	50
Leeds	50

The recruitment matrix may be found in Appendix A.

1.3 Recruitment and conduct of the group discussions

Individuals were recruited into the study by BMRB Social Research's specialist Field Team using a screening questionnaire to determine eligibility. Further details of the recruitment process and a copy of the screening questionnaire may be found in Appendix B. Each participant was given £30 as a 'thank you' for their time.

The discussions were facilitated by members of the BMRB Social Research qualitative team using a topic guide to structure the discussions. The discussions were split into two parts: The first part collected contextual material about participants' internet use, how they purchased financial products, their knowledge about pensions and whether they had made any plans for retirement. The second part of the discussion focused on the concept of an internet-based retirement planning tool, exploring

views and preferences about functionality, interactivity, how a planning service might be accessed, security issues and the branding of the service. A copy of the topic guide may be found in Appendix C.

Flip charts were used during the discussions to record key issues arising from the discussions and to aid decision making in relation to the essential features that were required for the internet-based retirement planning service.

The discussions lasted two hours and were undertaken over the period 6 to 14 June 2006.

1.4 Analysis and presentation of the findings

All of the discussions were recorded and transcribed verbatim. These were then subject to a rigorous content analysis using Matrix Mapping, BMRB's proprietary method of analysing qualitative material. This involves systematically sifting, summarising and sorting the verbatim material according to the key issues and themes arising, within a thematic framework. Further classificatory and interpretative analyses were then derived from the analytic charts and these formed the basis of the evidence reported in subsequent chapters.

Further details of the analytical process used may be found in Appendix D.

The findings have been illustrated and illuminated with the use of verbatim quotations and examples. The quotations have been edited for clarity but care has been taken not to change the respondents' meanings in any way.

1.5 Report outline

Following this overview of the objectives, design and conduct of the research, the report is divided into two parts: The first three chapters provide an overview of the contextual material collected, focusing on internet use (Chapter 2), how participants purchase financial products (Chapter 3) and issues around planning for retirement (Chapter 4). The remaining chapters focus on potential preferences for an internet-based retirement planning service. As this is a small-scale piece of qualitative research and the participants may not have thought about these issues before, the findings should be treated with some caution. Chapters 5 and 6 consider, in turn, the key features and the functional aspects of the planning tool. Chapters 7, 8 and 9 are concerned with registration and security issues, how the tool should be branded and who would use the internet-based retirement planning tool, respectively. Chapter 10 reflects upon the key messages raised throughout the report and draws some brief conclusions arising from the research.

2 Internet use

In order to understand whether and how participants would use an internet-based retirement planning service it is important to understand how they currently use the internet. This chapter, therefore, focuses on internet use and considers four specific issues: how participants access the internet; their reasons for using the internet; experiences of registering for internet services; and issues arising from using the internet that impact on how participants use this medium.

2.1 Internet access

One of the requirements for inclusion in the study was the use of an internet connection at least once a fortnight. Access to the internet could be from home, through work or by using a public internet facility. Indeed, the study participants accessed the internet in each of these ways, with a handful of participants also using a friend's internet connection on a regular basis because they did not have internet access of their own.

For some, internet access was a relatively recent activity; for others it had become a well established part of their life, particularly for younger participants.

'It's difficult to remember [how long I have had the internet], it sounds awful but I've used it as though it's part of my everyday [life] for so long now; I can't even remember not having it.'

(Female, 21-30, £21K-£30K, frequent internet user, no pension provision, Leeds)

'I have been using it for about ten years. When I was at school it was something I did; GCSE; A-levels; Uni. So I have used it for quite a long time.'

(Female, 21-30, £21K-£30K, frequent internet user, no pension provision, Leeds)

Overall, internet access was primarily from home. However, participants in the higher income band and in non-manual jobs also used the internet through work, as well as from home.

'I use it daily, I have to use it for work and I use it at home. I use it for a range of things, information gathering – you can get a world of information on the net. I have used it to book holidays.'

(Female, 46-55, £21K - £30K, frequent internet user, no pension provision, London)

Although public internet facilities were also used, this was primarily on a less frequent basis and mainly by those with lower incomes and by the older participants in the study. The reasons for this were two-fold: Partly it was to do with the cost of buying computer equipment and the perceived cost of using the internet which could be a barrier for those on lower incomes. There were also older participants in the discussion groups who had little contact with computers during their working life and either could not see the point of having a computer at home or were concerned that they would not be able to understand how to use a computer.

A wide range of internet connections were used, although broadband connections predominated across all the age and income groups because of the speed of the connection. The high take-up of broadband connections was partly as a result of previous experience with the slowness of dial-up connections and partly an increasing take-up of telephone/internet bundles that were being sold by telecommunications suppliers.

'Broadband is quicker isn't it, and you can't use the phone if you have dial up, at the same time as using it...it is quicker and easier. When you used it on dial up it was so annoying, it was taking you ages just to search for something, but on broadband it is rapid, so you don't mind going on it so much.'

(21-30, £10K-£20K, male, London, frequent internet user, no pension provision)

Users of dial-up and pay-as-you-go services were mainly lower frequency users of the internet. Their use of the internet was mainly to keep in touch with family and friends by email and the occasional web search.

2.2 Internet use

It was rare for participants to use the internet for only a single reason, although there were those whose primary use was email, with the occasional web search. These latter individuals tended to be those who either used public internet facilities, older participants who were not confident in their general use of computers or those who had a dial-up internet connection, but such use was not confined to these groups of participants.

'I check my e-mails every day but I only surf every couple of days.'

(Male, 21-30, £21K-£30K, frequent internet user, no pension provision, Leeds)

Reasons for using the internet were very wide ranging and included:

- email for keeping in touch with relatives and friends, or with work;
- using the internet for work-related reasons;
- obtaining information and advice about a wide range of issues including schools, health care, hobbies and interests;
- shopping around and looking for the cheapest deals, prior to going out to buy in the high street shops;
- shopping online and e-commerce;
- the use of web-based services such as online banking and submitting self-assessment tax returns on-line through the Government Gateway¹⁷.

2.3 Registering for internet-based services

In discussing the issue of registration for internet-based services it was apparent that there are two types of registration process that the study participants had experienced: The first was for e-commerce services such as purchasing books, CDs and food online. The registration process was seen as relatively straightforward as they had to enter name and address details and select a user name and password. Access to the site was usually either instant or as soon as a confirmatory email had been sent and replied to. Where participants had had experience of registration for internet sites, this was the most common form of registration process experienced.

The second type of registration process was for web-based services such as internet banking and the submission of self-assessment tax returns. Although the registration process was generally described as straightforward there was a delay in accessing the service as PINs were usually sent out by post rather than by email. Opinions were mixed about this. While some were willing to wait until they could use the service, others found the delay frustrating and turned to alternative services. In the case of tax return submission, one respondent decided to submit a paper return instead.

2.4 Issues arising from using the internet

2.4.1 Personal issues that impact on internet use

Confidence in using the internet and a desire for face-to-face interaction when making transactions were mentioned, particularly by less frequent internet users, as issues that had an impact on how and for what they used the internet.

¹⁷ The Government Gateway is the internet portal through which a wide range of government services, such as the HMRC's Self Assessment service may be accessed. These individuals were all higher income earners (£21-£30K per year), frequent internet users, and were very confident about using the internet for financial transactions.

Although the study participants were all internet users, the degree to which participants were confident in using the internet was wide ranging. Overall, less confident users of the internet tended to be older participants (45+) and women – particularly older women and women working in manual occupations in which access to a computer for work purposes were very limited. However, the main factor associated with confidence in using the internet was frequency of use – those who used the internet more frequently were the most confident with using it for a wide range of tasks.

However, while a general lack of confidence in dealing with computers and the internet was prevalent for some participants, others were only less confident when dealing with specific issues such as banking and e-commerce. In general, the concern was that they might *'do something wrong'* and either lose money or make an incorrect purchase. Such views were apparent across men and women of all age groups, but primarily limited to those who used the internet less frequently. Such views limited their use of the internet for financial issues.

Amongst the less frequent internet users there was a general interest in learning more about the internet, a view that was felt to be very positive as greater use tended to go hand in hand with increased confidence.

'I wouldn't say I was great on computers, but I can easily navigate around the internet, it isn't difficult at all.'

(Female, 21-30, £10K-£20K, less frequent internet user, no pension provision, London)

'In the beginning it was like a new language. In my era we didn't learn computers at school.'

(Female, 46-55, £21K-£30K, less frequent internet user, no pension provision, London)

Overall, it was clear that the less confident internet users were less likely to use the internet for what were seen as more technical or more sensitive issues such as e-commerce, internet banking and dealing with other financial issues.

Amongst the older participants there was a degree of reluctance to change *'habits of a lifetime'*. In particular, this was mentioned in relation to a possible move from conventional to internet banking:

'Again I'm very old fashioned. I've had my bank account since I was 21 so I would rather go to a bank.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

Similar views were expressed in relation to how participants preferred to deal with others, particularly in terms of financial transactions. For these participants, face-to-face interactions and transactions were seen as more secure, less open to fraud and

offered the opportunity for questioning and further explanation. While they would be happy to use the internet for a wide range of issues, they were reluctant to do so for technical or financial issues because of the reasons given above. Although this applied across all the age and income groups, these views were less strongly held by the younger participants in the study.

'Things like that [mortgages and loans] you can get a bit more understanding face-to-face.'

(Female, 31-45, £10K-£20K, less frequent internet user, pension provision, London)

'You want to talk to someone; you want to explain yourself...you also build up a rapport with somebody on the phone rather than just a machine.'

(Female, 46-55, £21K-£30K, frequent internet user, no pension provision, London)

2.4.2 Features of the internet that impact on its use

There were factors that could have a negative impact on whether, and how, participants used the internet. These were the **speed of their internet connection**, **how web pages display information** and **registration**. Each of these will be discussed in turn.

First, those participants who were using dial-up internet connections mentioned that their connection was slow and also had a tendency to drop the connection at peak times. This meant that they would not use the internet for issues that were seen as complex, such as e-banking, or where they needed time to accomplish their task, such as making a supermarket order.

There were also some instances where participants had a misconception about their computer system that meant they used their internet connection in an unusual way.

'I've got both [dial-up and broadband], purely and simply because I'm not sure how much I always trust broadband. If I'm dealing with anything financial I prefer to do it on dial-up. The firewall seems more effective.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

Second, there were also concerns about the limitations of web pages to accurately display information, particularly pictorial information. This meant that there was some reluctance to purchase products or services online.

'You can't always see what you're buying, you don't always know really, unless you've seen it in the shops first and you know what it is.'

(Male, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

Third, there was a general preference not to register with websites, and some reluctance to do so. In relation to the registration process there were a number of issues that arose:

- there was a widely held view that there needs to be a purpose to register. While participants could see that internet banking and e-commerce clearly required a registration process, there was felt to be much less of a case for registering for information-based services, for example;

'It is just annoying more than anything to me. It is annoying. If I go on five sites a day and am asked to register for three of them, I won't use them. I will only use the ones where I don't have to register. It is just easier, isn't it?'

(Male, 21-30, £10K-£20K, frequent internet user, pension provision, London)

- there were fundamental objections to the level of detail that some sites required in order to register, the use that those sites would make of the information that had been provided and the potential to receive an increase in junk mail;

'In order to access the website, to go on it again, you have to sign up your name and details first. That puts me off sometimes because I am sick of giving out my details again and again...it is just another way of people accessing your information, isn't it? Like they pass it on to subsidiary companies and stuff like that and you just get loads of junk mail on your computer and through the post as well.'

(Female, 21-30, £10K-£20K, frequent internet user, no pension provision, London)

'Yes some of them do actually ask some quite detailed information. Those are the ones that I think sometimes it pays to be wary of, where they do ask sensitive information, like date of birth. Just the information is a little bit more in depth. It would be enough that if somebody chose to use it as a springboard for identity fraud they possibly could.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

It was clear that a willingness to register for websites was related to both frequency of use and the degree to which the site – or brand – was trusted. Typically, there was greater reluctance to register with non-UK sites and less reluctance to register if the brand was a well known or high street name.

- prior experiences of attempting to register for websites that had not worked could also put participants off registering in the future;

'I don't think it is so simple. A couple of times I have tried to access a few websites and I have perhaps typed a few things in wrong, had to re-do it again and it is like "the computer says no", "the computer says no".'

(Male, 21-30, £10K-£20K, less frequent internet user, no pension provision, London)

'I did what I needed to do and when I was trying to register it just took such a long time, it bounced out, it literally took me half the afternoon, until in the end I just gave up and had to come back on another day.'

(Male, 31-45, £21K-£30K, regular frequent user, no pension provision, London)

- although experiences of registering for internet banking and the Government Gateway were limited in this study, the experiences were generally positive. However, when the registration process was described by the research team or other participants in the study, including the need for a postal PIN, those who had not registered for such a service were quite negative about how long the process could take. There was significant reluctance to register for such services.

2.4.3 Internet security issues

Internet security issues were widely discussed and were a concern to all the participants to some degree, irrespective of age, gender, income or frequency of internet use. Two main concerns arose. These were:

- access to private material and identity theft;

'I think with the internet it is open to all people. Information can be found and disclosed, and I am always worried.'

(Male, 46-55, £21K-£30K, frequent internet user, no pension provision, London)

- theft from bank accounts and credit cards.

'I just feel a bit iffy about putting my details on the internet I suppose because people can hack into it and nick money out of my account.'

(Male, 21-30, £10K-£20K, less frequent internet user, pension provision, London)

'I'm apprehensive [about buying via the internet], but when you go into a shop you feel you hand over your card on a regular basis and I think there's probably as much if not more fraud done through scanning your card in the shops...so its swings and roundabouts to me.'

(Male, 21-30, £10K-£20K, frequent internet user, pension provision, London)

Although there were some reports of fraudulent transactions appearing on bank and credit card statements, these were mainly hearsay, rather than actual experience. Nevertheless, the threat of internet security breaches and the potential for internet fraud did have an impact on how participants used the internet. There was some reluctance to use the internet for banking facilities in particular and to a lesser extent for e-commerce. From the point of view of e-commerce, participants were generally less concerned about fraud where the company they were dealing with was a high street name or a recognised brand.

'I am a bit wary of online banking so we do it the old fashioned way, just in case, I mean you hear about identity theft and everything like that, but you are probably covered, you know if anything was to go wrong.'

(Male, 31-45, £10K-£20K, frequent internet user, pension provision, Leeds)

However, it was also clear that participants were using the internet for internet banking and e-commerce, with more experienced and more frequent internet users being rather more blasé about security issues.

'Like I said have been doing my internet banking for about 3 ½ or four years and I think I will carry on using it until something like fraudulent happened, then maybe I would change my mind.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

2.5 Summary

- The internet was primarily accessed from home, although friends' internet connections and public facilities were also used. Those with higher incomes and in non-manual occupations also used the internet through work. Public internet facilities were mainly used by those with lower incomes and by older participants.
- The internet was used for a wide range of purposes, including sending and receiving emails, for work purposes, information searches, shopping around, e-commerce and internet banking. Older participants who were not confident in their general use of computers or those who had a dial-up internet connection tended to use the internet only for email and occasional web searches.
- Two types of registration process had been experienced: (1) for e-commerce services where access to the site was either instant or as soon as a confirmatory email had been sent and replied to; and (2) for web-based services such as internet banking where PINs were usually sent out by post rather than by email.
- There were a number of factors that impacted on how participants used the internet. These were:
 - a lack of confidence in using computers;
 - a preference for face-to-face interaction amongst older participants, particularly for financial transactions;

- if the registration process for a website did not appear to serve a clear purpose there could be some reluctance to pursue it. Failed attempts to register with websites could dissuade participants from trying to register again;
- there were concerns that the internet was not sufficiently secure to stop identity theft or fraudulent transactions from occurring, a view that was particularly apparent amongst less frequent internet users.

3 Purchasing financial products

This chapter is concerned with how participants purchase financial products, with particular emphasis on preferences for buying on the high street or via the internet. Two key issues are discussed: how participants use the internet to research financial products and how online purchasing behaviour varies according to the nature of the financial product being considered.

3.1 Using the internet to research financial products

As discussed in the previous chapter, the internet was seen as a very useful source of financial information and while used across the sample of participants, it tended to be used more by more frequent internet users and those with higher incomes. The information sourced tended to be details about particular products, such as interest rates, rather than information of a more generic nature that might describe the nature of the product, such as what an interest-only mortgage was.

In particular, comparison sites were used that sourced 'best deals' from a very wide range of financial providers. Of particular interest to participants were sites that compared savings accounts, credit cards (particularly for zero percent deals), loans and mortgages and provided sufficient information to make comparisons between products and providers.

'If you just enter 'home mortgage' on the internet, it will bring back 100 sites. If you read through them all, you can work out which one might be cheapest and which one is the best and what sort of prices you should be paying.'

(Male, 21-30, £10K-£20K, frequent internet user, no pension provision, London)

'The advantage is it [internet] will come back with a plethora of quotes from a plethora of different places instead of spending 20 minutes to get that one quote from one firm. That's the advantage.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

As a source of financial information, the internet was seen as of particular value as it sourced information from a very wide range of providers, not just the high street banks and building societies.

'Sometimes you can find these little companies that you wouldn't have known existed – because they don't have the big brand name – on the internet, but because they had a website they'll come up on Google or whatever. If you were just going down the High Street, you'd just go into things like [insurance provider]. You don't, [have an opportunity] to walk past a little [provider].'

(Female, 21-30, £21K-£30K, frequent internet user, no pension provision, London)

In addition, the internet provided a means of checking information that had been provided by a financial provider.

'You can get financial advice from an adviser and then you can go on the internet and check out whether you are getting the same advice across the board.'

(Female, 46-55, £21K-£30K, frequent internet user, no pension provision, London)

A disadvantage of using the internet for financial information was the volume of information that could be obtained and the difficulty that participants could have working through it all.

'It was very useful using the internet [to research pensions], but then that was almost the downfall as well because there was so much information. It is quite complicated in places and it literally made my head hurt, and then you couldn't remember what you'd read about this company compared to that company, so then you couldn't remember which one you wanted to go to with anyway. So I ended up going with a particular company because they sent a guy out to actually speak to me, to answer the questions, to sort through the confusion.'

(Male, 21-30, £21K-£30K, frequent internet user, pension provision, London)

In addition, there was some lack of trust expressed about financial websites. Particular reference was made to financial products and savings rates that appeared on websites but turned out not to be available when contacting the provider.

3.2 Purchasing behaviour

In Section 2.1 mention was made of a general preference for participants to discuss financial products face-to-face with a financial adviser. Face-to-face transactions were seen as more trustworthy and provided an opportunity to ask questions and find out much more about the range of products on offer. Transactions undertaken through telephone call centres were also seen as more trustworthy than a purely internet-based approach, for the same reasons.

Nevertheless, participants did make financial transactions online, particularly those participants in the 21-45 year age group, those with higher incomes and the more frequent users of the internet. However, there was generally a cut-off in terms of the financial value of the product to be bought.

'It would depend on the amount of money. If it was quite a lot I would just go to a bank, I wouldn't do it over the internet...you can suss them out and know what is happening, where if you just do it through a screen you don't really get any information coming back.'

(Male, 21-30, £10K-£20K, frequent internet user, no pension provision, London)

'You want to talk to someone face-to-face about something as important as a mortgage. You don't want to just sign your life away like that.'

(Male, 21-30, £21K-£30K, frequent internet user, no pension provision, London)

Consequently, while participants had purchased buildings, contents and car insurance, opened savings accounts and arranged small loans (under £10,000) online, there was a much greater reluctance to arrange a large loan, mortgage or pension online. While there was experience of researching mortgages and pension schemes online, none of the respondents had entered into any form of agreement for such products online.

Although there was some scepticism about purchasing financial products online, online discounts played a part in the decision to purchase electronically.

'I've actually bought travel insurance online because it was 20 per cent cheaper on the net than it was to buy it over the phone.'

(Female, 31-45, £10K-£20K, less frequent internet user, no pension provision, Leeds)

3.3 Summary

- Frequent internet users and those with higher incomes used the internet to source information about particular financial products as well as for making comparisons between savings products, credit cards, loans and mortgages. The ability to check online the information given to them by financial providers was also seen as an advantage.
- The main downsides to using the internet for financial information were the volume of information that could be sourced, concern that some websites were out of date and the products advertised were not always available upon further enquiry.
- Participants under 45 indicated that they were increasingly using the internet to purchase financial products although there was generally a cut-off in terms of the financial value. Insurance and small loans would be negotiated online and savings accounts opened but there was reluctance to arrange a mortgage, large loan or pension scheme online.

4 Planning for retirement

This chapter considers the financial plans that participants have made for their retirement. As a context, the chapter begins by exploring knowledge of pensions and the manner in which respondents go about planning for their retirement. The chapter ends by considering what may help participants plan for their retirement.

4.1 Knowledge about pensions

Although there were some exceptions, knowledge about pensions among participants was generally very limited, both in terms of the types of pensions that are available and how pensions work. Those with the best knowledge of pensions tended to be those who had an interest in financial affairs, or had recently been spurred on to look at their own pension provision in some detail.

'Like I said about pensions, I am really not up on it. Other things I am quite clued up on but with pensions, I have no idea.'

(Female, 21-30, £10K-£20K, less frequent internet user, no pension provision, Leeds)

Even those participants who were currently paying into a pension scheme reported having little idea about the nature of their pension scheme:

'I have an NHS pension. It [the contributions] just comes out [of my salary] and you are just used to it. I don't know anything about it. I don't have to think about it.'

(Female, 31-45, £10K-£20K, frequent internet user, pension provision, Leeds)

There was also some lack of understanding about the difference between saving for retirement through a pension and by other means, this was particularly apparent amongst those participants without current pension provision.

'What is the difference between having a pension where someone pays you money that you have paid them, or just saving out of your own money?'

(Male, 21-30, £10K-£20K, less frequent internet user, no pension provision, London)

4.1.1 State Pension

Self-reported awareness of the existence of the State Pension was very high, although there was a great deal of uncertainty about its current value and the age at which it would be received. Asked for the current rate of the State Pension, estimates ranged between £30 and £120 per week, with a general view that the State Pension was around £70 per week¹⁸.

'The State Pension is £70.00 a week is it? I'm not sure.'

(Male, 31-45, £10K-£20K, less frequent internet user, no pension provision, London)

There was also some knowledge of SERPS¹⁹, particularly amongst the older participants in the study, although this was more by concept than by name.

'What you earn determines what you get in the pension, because that depends on how much National Insurance you pay.'

(Female, 31-45, £21K-£30K, less frequent internet user, no pension provision, London)

There was some confusion as to when the State Pension would be paid, with estimates ranging from 60 to 70 and suggestions of 63, 65, 67 and 68 years of age. At the time of the research there was considerable coverage in the national media about pensions, particularly about retirement ages, which may have added to the confusion²⁰.

However, of more concern to the study participants was whether the State Pension would be sufficient to live on...

'[The State Pension will] supplement what you've already got but you can't rely on that. You cannot rely on the State Pension...Both of my parents have retired and looking at what they've actually got as a State Pension now I was quite shocked...they've got decent [private] pensions, but in terms of the State Pension they could not survive on that.'

(Male, 31-45, £21K-£30K, frequent internet user, no pension provision, London)

¹⁸ The basic State Pension for the year 2006-07 is £84.25 per week with an additional £50.50 per week for a dependent partner.

¹⁹ From 1978 to 2002 additional State Pension was paid from the State Earnings-Related Pension Scheme (SERPS) and was only available to employees. From 6 April 2002, SERPS was reformed and is now called the State Second Pension.

²⁰ The age at which individuals receive the State Pension depends on both gender and age.

...and whether the State Pension would continue to exist in the future...

'People that are of pension age now keep telling us you should look into getting a private pension and look for your future, because there's not enough to live on now for us, and when you're older there's going to be no State Pension.'

(Female, 31-45, £10K-£20K, less frequent internet user, pension provision, London)

4.1.2 State Pension forecast²¹

Awareness of the State Pension forecast was limited, with the 50+ group being the most aware, usually because they had already received a forecast from The Pension Service.

'It [State Pension Forecast] was sent to me...by the Department of Work and Pensions (DWP), because I think when people are getting into their fifties or something [it is automatically sent to them]. Probably about three years ago - it was just sent - a forecast.'

(Female, 46-55, £21K-£30K, frequent internet user, no pension provision, London)

There was some evidence of participants requesting a State Pension forecast, although this again was very limited and not related to any particular group of individuals participating in the study.

'I had one about a year and a half ago, I had it projected.'

(Female, 46-55, £10K-£20K, frequent internet user, no pension provision, Leeds)

Awareness of being able to request a State Pension forecast online was very low, although where this had been done satisfaction was expressed with the service offered.

However, those receiving the State Pension forecast did not always understand what they had received.

'There were about three or four booklets in it [State Pension forecast] but I didn't understand any of it. It is not something that you generally sit down and read. If I had a choice of reading that or watching TV I would probably watch TV.'

(Female, 31-45, £21K- £30K, frequent internet user, no pension provision, Leeds)

²¹ A pension forecast provides, in today's money, the amount of State Pension a person has earned already and the amount of State Pension a person can expect at State Pension age based on what they have earned already and what they might earn before they reach State Pension age.

However, this was not always the case, with the concept of the State Pension forecast being highly regarded and the service they received from The Pension Service being seen as excellent.

'I thought it [State Pension forecast] was good. As it [retirement] gets nearer and nearer you start to think, I'm going to have to get my head out of the sand and look at this. I sent off for a forecast and it was clear. The person, I spoke to somebody on the phone, somebody up in Newcastle, and they were really helpful. They couldn't have been more obliging. Yes, I was pleased with it.'

(Male, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

4.1.3 Employer pensions

Of the pension schemes discussed – State, employer and personal – the study participants felt most knowledgeable about employer pensions. Those participants who did not have an employer pension were aware of their existence and usually recalled that the employer may make a contribution. Those contributing to employer pensions were usually aware of their own and the employer contribution, although they may not necessarily be aware of the precise level of the contributions. Awareness of employer pensions was high for two quite different reasons: First, employers that provided a pension had usually undertaken an awareness-raising session which employees recalled. Second, there had been considerable media coverage about the difficulties that employer pension schemes were facing, which may have raised awareness of pensions generally.

Despite the high level of awareness of employer pension schemes, there were a number of areas of uncertainty. These included the current value of the pension scheme, the future value, and what happens to pension contributions that have been frozen.

Although members of company pension schemes received annual statements...

'It comes on a pre-printed form from the company saying this is how much you've got, how much you've paid and how much your bonuses are, protected earnings, unprotected earnings, the whole business, end of story.'

(Male, 31-45, £10K-£20K, frequent internet user, pension provision, Leeds)

...as with the State Pension there could be a lack of understanding of the information presented...

'...the problem is that I don't really understand what the company sends me. There are so many figures and so many pages and so many 'ifs' and 'buts' that to be honest I am no wiser.'

(Female, 46-55, £21K-£30K, frequent internet user, pension provision, London)

A general lack of trust in employer pensions was also apparent, primarily because of the concerns about pension schemes that had been raised in the media.

'Yes I get a statement once a year. That just gets filed away. I haven't got a lot of faith in pensions. I invested in property when I was a lot younger and I have gone up the property ladder more than I have in investing in pensions.'

(Female, 46-55, £10K-£20K, frequent internet user, pension provision, Leeds)

'People pay into pensions and the pension company goes bust and they are left with nothing.'

(Male, 21-30, £10K-£20K, frequent internet user, no pension provision, London)

The ability to freeze a pension was well known. However, there was a marked lack of awareness about how to find out the value of their pension. This was primarily because annual statements are not provided for frozen pension contributions. In one instance, a study participant assumed that in freezing her pension she had effectively lost all her contributions and would have *'to start all over again'*.

4.1.4 Stakeholder and personal pension schemes

There was limited awareness of stakeholder and personal pension schemes, with participants tending to assume that there were no differences between the two. Of the participants, it was the self-employed who were most likely to be aware of personal pension schemes and also the most likely to be contributing to such a scheme.

The issues arising with personal and stakeholder pension schemes were identical to those of the employer pension schemes – uncertainty about the current and future value of the pension funds, difficulties with understanding pension statements and concerns about how risky such pension schemes were.

4.2 Planning for retirement

This section considers how participants plan for their retirement and the nature of the plans that they currently have in place. It should be noted that the research participants may not have thought about these issues before. Consequently, some of the plans that they discuss may not be entirely thought through.

It was very apparent during the discussions that there was an increasing realisation of the importance of planning financially for retirement. Much of this increased awareness may be attributable to the recent media coverage about the shortfall in pension funds and the Turner report²² that had been recently published.

'What made me think about it [pensions] was when I saw it on the TV, about the pension crisis. It made me start thinking well, should I get a pension now. They are talking about all this and they may be stopping State Pensions or something, so I should go and get myself a pension.'

(Male, 21-30, £10K-£20K, less frequent internet user, pension provision, London)

However, there were also other triggers that had raised awareness of the importance of retirement planning. These were:

- government information;

'I got a leaflet through the door about pensions. I think it was a government incentive trying to get people to take out a pension and it did just spell it out really clearly. It didn't advertise any pension, it just said this is the kind of pension you could have and what it could do for you and it was quite good actually.'

(Female, 21-30, £21K-£30K, frequent internet user, no pension provision, Leeds)

- information provided by an employer;

'We had a note at work telling us that everybody should be signing up to the company pension scheme and I just thought I would go in and see what it's all about. One of the links that they had was to the DWP site so that you could look at the State Pension and see how the company pension would top that up.'

(Female, 21-30, £21K-£30K, frequent internet user, no pension provision, Leeds)

²² The independent Pensions Commission was established by the Government in 2002, (chaired by Adair Turner), to review the longer-term challenges faced by the pensions system and make recommendations for reform. Two reports were published in October 2004 and November 2005 and a final statement in April 2006. The final report may be found at: http://www.pensionscommission.org.uk/publications/2006/final-report/final_report.pdf

- the experiences of family and friends.

'My mum's in a predicament at the moment. She's not actually got a pension, so she's very much enforcing me to get it sorted out. "Do you understand what I'm saying, get a pension going on, and if you don't want to go into a pension, start thinking about how you're going to support yourself when you get to 50 or 60, how are you going to live?'. So that's very much a priority for me.'

(Female, 21-30, £21K-£30K, frequent internet user, no pension provision, London)

Despite the increased awareness of the need to plan financially for retirement, there was very little evidence of active financial planning for retirement, even where participants or their partners, were currently contributing to a pension scheme. In these latter cases, participants had made the decision to contribute to a pension scheme – which constitutes a form of financial planning – but in most cases had not revisited their pension schemes to see if they were contributing enough or whether their pension scheme would be sufficient for their needs in retirement.

In thinking about retirement, the study participants were asked to consider their own plans as well as those they may have with a partner. For participants who had recently separated or divorced this could be difficult as any plans they may have had were now changing.

Overall, the study participants could be categorised into seven different approaches to retirement planning. These are:

- no plans at all;
- carry on working;
- rely on existing employer or personal pension scheme;
- emigrate;
- rely on the State Pension and other benefits;
- rely on other sources of income;
- planning to plan in the future.

Each of these will be discussed in turn below.

- **No retirement plans at all**

Across the sample of participants there were those who had not made any plans for retirement. This tended to include young participants in their 20s for whom retirement seemed a long way away, those with low single or joint incomes who could not see any way for them to save for retirement because of their existing financial commitments, employees for whom there was no employer pension scheme, and participants who had experienced a relationship breakdown in later years and did not have a pension scheme of their own.

'My way of thinking is that I've managed so far and when the time comes I'll manage then.'

(Female, 31-45, £10K-£20K, less frequent internet user, no pension provision, London)

'I haven't got one [pension scheme], I haven't really thought about it. I'm only 23.'

(Male, 21-30, £21K-£30K, frequent internet user, no pension provision, Leeds)

'I think I'm living for the here and now. I'm just living for the moment, people are in a lot of debt; they are not trying to save towards anything.'

(Male, 21-30, £10K-£20K, less frequent internet user, no pension provision, London)

'If you can't afford it, you are going to want more when you are younger than when you are older, so you kind of think just let me get on now, I will sort it out when I am older.'

(Female, 21-30, £10K-£20K, frequent internet user, no pension provision, London)

'I have got 20 years left on my house mortgage so I can't even think about it.'

(Male, 31-45, £21K-£30K, frequent internet user, no pension provision, London)

• Continue working

For some participants there was a general desire to continue working because they enjoyed being in work or they anticipated working beyond State Pension age so that they retired at the same time as their partner.

'I just enjoy working and I thought as long as I can work I'll work. Just never thought about it.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

'I'm hoping my husband will retire when I do. I think probably if he didn't then I might carry on till he does.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

However, there were three groups of individuals for whom a continuation of work seemed likely. This was because they would not have any other income, additional to the State Pension, when they retired. These were older participants (over 50s)

with no pension other than the State Pension, older participants (over 40s) in receipt of low incomes and women aged over 45 who had recently experienced separation or divorce, for whom pension provision had been reliant on their former partner.

- **Reliance on company and private pensions**

Half of the study participants were contributing either to an employer or personal pension scheme. As discussed, although they received annual pension statements, generally, little attention was paid to these, partly because the information presented was found to be confusing.

Being a member of a pension scheme appeared to give the participants a sense that *'everything will be alright financially when I retire'*, particularly for those in receipt of higher incomes. However, there was little evidence that participants in the study with a current pension scheme had checked to see whether the forecasted income would meet their retirement needs.

- **Emigrate**

When discussing plans for retirement a number of participants indicated that they intended to emigrate. However, it was also clear that while for some participants these were definite plans, for others they were rather more aspirational. Those with definite plans almost universally had relatives already living abroad, mainly in the Caribbean. These individuals saw their retirement as *'going back home'*. Others, however, aspired to live abroad, partly because they no longer liked living in Britain and partly because they were of the opinion that living abroad would be a much cheaper option. Spain and Croatia were particularly mentioned in this respect.

'I can't stand Britain any more. It's dirty, full of crime, we're taxed out of existence...I'm going to retire to Spain where the weather is much better and there's no crime and you can have a really cheap time...I'll use my savings and sell the house.'

(Female, 46-55, £10K-£20K, frequent internet user, no pension provision, Leeds)

'I will sell my house at retirement and leave this country and use that as my retirement.'

(Female, 31-45, £21K-£30K, frequent internet user, pension provision, London)

- **Reliance on state benefits**

There was also reliance on the state benefit system. This view tended to be expressed mainly by the older age group, irrespective of income, but almost exclusively by those without an employer or personal pension (either for themselves or for their partner) and with little in the way of savings.

'You will always have something [state provision]...if you couldn't work, you would be on benefits. You are not going to starve.'

(Male, 21-30, £10-21k, less frequent internet user, no pension provision, London)

'I say enjoy it [life] now and when you are older the state will look after you.'

(Female, 46-55, £21K-£30K, frequent internet user, no pension provision, London)

'When you retire you still get Income Support or whatever anyway. So why worry?'

(Male, 31-45, £10K-£20K, frequent internet user, no pension provision, London)

- **Reliance on other sources of income**

Plans for using other sources of income to fund retirement were in considerable evidence. Typically, this meant downsizing their house and using the released capital to provide an income in retirement. Generally, respondents envisaged investing the capital into a building society account and using the interest to provide an income. The use of annuities was rarely mentioned in this context.

'I have a house and a mortgage and hope to finish paying for it when I am 65, and then I am just going to sell it.'

(Female, 46-55, £21K-£30K, less frequent internet user, no pension provision, London)

'I think I'll own my own house by the time I retire, so I'll have money in that, you know, there's various things that you can do, sell your house, you just own it till you die and you get the money through it so I really don't worry about it now.'

(Male, 21-30, £21K-£30K, frequent internet user, no pension provision, Leeds)

It was also apparent that participants had potential plans to use multiple sources of income to support themselves in retirement. For example, there were instances where couples planned to use the income generated from investing capital from the sale of their home in addition to company or private pensions. This was especially in evidence where only one partner of the couple had a pension scheme.

Others intended to invest in property.

'There is nothing more stable than putting money into property. If you buy somewhere for x amount, a hundred grand or whatever and then you sell it, you have a couple of hundred grand and you can live the rest of your days on a beach in Spain.'

(Male, 21-30, £10K-£20K, frequent internet user, no pension provision, London)

'I'm signed up with a pension at work...everyone naturally signs up to their pension, but now the pension seems to be going completely downhill, so I'm seriously considering pulling out of the pension and using property investment as a way forward because it's a more secure investment isn't it...I mean if you own property, you've got a solid investment literally speaking. You hear of pensions going bust and going through the roof, but if you've got property, you own a piece of property, you can always rent it out.'

(Male, 21-30, £21K-£30K, frequent internet user, pension provision, London)

Savings plans were the potential source of retirement income in other instances.

'I only started saving two years ago, but because of the [pensions] experiences with the guys at work I've just saved the money. I haven't done anything with it I've just saved it because if they're right, which I'm kind of edging to believe they are, I'm going to be better off just saving the money, not giving it to anyone just saving it.'

(Male, 21-30, £10K-£20K, frequent internet user, no pension provision, London)

'Well from my point of view, at my age now, if I do plan anything for retirement it will be through savings schemes or insurance policies or something.'

(Male, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

• **Planning to plan for retirement in the future**

Young participants especially, found the idea of planning for retirement very difficult to consider. This was partly because of the difficulty in conceptualising retirement, partly having other spending priorities and partly the effect of graduating with student debt.

'When you're young you don't think so much of retiring. But I suppose when you get to say 30 or 35 or whatever, you start thinking more about what happens later on in life, so I think that is the time that you should start to do things like that. At the moment I'm on a low income so there is no point in me trying to do anything else, because it is just pipe dreams, isn't it? Until you can afford it, there is no point in making that commitment.'

(Male, 21-30, £10K-£20K, male, frequent internet user, no pension provision, London)

4.3 Help needed to plan for retirement

Aspirations for retirement were wide ranging.

'I don't know...Do whatever the things that family and restrictions on our time and restrictions on our finances with a growing family disallowed us to do. Maybe these expectations are part of the modern world.'

(Female, 31-45, £10K-£20K, frequent internet user, pension provision, Leeds)

'We've got a son in Australia and our idea hopefully is to spend more time there, visiting him.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

'I would want to be able to enjoy a reasonable social life. I would want to still be able to...entertain myself, take holidays, drive my car, treat my daughter to meals out.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

However, one of the difficulties that the study participants experienced was thinking realistically about retirement, the lifestyle they would want and the amount of money they would need to achieve this. Younger participants (particularly the under 30s) felt that retirement was so far in the future that they had yet to achieve their desired standard of living and so thinking about the standard of living they would like in retirement was very difficult indeed.

By contrast, those who had reached the age of 50 were more likely to be considering the type of lifestyle they would like to achieve in retirement.

For both the younger and older participants in the study a key difficulty lay in estimating the amount of money they would need to secure their desired standard of living in retirement. When asked to think about this in detail, there was a realisation that they would need to consider both the expenditure they would be likely to have and the income they would need to cover this.

It was generally thought that items of expenditure were likely to be different in retirement. Participants expected to have paid off mortgages and any existing loans which would lead to a drop in expenditure. However, they also wondered whether there might be increases in expenditure, particularly for health care.

'Because as we get older you know there's a chance you're going to get poorly.'

(Male, 21-30, £21K-£30K, frequent internet user, no pension provision, Leeds)

The effect of inflation was also a problem that participants found difficult to deal with.

'It is impossible [to think about how much money you will need when you retire] because you don't know how much everything is going to go up.'

(Female, 46-55, £21K-£30K, frequent internet user, no pension provision, London)

Spontaneously, the participants in the study recognised that they would need help in thinking about retirement issues and particularly some form of assistance with financially planning their future. Specifically, they said they would require three forms of help. These were:

- a detailed expenditure checklist that would enable participants to consider their future retirement expenses;
- a method of determining how much money they would need to save in order to meet their retirement needs and aspirations;
- a way of building in the effects of inflation on both income and expenditure estimates.

4.4 Summary

- While awareness of the State Pension was very high, knowledge about employer and personal pensions was very limited. Those with the best knowledge were participants who had an interest in financial affairs or had recently looked at their own pension provision in some detail. Concerns were expressed about the safety of employer and personal pension schemes.
- Awareness of the State Pension forecast was limited, with the 50+ group being the most aware. Those who had received a State Pension forecast were mixed in their views about its usefulness with some finding the accompanying information very explicit and others finding it difficult to understand. Dealing with The Pension Service was generally described as being very positive.
- There was an increasing realisation of the importance of planning financially for retirement, triggered by recent media reports, presentations by employers about their pension schemes, information sent to individuals by Government and by seeing the financial circumstances of relatives and friends who had retired. Despite this, there was very little evidence of any active planning for retirement, even amongst those participants who were contributing to a pension scheme. In terms of planning for retirement, seven scenarios emerged:
 - no plans at all;
 - continue working past retirement age;
 - rely on existing company or private pension schemes;

- emigrate to countries with a cheaper cost of living;
- rely on state benefits;
- rely on other sources of income such as savings and the proceeds from house downsizing;
- plan for retirement at a future date when they had sufficient money to do so.
- Conceptualising retirement was difficult for participants, especially younger participants. There were difficulties with considering the type of lifestyle that they would like to enjoy as well as the amount of money they would need to sustain it. Three forms of help were suggested in order to plan financially for retirement:
 - a detailed expenditure checklist that would enable participants to consider their future retirement expenses;
 - a method of determining how much money they would need to save in order to meet their retirement needs and aspirations;
 - a way of building in the effects of inflation on both income and expenditure estimates.

5 The key features suggested for an internet-based retirement planning tool

Following the discussion about planning for retirement and the help that participants might need, the concept of an internet-based retirement planning tool was presented to the study participants. This chapter focuses on the overall reaction to the concept of such a tool, the key functions participants thought the tool should provide and the essential features that were suggested.

5.1 Reaction to the concept of an internet-based retirement planning tool

During the discussion about financial planning for retirement it became very clear that there were a number of issues that participants were struggling to deal with. These were the nature of pensions, per se, the type of lifestyle they would like to enjoy in retirement, likely expenditure in their retirement years and the amount of money they would need to meet their lifestyle expectations. The effect of inflation was also a confounding issue.

At this point in the discussion the participants were posed the question, '*What do you think about the idea of some form of retirement planning tool that would be accessible on the internet?*' No further information or detail was given.

Reaction to the concept of an internet-based retirement planning tool was generally positive and the concept was enthusiastically embraced.

'A lot of the time we are so busy going about our day-to-day lives, we go to work, we get home. The last thing on my mind is finding something out for our pensions. So if it is at a touch of a button when you get home in the evening and you can go and browse and have a look then it is a good idea because you are not having to go out and make an appointment or make an appointment for somebody to come to you, you can do it at your own pace.'

(Female, 46-55, £21K-£30K, frequent internet user, pension provision, London)

'I think it's quite a good idea, because then you can change it and you can decide whether you're putting in too much pension and like you can afford to keep some more for yourself, or if you want to put in more than you're putting in now.'

(Male, 21-30, £21K-£30K, less frequent internet user, pension provision, London)

'There's a lot of confusion about pensions, so obviously something like [an internet retirement planning service] that would get rid of all the confusion because you put in what you need to put in hopefully, to be able to forecast.'

(Male, 31-45, £21K-£30K, frequent internet user, no pension provision, London)

However, there were some immediate concerns that any such tool would be a selling device and not accurately reflect the information that participants would require.

'I wouldn't use it. I think they would be very biased.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

Even at the conceptual stage of discussion it was very apparent that any proposed internet-based retirement planning tool would need to be multi-functional in the sense that it would need to:

- provide information about different types of pensions (State, employer, personal, stakeholder, etc.);
- offer pensions forecasts that range from 'simple' forecasts that simply use current (or potential) pension contributions to provide a forecast, to 'sophisticated' forecasts that take into account salary increases, inflation, etc.;
- allow participants to input different types of information in order to achieve different types of forecasts;
- provide different types of forecasts, such as the level of pensions contributions that would be required in order to provide a particular level of income in retirement, or a forecast of the income that would be required in order to cover a specified level of expenditure in retirement.

It was also apparent that while the tool needed to be multi-functional there was a desire for a single tool with different levels of functionality selected by the user.

Each of these issues will be further discussed in the next section of this chapter.

The notion of the planning tool being internet-based was also very well received²³ with some suggestion that it would be useful if the tool was also downloadable so that they could customise their forecasts in great detail. The suggestion for the tool to be downloadable was mentioned by only the most technically minded and by those who had used the HMRC's self assessment software that can be used off-line.

Perhaps not surprisingly, the presentation of the concept to the study participants prompted them to pose a wide range of questions:

- Which organisation would provide and manage the internet-based retirement planning tool?
- Would one be able to trust the tool to provide unbiased information?
- How accurate would the forecasts be?
- How easy would the tool be to use?

Each of these questions will be addressed in subsequent chapters of the report.

5.2 Key preferences for a retirement planning tool

In considering how a planning tool should operate, there were four key functions that were deemed paramount. These were:

- **The ability to select 'simple' or 'sophisticated' pension forecasts**

There was a major difference between the younger participants (under 30) in the study and those who were nearer retirement age (40 and over) in the nature of the pension forecast that was required. Younger participants invariably required a 'quick guide' to the future-based perhaps simply on their current salary or their current (or proposed) pension contributions. By contrast, the older members of the study saw the planning tool as more 'diagnostic' and requiring a greater range of options that would allow them to obtain a more detailed forecast of their retirement income.

'I just want to put my salary in, pension contribution and 'bang' out comes a rough pension forecast. One minute, a couple key strokes, nothing more.'

(Male, 21-30, £21K-£30K, frequent internet user, pension provision, London)

²³ Although it should be noted that all participants in this research were selected on the basis of being internet users.

'You may need to do two different pages, so if you want a quick fix – just a synopsis of what your pension is going to be when you retire, and then if you want an in-depth report. So you've got kind of like two pages interlinking.'

(Female, 31-45, £21K-£30K, less frequent internet user, no pension provision, London)

- **The ability to select different types of forecast**

Three types of pension forecast were required:

- the first type of forecast estimates **the amount of money that should be saved in order to reach a specific retirement income;**

'I want to be able to say that if I need X thousand pounds a year when I retire; this is how much a month I should put away.'

(Male, 21-30, £10K-£20K, frequent internet user, no pension provision, London)

'What they should have is...it says how much you earn, when do you want to retire, then it tells you a figure, yes? Then it should say how much would you like to retire with, and then it says alright if you'd like to retire with that much, you've got to be working and making this much money...so you'll be saying "right I've got to make this much money, this much a month", so you can achieve the actual target you want to retire on.'

(Male, 21-30, £21K-£30K, frequent internet user, pension provision, London)

- the second type of forecast estimates **a retirement pension based on current salary and contribution rates;**

'I think what people want to know is, if I paid six per cent of my salary in for the next say ten years what am I going to get when I retire, what is the actual end figure.'

(Female, 31-45, £21K-£30K, frequent internet user, pension provision, London)

- the third type of forecast **estimates the income that would be required – and the contributions necessary – in order to cover estimated retirement expenditure and a specific type of lifestyle;**

'But it would need to know what lifestyle we aspire to or what lifestyle we want when we retire...because some people want the simple life, some people want to really live it up without a care in the world.'

(Female, 31-45, £21K-£30K, less frequent internet user, no pension provision, London)

Of the three types of forecasts, younger participants tended to want the first type of forecast, while those aged over 40 were more interested in the second and third types of forecast.

- **The ability to vary the degree of personal information that is used by the tool**

As discussed earlier, there was a desire for different types of forecast, each requiring different types and amounts of information to be input into the tool. A major discussion emerged regarding the type of information that would be needed to be entered. Discussion was centred on two types of information – identity and financial.

Considering identity information first, for those participants who saw the tool as simply a calculator, they did not see the need for any identity information at all.

'For something for this purpose you wouldn't need to put in things like your name and address because they would be completely irrelevant to the outcome...it's a calculator to see how much you could possibly have when you retire, they don't need to know your name for that, they don't need to know where you live, they don't need to know, they might need your age but not your date of birth even, for that kind of thing.'

(Female, 21-30, £21K-£30K, frequent internet user, no pension provision, London)

Others, however, recognised that if a planning tool was to be able to include an individuals' State Pension forecast then identity information would be required. For some participants, this was not a problem, for others there was such distrust in the internet that they would not be willing to enter any identity details that were linked in any way to financial information. This issue of distrust cut across all the age and income groups, but was strongly related to the frequency with which the internet is used. While more frequent internet users tended to be more aware of potential security issues, they were generally less concerned about them because they had either taken precautions, such as setting up firewalls on their own computer, or were aware of how internet scams operated and thought they would not be tricked into giving information away to fraudsters.

The study participants were also divided as to whether they would be willing to input any financial information – particularly if it was also linked with identity information. On the one hand there were those participants who were not concerned about security issues and thought that if the tool were to be of most value to them they would be willing to provide all the financial information required.

'The more information it knows about you, the more accurate the answer will be that it will bring back out.'

(Male, 21-30, £10K-£20K, frequent internet user, pension provision, London)

On the other hand, there were also participants who would not enter any financial information, except a ballpark salary, for fear of this information being intercepted and becoming publicly available. While these views were expressed across the sample of participants generally, older participants and those with less experience of the internet were more likely to be less trusting of the internet.

'I just don't trust websites, whether it is government run or privately run. I think that even if I don't put my name and address in someone can still track me on the net and see what I'm putting in and then relate that back to me.'

(Male, 31-45, £10K-£20K, less frequent internet user, no pension provision, Leeds)

As a consequence, there was a general view that the internet-based retirement planning tool should allow varying levels of personal information to be input and that there should not be a requirement to include name and address details.

- **A save and retrieve function with automatic updates**

With very few exceptions there was a general desire for a save and retrieve function so that participants did not have to re-enter information. This would also allow participants to update the information every couple of years or as circumstances change.

'[You need] to be able to save it so you could go back and change it if your situation changed.'

(Female, 21-30, £21K-£30K, frequent internet user, no pension provision, London)

'Well it could give you options, ways you could add on or take away...you think to yourself "well hang on a minute, I haven't altered my circumstances for I don't know, about two or three years", get back onto it and update it and see if inflation is up or down or should I pay more, or am I okay.'

(Female, 46-55, £21K-£30K, frequent internet user, pension provision, London)

There was also a desire for automatic updating of inflation rates as well as reminders to update the information they had entered into the planning tool.

'[Perhaps] you can get an update every five years or something from the website to your e-mail to say put your figures in again and we will see how it is going.'

(Male, 31-45, £21K-£30K, less frequent internet user, no pension provision, London)

5.3 Key suggested features of an internet-based retirement planning tool

This section of the chapter considers the five key features that participants thought that a retirement planning tool should have.

First, one of the major concerns that was discussed by the study participants was the forecast accuracy that an internet-based retirement planning tool might produce. This was subject to a great deal of debate and gave rise a major difference of opinion.

On the one hand there were those participants who thought that the tool should be able to provide highly accurate forecasts otherwise it would be seen to be valueless.

'It has to be accurate in the final number that it gives you. If it is not an accurate number – if I find out from somebody that has done it and they say that it wasn't accurate then I am not going to bother to do it myself.'

(Male, 21-30, £10K-£20K, less frequent internet user, no pension provision, London)

'90 per cent, it would have to be 90 per cent accurate.'

(Male, 31-45, £21K-£30K, less frequent internet user, no pension provision, London)

This view was quite widely held and underpinned by a general lack of knowledge and confidence in financial affairs.

However, others recognised that forecasts could never be accurate.

'I mean obviously there are no guarantees that it is correct as it is just a projection but at least you would have a clue whether you might be alright or you are really not going to be alright.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

As a result of this discussion, one of the key suggested requirements of the planning tool was that it should recognise that the forecasts will not be 100 per cent accurate and present a disclaimer to this effect. In addition, there should also be advice that encourages participants to use the planning tool on a regular basis such that they get used to the fact that although the forecasts are only estimates, they will provide a picture over time of their likely financial position in retirement.

The remaining four key requirements for the internet-based retirement planning tool were:

- automatic adjustments for inflation;

'It's got to be linked to the economy as well hasn't it, like it's got to be sort of updated fairly quickly because the economy changes quite a lot.'

(Male, 31-45, £21K-£30K, frequent internet user, no pension provision, London)

- all assumptions made by the planning tool should be explicitly stated on screen, particularly in terms of rates of inflation and investment returns;
- where users of the tool have indicated that they have sources of income that have explicitly not been entered into the planning tool, the 'results screen' should provide a reminder that the forecast is made on incomplete information;

- a print function.

'Because I can print it off, get rid of all my details on the website and then have a paper copy that I have got a reference to. And I can look back at it again and I would rather have something visual in front of me than trying to find my old details and old quotes and stuff on the computer. And I wouldn't want some company storing that type of data anyway.'

(Female, 31-45, £21K-£30K, frequent internet user, pension provision, Leeds)

5.4 Subsidiary suggested features of an internet-based retirement planning tool

There were a small number of subsidiary features that were suggested by the study participants. These included:

- general information about different types of pensions;

'Because young people don't really think about retirement, it [the tool] needs to be marketed properly and provide information about pensions. We need to be informed more.'

(Male, 21-30, £10K-£20K, frequent internet user, no pension provision, London)

- financial advice, but only if impartially provided;

'To give advice, give good solid advice I suppose.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

'If it was just advice and it was impartial and it was good advice then yes but if it was one of those ones where it is trying to sell you something at the end then I will stay away.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

- a currency calculator for those participants considering retiring abroad;
- accessibility for participants with a wide range of disabilities.

'That it is accessible to people who are sight impaired, partially sight impaired, people who are dyslexic and can't read, people who are colour blind.'

(Female, 21-30, £10K-£20K, frequent internet user, pension provision, London)

5.5 Summary

- Having discussed issues of planning for retirement and their potential information needs, participants in the study were asked to consider the concept of an internet-based retirement planning tool. Reaction to the idea was generally positive.
- When asked to think about the design features that they would like it to have, they suggested four primary features:
 - the ability to select ‘simple’ or ‘sophisticated’ pension forecasts;
 - the ability to select different types of forecast, including estimates of:
 - ~ the amount of money they should save in order to reach a specific retirement income;
 - ~ their retirement pension based on their current salary and contribution rates;
 - ~ the income that would be required – and the contributions necessary – in order to cover estimated retirement expenditure and a specific type of lifestyle;
 - the ability to vary how much personal information is used by the tool;
 - a save and retrieve function.
- Secondary features included:
 - recognition that the forecasts will not be 100 per cent accurate and a disclaimer presented to this effect;
 - automatic adjustments for inflation;
 - an explicit statement, on screen, of the assumptions made by the planning tool, particularly in terms of rates of inflation and investment returns;
 - a note on the results screen highlighting sources of income that have been explicitly excluded from being input into the planning tool;
 - a print function.

6 How an internet-based retirement planning tool could function

The focus groups were designed to take participants through a sequence of thinking about pensions, financial planning for retirement and how they might support themselves in retirement. The discussions then focused on their likely information needs and the concept of an internet-based retirement planning service was introduced. Having generally welcomed the concept of the retirement planning service, they were then asked to consider the design aspects of such a service. This chapter, therefore, focuses on the design aspects of an internet-based retirement planning tool and considers four aspects of the design discussed. These are the 'look and feel' of the planning tool, how information might be entered, navigation issues and the provision of help facilities.

6.1 The 'look and feel' of a retirement planning tool

Overwhelmingly, there was a desire for the web pages to be easy to find on the internet and to appear simple and uncluttered. In terms of the look and feel, the following issues arose:

- easy to find homepage;

'An easy website page [to find], something that's easy to remember – [for example] DWP and you just go on that.'

(Female, 31-45, £10K-£20K, less frequent internet user, no pension provision, London)

- colourful and attractive web pages that are akin to commercial websites in their appearance, rather than government websites which were seen as drab and densely populated²⁴;
- clear layout, without cluttered side bars or pictures;
- plain English without the use of jargon;

'Plain and simple English.'

(Male, 31-45, £21K-£30K, frequent internet user, no pension provision, London)

'Jargon free.'

(Female, 31-45, £21K-£30K, less frequent internet user, pension provision, London)

- font sizes that are easy to read²⁵;

There was some commentary about both the Department for Work and Pensions (DWP) and Her Majesty's Revenue and Customs (HMRC) websites, both of which were thought to use font sizes that were too small.

'It's got to be easy to read and that because as people are getting older they're getting, their eyesight is getting poorer.'

(Male, 31-45, £21K-£30K, frequent internet user, no pension provision, London)

- no advertising.

'If there were adverts about loans and mortgages and stuff like that all over [the site], you know down the sides and stuff, it would put me off straight away.'

(Male, 31-45, £21K-£30K, frequent internet user, pension provision, London)

²⁴ It should be noted that during the discussion of the look and feel of an internet-based retirement planning tool concept, it was difficult for the study participants to recall the precise nature of the websites that they had visited which they particularly liked or disliked. It was also difficult for them to provide specific evidence when making criticisms of websites. Consequently, they tended to talk about the look and feel of the web pages in rather general terms, often referring to websites which they particularly liked using as a reference point.

²⁵ It is recognised that there are Government guidelines for the design of Government websites. The research was intentionally undertaken without specific reference to these.

6.2 Entering information into a retirement planning tool

There was a general consensus that for a retirement planning tool to be easily used it should provide an easy means of entering the required information. The following issues arose:

- information should be able to be easily entered, using tick boxes, drop-down lists with clearly defined points where information is to be entered;

'Simple tick boxes and stuff. I wouldn't want no more than that at all.'

(Female, 21-30, £21K-£30K, frequent internet user, no pension provision, London)

There was a strongly held desire for a clear indication of the type of information required to be clearly displayed together with the input format needed. For example, date information displayed as 'dd/mm/yyyy' was highly regarded as it was immediately clear what information was required. Similarly, where financial information is required, the input format should be specified as to whether the information entered should be exact, rounded to the nearest whole pound, or rounded to the nearest ten pounds.

- relevant information only to be collected;

The study participants were keen that only information that was essential to the forecast desired should be entered into the planning tool. In this respect, two issues arose: First, if the planning tool did not require information about dependent children, for example, for any of the forecasts available, then this should not be required information. Second, the planning tool should be 'intelligent' in the sense that if a person indicates that they are single pages for partners and dependents should become hidden.

'There's websites that I've just given up because it goes on for so long with stupid irrelevant questions.'

(Male, 21-30, £21K-£30K, frequent internet user, no pension provision, London)

- ability to input all sources of income and expenditure;

Depending on the type of forecast required (simple versus sophisticated) there was a strongly held desire for the planning tool to be able to accept a wide range of information about income and expenditure.

'All income, wages, savings interest, rent from houses, you know, everything that is coming in.'

(Male, 31-45, £10K-£20K, less frequent internet user, no pension provision, Leeds)

'[The planner should have] questions on what sort of lifestyle you'd like, and what sort of hobbies and things you'd like to do when you're old and how much you think it will cost and how could I maintain myself. I know it's going deep and like no-one knows exactly what they're going to like, but if you just had rough ideas of these future hobbies you may have, or the future costs or expenses you may have, and how you can earn, build up that sort of pension to support that sort of lifestyle.'

(Male, 21-30, £21K-£30K, frequent internet user, pension provision, London)

- ability to specifically exclude some sources of income;

While there was a desire to be able to input all sources of income, there was also a requirement to be able to exclude specific sources of income. Individuals were mixed in their opinion about how this 'missing information' should be handled, although the general view was that there should be a facility to indicate to the planning tool that there were specific sources of income that had been omitted and that this should be indicated on any outputs from the planning tool.

'You could have tabs, so you don't have to do some bits if you don't want to.'

(Female, 21-30, £21K-£30K, frequent internet user, no pension provision, London)

- should the planning tool collect external sources of information?

It was recognised that participants have a wide variety of savings and pension provision that could be input into a retirement planning tool. The question arose as to whether the planning tool should be able to automatically collect this information based on account numbers or reference numbers that the individual provides.

Overall, there was very little desire for the planning tool to collect any external information, such as details of savings or pension provision from financial providers. This was for three reasons: First, this was seen as very difficult to arrange with the financial services sector and thought likely to be potentially impractical and very expensive. Second, there were concerns about the potential for security breaches, with 'hackers' being able to access their financial information through the use of their account or reference numbers. Finally, there was some concern at providing too much personal and financial information to a government department²⁶.

²⁶ The issue of which organisation should manage the internet-based retirement planning tool had not been discussed at this point but there was a general assumption that a Government department – and possibly DWP – would host the planning tool. This issue is addressed in the next chapter.

The exception to this was the linking of a retirement planning tool to a State Pension forecast. This was the single instance where the automatic collection of external information was seen as acceptable. However, even here there were objections on the basis of security breaches and the willingness to input personal information such as a National Insurance Number (NINO) into the planning tool. The general consensus arrived at, therefore, was that this facility should be built into a retirement planning tool, but its use (and need to input a NINO) should be optional.

6.3 Navigation issues

Irrespective of the amount of internet experience, or the frequency with which the internet was used, there was strongly held desire for a planning tool that had simple and clear navigation routes.

Interviewer: *'What would be the three most important issues for you concerning the internet-based retirement planning tool?'*

Respondent: *'Ease of navigation, ease of navigation and ease of navigation!'*

(Female, 31-45, £10K-£20K, frequent internet user, pension provision, Leeds)

There were three issues that predominated and were discussed primarily by the more frequent users of the internet. These were:

- clear and speedy navigation, possibly using tabs for key demographic information;

'You've got to go from one page to the other very quickly because its going to be a long document. If it takes a long time to get to load, to get from one page to the other – it could have probably 40 or 50 pages on it and you need to go from one, pick and choose, in terms of the tabs at the top, so it clearly states where you want to go, what you need.'

(Male, 31-45, £21K-£30K, frequent internet user, pension provision, London)

'Tabs have got to be clear, the directions have got to be clear, you hit it and the speed in which it goes from one page to another has got to be quick.'

(Male, 31-45, £21K-£30K, frequent internet user, no pension provision, London)

There was some suggestion from the more experienced internet users that a progress bar at the top of the screen would be a useful facility.

- intelligent routing;

'You've got drop down boxes so if you go to Question 1 and you've answered it [in a certain way], it will say to you, "well you can now go to Question 5" or whatever, so drop down boxes that are going to navigate you around the site.'

(Female, 31-45, £21K-£30K, less frequent internet user, no pension provision, London)

- the facility to 'go back' without losing any information.

'A good website has a good back and forth facility with different boxes, sections, so that you know that if you are looking for something and it's not what you want, you can click back and takes you back to where you were.'

(Male, 21-30, £10K-£20K, frequent internet user, no pension provision, London)

'Some things like you'll press, say 'calculator', and it takes you to another screen and you try and go back and it won't let you go back to that screen, and you have to start the whole process completely from scratch.'

(Male, 21-30, £21K-£30K, frequent internet user, no pension provision, London)

6.4 Help facilities

For the study participants it was automatically assumed that any retirement planning tool would have comprehensive help facilities. There were three requirements: a help and Frequently Asked Questions (FAQ) page, context sensitive help (perhaps using 'pop-up' or 'hover' facilities²⁷) and help facilities that were comprehensive and written in plain, jargon-free, English. Although it was recognised that users of an internet-based retirement planning tool may not always have English as their first language, there was little call for help facilities to be available in other languages.

A help system in the form of an animated figure was also suggested.

'On a website the other day and I was answering some questions, and there was a woman there that was actually talking to me on the side. She was like a real woman and she was talking the questions and it said 'click' and after she spoke it came back..., all you've got to do is listen to what she's saying.'

(Male, 21-30, £10K-£20K, frequent internet user, no pension provision, London)

²⁷ It is recognised that these suggestions are contrary to the government guidelines for the design of government websites.

6.5 Summary

- In terms of the way an internet retirement planning service might be presented, participants thought that the tool should provide:
 - colourful and attractive web pages;
 - clear layout, without cluttered side bars or pictures;
 - plain English without the use of jargon;
 - font sizes that are easy to read;
 - no advertising;
 - clear and speedy navigation;
 - intelligent routing;
 - the facility to 'go back' without losing any information;
 - comprehensive help facilities in the form of a dedicated help and FAQ page and context sensitive help.
- Entering information into the planning tool should be simple and use tick boxes and drop-down lists with clearly defined points where information is to be entered.
- Only relevant information should be collected.
- There was a preference for the tool to have the facility to input all sources of income and expenditure, but with the option to explicitly exclude some sources of income.
- There was no desire for the planning tool to access external financial information, such as existing pension provision or savings.
- The facility to obtain an automatic State Pension forecast should be optional.

7 Registration and security issues

This brief chapter is concerned with whether an internet-based retirement planning tool should require a registration process and if so, how it should work. Issues of website security and information sharing are also discussed.

7.1 Registration issues

As discussed in Section 2.3, registration for websites was seen as an irritating process and one that was not always deemed necessary. In considering the issue of registration for an internet-based retirement planning tool, the same issues were raised.

Opinion about the need for a registration process was divided according to how participants wished to use a retirement planning tool. For those who wanted to use the tool for simple calculations that did not require any personal information, a registration process was seen as completely unnecessary. There was some suggestion that, for these types of forecast, if a registration process was required, this would dissuade participants from using the planning tool.

By contrast, it was recognised that there would need to be a registration process in certain circumstances. These would be where the planning tool would have:

- save and retrieve functions;
- automatic look-up for the State Pension forecast;
- a forecast update 'reminder' function.

Even in these instances there were some frequent and less frequent internet users who wished to be able to use an 'alias' for registration purposes as they did not wish to input any personal information.

'I think the best security is just being anonymous really and truly.'

(Male, 21-30, £21K-£30K, frequent internet user, no pension provision, London)

In these instances, participants recognised that an automatic lookup of the State Pension forecast would not be possible. They were accepting of this and indicated that if they required this information to be used they would enter the information manually.

Where a registration process was required, the general suggestion was for the minimum of information to be captured and that access to the planning tool should be protected using a username and password. Passwords should ideally be selected by the user rather than being automatically generated.

If user-selected passwords were not to be used, automatically generated passwords should be sent directly to the user's registered email address.

Participants could not see any reason for having PINs or passwords sent by post. Indeed there was a strongly held view that such a process would dissuade participants from using an internet-based retirement planning tool.

It was felt that registration should be free of charge.

'As long as there was no registration fee. If there were any fees and things then no [I would not use it]. If it was free registration [I would use it].'

(Female, 21-30, £10K-£20K, frequent internet user, no pension provision, Leeds)

'If you're looking at people who are unemployed, it's supposed to be accessible to everybody, [if you have to pay for it] you're putting a system there that is not accessible to everybody [and they may not use it].'

(Male, 21-30, £10K-£20K, frequent internet user, no pension provision, London)

7.2 Website security issues

The security of a retirement planning tool was only seen as an issue where personal and linked financial information were being used. In these instances the study participants wished to be reassured that the website would be totally secure. They saw the 'secure padlock' symbol as one way of ensuring this.

'If you've got to put in personal details obviously make sure it's a secure site.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

*'Well with the padlock sign and obviously telling people – advising them – about things like phishing.'*²⁸

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

Nevertheless, those who were suspicious of the security of the internet and the desire for organisations to collect personal information felt that irrespective of the security measures adopted to protect the planning tool website, they would still not wish to disclose any personal information. These views, although in the minority, cut across age, income and internet experience.

'We know we can be traced by our ISP²⁹ number, that's a given. But it's this constant infringement and erosion of privacy; nobody is supposed to have their own personal space any more. It's horrible.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

7.3 Information sharing

The study participants were quite clear that they did not expect any retirement planning tool to share information that had been provided by the user with any other government department or external organisation.

'Absolutely no sharing of information, absolutely not.'

(Female, 21-30, £21K-£30K, less frequent internet user, pension provision, Leeds)

7.4 Summary

- Registration was only thought to be required if the planning tool was to be used to hold personal information or if a State Pension forecast was required.
- Registration should also be free of charge.
- Where a registration process was thought to be required there was a preference for it to be protected using a user-selected username and password.

²⁸ Phishing is a term used to describe the action of assuming the identity of a legitimate organisation, or website, using forged email and/or web pages and with a view to convince consumers to share their user names, passwords and personal financial information for the purpose of using it to commit fraud. This is also and often referred to as Identity Theft.

²⁹ Internet service provider.

- Participants could not see any reason for having PINs or passwords sent by post, with a strongly held view that such a process would dissuade participants from using a tool.
- The security of the planning tool concept was seen as an issue only where personal and linked financial information were being used. In these instances there was a desire to be reassured that the website would be totally secure with the 'secure padlock' symbol as one way of ensuring this.
- There was a strongly held opinion that information that had been provided by the user should not be shared with any other government department or external organisation.

8 Branding an internet-based retirement planning tool

As part of research the study participants were asked about how a retirement planning tool should be branded. This issue is discussed in this brief chapter, together with participant views about how a retirement tool should be advertised.

8.1 Branding

The issue of branding an internet-based retirement planning tool was directly linked to a number of concerns that the study participants had. As discussed earlier in the report, there was a clear desire for a retirement tool to present accurate, legally correct and impartial information. Personal and financial information stored within the tool should also be secure. In addition, there was a consensus of opinion that a retirement planning service should not contain any advertising material, should not promote the selling of any specific products and should not be run as a commercial enterprise.

Taking these requirements into account, the overall view was that a retirement planning tool should not be branded by any commercial organisation. The reason for the strength of opinion behind this was the view that commercial organisations, because of commercial pressures, would be too tempted to use a retirement planning tool as a sales vehicle or a marketing device.

The chief alternative was for a retirement tool to be branded by the government. Department for Work and Pensions (DWP) or Her Majesty's Revenue and Customs (HMRC) were seen as the most appropriate departments.

'It would be more reliable [if government branded] because they are not trying to sell you any product, they just want to guide you... I wouldn't trust a private company, I would trust the government more because a private company would be after making a profit.'

(Male, 21-30, £10K-£20K, frequent internet user, no pension provision, London)

The reasons for suggesting that government departments could be the brand for a retirement tool were fourfold. Government departments were seen to be more likely to provide:

- trustworthy and secure websites³⁰;
- legally correct information;
- the most accurate inflation information;
- a free, not-for-profit, service.

There were some reservations about government branding of the tool, primarily because of concerns about political interference. In these instances, the suggestion was for a non-profit independent organisation to manage an internet-based retirement planning tool, but overseen by government.

8.2 Advertising and marketing

The issue of advertising and marketing a retirement planning tool was not a key focus of this research. Nevertheless, there was some discussion about these issues, which is presented here.

The study participants were generally interested in the concept of a retirement planning tool but were concerned that such a useful facility could easily go unnoticed. They were very keen that any retirement planning tool should be easily found by internet search engines and widely advertised.

'The advertising, it needs to be widely advertised.'

(Male, 21-30, £10K-£20K, frequent internet user, no pension provision, Leeds)

It should also be targeted at people of all ages, irrespective of whether they have any pension provision.

³⁰ The study participants were aware that the security of the HMRC website had been breached in the past but pointed to the number of 'scams' that they had seen against financial institutions and the number of phishing emails they received, purportedly from the high street banks. In the light of this they saw government departments' websites as being less open to fraudulent attacks.

'To be marketed to all ages because it is not everybody who has pensions. Sometimes people don't think about it until later on in life. I think it should be really targeted at all ages.'

(Female, 21-30, £10K-£20K, frequent internet user, no pension provision, Leeds)

8.3 Summary

- The branding of the retirement planning tool concept was directly linked to issues of impartiality and security.
- Government generally, and DWP or HMRC specifically, was seen as the most appropriate brands, although with some exceptions. This was because Government departments were seen as most likely to provide trustworthy and secure websites, legally correct information, the most accurate inflation information and a free, not-for-profit, service.
- Concerns were expressed about political interference. In these instances, the suggestion was for a non-profit independent organisation to manage a retirement planning tool, but overseen by government.

9 Anticipated use of an internet-based retirement planning tool

This small-scale piece of qualitative research was designed to take participants on a journey through the issues of pensions, financial planning for retirement and their likely information needs. The concept of an internet-based retirement planning service was then introduced and the focus group participants were asked to consider various design aspects. Although there were some differences in the level of engagement that the research participants expressed with the retirement planning service concept, reactions were generally positive. The question arises as to whether the focus group participants would use such a service, the amount of time they would use it for and the type of help they would need. These issues are discussed in this chapter.

9.1 Would the focus group participants use an internet based retirement planning tool?

The concept of the internet-based retirement planning tool was generally enthusiastically received by participants in the focus groups. There was a general willingness to use the facility that cut across the study participants in terms of age, gender and income.

'I think pensions are such a minefield. Even people that are fairly savvy have in the past already been very badly bitten. It's just so easy to be confused by it all. If there was something you could go and look at that gave you a guideline, it's not cast in stone, but it gives you a guideline, I would use it.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

The key determinants for indicating a willingness to use an internet-based retirement planning service were divided into two types: issues concerned with the retirement planning website itself and issues to do with the individual.

Concerning a retirement planning website itself, the four key issues were:

- a simple, easy to use, website;

'I think just something really simple, like a bank account online.'

(Female, 21-30, £10K-£20K, frequent internet user, no pension provision, London)

- the facility to obtain a forecast without the need for personal information;

'I just want a rough estimation as to what I would get. I wouldn't be happy putting all my details in.'

(Male, 31-45, £20-30K, frequent internet user, no pension provision, Leeds)

- a retirement planning tool that allowed save and retrieve functions, with automatic updating of inflation rates;

'If you had it as an account you could update it and if you change jobs, wages increase or decrease, that may need to be kind of amended within it, and I could go in and you don't have to put in all your details again.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

'If every time there is a budget and there are changes and there are things that would be updated. Your information is already there so you can go in and see what that is.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

- reassurance that any retirement planning service website was secure.

'I would take a look at it. I would want to know that if I was to put information in, that it was held in absolute confidentiality.'

(Female, 31-45, £10K-£20K, less frequent internet user, no pension provision, Leeds)

Issues arising in relation to the individual were:

- familiarity with, and confidence in using, the internet;

'I don't know how to use the Internet very well. I would need [help] in writing. I need to be told or in writing.'

(Female, 31-45, £10K-£20K, less frequent internet user, no pension provision, London)

- experience with using the internet for e-finance issues, particularly in terms of making purchases over the internet;
- a view that the internet was a sufficiently secure medium through which to deal with financial issues.

Those focus group participants who would be less likely to use an internet-based retirement planning tool tended to be those who: were infrequent internet users, had little confidence in their internet skills, had serious concerns about the security of the internet and did not currently use the internet for financial transactions of any kind.

The focus group participants who valued social interaction when undertaking financial transactions would also be less likely to use the internet-based retirement planning tool.

'I would only use the Internet if I had to and if it was the only way I could get that information and it was the information that I needed.'

(Female, 31-45, £10K-£20K, less frequent internet user, no pension provision, London)

9.2 How much time would the focus group participants spend using an internet-based retirement planning tool?

The study participants were asked how long they would be willing to spend using an internet-based retirement planning tool. The discussion was quite difficult for participants because they did not know how long a session might last. Consequently, they related their thoughts to the type of retirement forecast they thought they might need, how much information they might need to input and their experience in using other websites.

The focus group participants who indicated that they only required a quick retirement forecast, younger participants in particular, and wanted to provide the barest minimum of information, thought that a session lasting five or ten minutes would be adequate.

'Ten minutes. That's all you need. Ten minutes.'

(Female, 21-30, £10K-£20K, frequent internet user, no pension provision, Leeds)

This could extend if different types of forecast were required.

'If you just want a quick overview of what you're actually getting out, then it might be ten minutes. Just a quick look, but if I wanted to see what could I do and how could I change this, and how could I increase my pension, stuff like that, then I might want to fiddle about.'

(Male, 21-30, £21K-£30K, frequent internet user, no pension provision, London)

'If it is pertinent to them then people will probably have the patience to bear with it a little bit longer, depending on the amount or depth of the information they want. If you can get a quick fix in ten minutes, fantastic. Then if you want to go into it any further in depth you can do. That's probably the best way... people have got a very short attention span.'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

Users of dial-up connections that were on a pay-as-you-go tariff had a preference for using the internet retirement planning tool for relatively short periods of time, of only five to ten minutes.

Older participants in the study, those who thought that they might want to enter all their financial information in order to undertake a sophisticated forecast and those who wanted the time to understand what a retirement planning service could do for them thought that they would spend much longer using the planning tool. These individuals thought that periods of an hour were reasonable.

'It depends what you want to get from it. If you just want a guide it will be ten minutes. If you wish to have more information, well it depends how much more information you want then it's going to take [longer].'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, Leeds)

'Things like that, you are in to it an hour before you have even got half way through aren't you. But that would put me off it.'

(Female, 46-55, £10K-£20K, frequent internet user, no pension provision, Leeds)

'If you're that bothered though about your life you're going to sit there and go through the computer, you're not just going to give up because it's long. If you're really that serious about working out your life and you're really that bothered you're going to actually sit there and stick with it.'

(Female, 31-45, £21K-£30K, frequent internet user, no pension provision, London)

One participant could envisage spending an afternoon using a retirement planning tool.

'I look at it like this. I often spend the Saturday afternoon on the internet, looking up things and reading articles. If I wanted to use this and I needed to put all my details in and I needed to read about different types of pensions, then I would spend the time, the afternoon, using it...I could see myself spending two or three hours working through it...'

(Female, 31-45, £10K-£20K, frequent internet user, no pension provision, London)

9.3 What help would the focus group participants need in order to use an internet-based retirement planning tool?

Considering the one hundred participants in the research as a whole, all but the most infrequent users of the internet and those who were not confident in using the internet for much more than email, felt that providing a retirement planning service website was well designed, they would be able to use it without any external help. Those who were not confident that they could use a retirement planning service felt that the only way they could use the service was if someone was there to guide them.

Overall, the key to being able to use a retirement planning service was the design of the tool itself. As discussed earlier in the report, any service needed to be clearly designed and have uncluttered pages, provide ease of navigation and specific examples of the type of information that was required to be entered.

During this discussion it was also apparent that there was a tension between needing sufficient information in order to understand what to enter into a planning tool and the desire for an uncluttered site.

Although there was a need for both a comprehensive and clearly written FAQ³¹ and help system, there was also some dislike of FAQ systems as prior experience suggested that they were often either not specific enough or provided too much information to read. Additionally, the participants (frequent and less frequent internet users) disliked help pages that navigated them away from the page they were reading.

Consequently, in terms of help facilities, the participants requested:

- a simply written FAQ;
- help buttons that were located next to where information was to be entered;

³¹ FAQ – Frequently Asked Questions. Provides text-based answers to questions that are deemed to be frequently asked by users.

- help information that opened in a pop-up window;
- context sensitive help.

Finally, participants were concerned that they might not have the correct information to be entered into the tool. In cases such as this they wanted to have the facility to save what they had done and then return to the planning tool and continue, once they had found the correct information.

9.4 Summary

- There was a general willingness to use a retirement planning tool that cuts across the participants in terms of age, gender and income.
- Willingness to use such a service was dependent on features relating to a tool itself and also features that relate to the individual. These were:
 - a simple, easy to use, website;
 - being able to obtain a forecast without the need for personal information;
 - a save and retrieve function, with automatic updating of inflation rates;
 - reassurance that any retirement planning service website was secure;
 - familiarity with, and confidence in using, the internet;
 - experience with using the internet for e-finance issues, particularly in terms of making purchases over the internet.
- Those focus group participants who were less willing to use an internet retirement planning service included infrequent internet users, those who had little confidence in their internet skills, participants who had serious concerns about the security of the internet, those who did not use the internet currently for financial transactions of any kind and participants who valued social interaction when undertaking financial transactions. Those who were not confident that they could use a retirement planning tool felt that the only way they could use the service was if someone was to guide them.
- Considering the amount of time that the focus group participants might use a retirement planning tool for:
 - those participants who required a quick retirement forecast thought that a session lasting five or ten minutes would be adequate;
 - users of dial-up connections that were on a pay-as-you-go tariff also thought that five to ten minutes would be sufficient;
 - potential users who thought that they might want to enter all their financial information in order to undertake a sophisticated forecast, and those who wanted the time to understand what an internet-based retirement planning service could do for them, thought that they would spend much longer, with periods of up to an hour not being unreasonable.

10 Conclusions

It is important to recognise that this research is small-scale and qualitative in nature and that participants were selected specifically because they were already internet users. The views of non-users of the internet have not been included in the study. Further, the findings should be considered in the context of the research method in which the study participants were taken through the process of considering their knowledge about pensions, retirement planning and their need for information and planning advice.

10.1 The need for help with planning for retirement

Although the issue of pensions may have recently become more prominent in people's minds because of the considerable media coverage³² that it has attracted, there was little evidence that the participants in this research had made any concrete financial plans for retirement. Even though participants might already be contributing to a pension scheme, generally it is not until retirement is on the horizon that thoughts start to turn to whether they are adequately covered financially for retirement³³, as evidenced by the older participants in this study.

Previous research³⁴ has found that when people start to think about retirement planning, they find it difficult to work out how much income they will require when they retire to meet their desired standard of living and to cover the expenses they are likely to incur. The issue is further complicated by a marked lack of understanding about how pensions work. Findings are consistent with the focus group participants struggling to visualise retirement and the amount of money that they would need in

³² In particular the media coverage surrounding the White Paper *Security in retirement: towards a new pensions system*, published in May 2006.

³³ See also Hedges, A. (1998). *Pensions and retirement planning*. DSS Research Report No. 83.

³⁴ White, C., Green, E., Hedges, A. and Thomas, A. (2005) *Effective means of conveying messages about pensions and saving for retirement*. DWP Report No. 239.

order to support themselves. As a consequence of the research process that participants were taken through, they expressed a clear desire for information, help and assistance to think through retirement planning options, to understand how to obtain pension forecasts and gain assistance with considering how much they would need to save in order to secure a particular standard of living.

10.2 A qualified welcome for an internet-based retirement planning service

The concept of an internet-based retirement planning tool was generally welcomed by participants, although there were some concerns expressed.

Focus group participants were asked to consider how they would like such a retirement planning tool to operate and their preferences in terms of function and facilities. Those who said they would be interested in using such a tool – the dominant view in the groups – made a wide range of suggestions.

The focus group participants had different preferences for a retirement planning tool, in terms of the nature of the pension forecast that they would like and the type and level of information they were willing to enter into it. Nevertheless, there was clear preference for a single retirement planning tool that would be capable of providing a wide range of forecast options.

In terms of preferred functions, the following were considered to be of key importance:

- a range of pension forecasts:
 - estimates of the amount of money that should be saved in order to reach a specific retirement income;
 - estimates of the retirement pension they are likely to receive based on their current salary and contribution rates;
 - estimates of the income that would be required – and the contributions necessary – in order to meet a specific lifestyle and cover the likely costs of being older and retired;
- the option to select 'simple' or 'sophisticated' pension forecasts. Simple forecasts might only be based on current salary, contribution rates and expected retirement date. A sophisticated forecast might take into account the State Pension forecast, other pension provision that the person might be contributing, or have contributed, to as well as any savings they might have;
- an option to vary the amount of personal information that is used by the planning tool, ranging from providing the tool with no personal information at all through to inputting identity information, date of birth and National Insurance Number;
- a facility to save and retrieve a forecast, in order to add information that was not initially at hand later, make changes to the assumption or make changes in income or contribution levels, etc.

A range of additional functions and facilities were also thought to add value to an internet-based retirement planning tool. These were:

- a clearly displayed reminder that forecasts are not guarantees and that the planning tool would only be able to give an approximate indication of future income in retirement;
- clearly displayed assumptions on which the forecasts are made;
- automatic adjustments for inflation;
- a facility to indicate, within the planning tool, that other sources of income were available but that they were not taken into account in the forecast. For example, some participants indicated that they would move to a cheaper house when they retired and use the remaining capital to provide an income. They suggested that they may want to indicate to the planning tool that this money might be available but not to use the information in the forecast calculation. This would provide a fuller picture of potential retirement income;
- a print function.

Experience of using the internet was wide ranging, with some of the focus group participants using the internet on an almost constant basis and others only infrequently. Nevertheless, a common theme was that any retirement planning tool that might be made available to the public should be functionally simple to use. This included:

- clear, attractive and colourful web pages;
- simple navigation;
- the use of plain English;
- font sizes that are easy to read;
- no advertising.

Entering information into the tool should also be made easy through the use of tick boxes, drop-down lists, and intelligent routing. Simple but comprehensive help facilities were also thought to be essential.

With the exception of accessing the State Pension forecast, the study participants did not think that it would be necessary for the tool to directly access information about any other pension provision or savings. Participants felt they could enter this information themselves and it minimised the opportunity for Government to access further personal material.

10.3 Registration and security issues in relation to using web-based tools

Throughout the discussions it was apparent that there were concerns about issues such as registering for websites and the security of the internet. Registration for websites was a cause of considerable complaint, mainly because it was seen as an unnecessary process to have to go through and was primarily used by marketing departments for either market research or advertising purposes. Registration was only seen as necessary if personal information was to be stored, accessed (in the case of obtaining a State Pension forecast) or if a save and retrieve function was to be required. The general preference was for registration to be an optional process.

Where registration was required, the overall preference was for access via a username and password, with passwords being sent by email rather than through the post.

Concerns about the security of the internet were also expressed. Views about whether an internet-based retirement planning tool could be secure were polarised between those focus group participants who were so concerned about internet security that they would not input any personal information under any circumstances and those who considered that if the website was hosted or managed by government and displayed the 'secure lock' symbol, they would accept the security of the site.

10.4 A preference for government or government-sponsored brand to run an internet-based retirement planner

Considering how an internet retirement planning tool should be branded, there was a clear preference for government to host or manage such a retirement planning tool as they were seen by respondents to be most likely to provide a trustworthy and secure website, legally correct information, the most accurate information and a free service. Even so, there were some concerns about political interference. These could be alleviated by an independent non-profit organisation hosting the tool, but overseen by government.

10.5 A web-based approach to retirement planning may not be appropriate for everyone

The question arises as to whether an internet-based retirement planning tool would be used. From the point of view of the research participants there was a considerable degree of support expressed for such a tool, particularly if it operated in a multi-functional and flexible manner.

Despite embracing the concept, not all respondents would be willing to use such an internet-based facility. Taking the focus group participants as a whole, there were two groups of potential non-users. There are those who are distrustful of government and would see such a facility as a means of collecting further information about the individual. An option to withhold personal information, such as identity information, may allay fears about security. The other group are those for whom the internet is daunting to use or are concerned about the security of such a website tool. It also should be noted that all respondents were selected because they were internet users but even among this group there were some who found the internet daunting and had security concerns. In these latter instances there would need to be guidance made available that is written in plain and simple terms, together with reassurance that even if they made a mistake they could not do any damage, either to their computer or any records that might be held within the planning tool.

10.6 What would help participants plan for retirement?

This research adds to the increasing body of evidence that indicates that planning for retirement is often neglected by the general public. There are many reasons for this, including inertia, the complexity of the decisions involved, financial myopia and the cost of pension saving³⁵. There is an important role for information in contributing to tackling these issues.

While it should be noted that this research study is small in nature there are clear indications that facilities to help participants plan more adequately for their retirement would be welcomed. These include:

- helping participants to realise that retirement planning should not be delayed but should be undertaken early in life and regularly reviewed;
- assistance with considering realistic retirement aspirations and the amount of money likely to be needed to achieve this;
- a checklist that enables participants to consider likely expenditure in retirement;
- facilities to assess the relative contribution of different sources of income that might be used to support retirement. This might include an analysis of the contribution of the State Pension, company and private pensions, savings and investments, income from buy-to-let properties and the potential income available from the capital released when selling/downsizing a home;
- the effect of inflation on future income;
- a simply written digest that tackles the essential concepts of pension and retirement planning.

³⁵ *Security in Retirement: towards a new pensions system* (2006) Department for Work and Pensions.

The present study supports existing research³⁶ that suggests there is no single method of communicating retirement planning information effectively to the public. Providing pensions information and guidance on the internet would appeal to some participants but it is not suitable for everyone. For some participants, pension information through a medium other than the internet would be highly desirable. An internet-based retirement planning service is likely to appeal to a proportion of the population, particularly those who have access to a computer, like using the internet for financial transactions and are confident in using such facilities. This research identifies some of the functions and features that individuals would welcome to support them in retirement planning online.

³⁶ Such as White, C., Green, E., Hedges, A. and Thomas, A. (2005) *Effective means of conveying messages about pensions and saving for retirement*. DWP Research Report No. 239.

Appendix A

Recruitment

The study was undertaken in London and Leeds, with specific urban and suburban areas being selected that reflected the moderate to low income nature of the local population. In London, the group discussions were undertaken in Blackheath; in Leeds the areas selected were Seacroft and Moortown.

Participants took part in the study and were selected on the basis of a set of quota variables. These were:

- internet access – a mix of regular users, selected according to the number of times they accessed the internet each week – five-seven days per week, and once per fortnight to five days per week. This is a very crude indication of internet usage and does not take into account the length of time a person uses the internet in each session. Non-users of the internet were excluded from the study;
- individual income – two bands of £10K-£20K per annum and £21K-£30K per annum gross earnings that reflected the moderate to low income target population who are typically under-savers.

In two-income earner households it is quite possible that the incomes of each partner may be very different. In this study an attempt was made to ensure that each partner's income fell within either of the two specified income bands. However, there were two examples in one of the Leeds groups where this turned out not to be the case. The analysis indicates that this did not have any impact on the nature or content of the discussion.

- age – three age bands were used that approximated to different life stages. These were 21-30, 31-45 and 46-55.

The age, income and area quotas were interlocked so that £10K-£20K incomes were reflected in both the 21-30 and 31-45 age groups in each of the London and Leeds areas. However, in London the 46-55 age group all earned £21K-£30K, whilst in Leeds the 46-55 age group had individuals incomes of £10K-£20K.

Employment status (employed or self-employed) and whether the individuals had any pension provision to which they were currently contributing (employer or personal) were recorded at the time of recruitment but were not used to structure the sample.

Individuals were recruited into the study by BMRB Social Research's specialist Field Team using conventional free-find recruitment methods. With a free-find recruitment technique, recruiters approach potential participants in the research either in the street or by knocking on people's doors. They are then asked a series of questions using a recruitment screen (Appendix B) in order to determine their eligibility for inclusion in the research. It was explained to potential participants that their participation in the study was voluntary and the content of the discussions would be confidential.

The achieved recruitment for each group discussion is shown in Table A.1:

Table A.1 Group discussion profile

Group	London										Leeds										Total	
	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10		
Age																						
21-30	10	10				10	10									10					40	
31-45			10	10														10	10			40
46-55					10															10		20
Gender																						
Female	4	6	4	5	6	5	6	5	5	5	6	6	5	5	5	5	5	5	5	6	52	
Male	6	4	6	5	4	5	4	5	5	4	4	5	5	5	5	4	5	5	5	4	48	
Income																						
£10K - £20K	10		10			10															50	
£21K - £30K		10		10	10						10										50	
Employment																						
Employed	5	9	8	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	9	8	74	
Self-employed	5	1	2	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	1	2	26	
Currently contributing to a pension scheme?																						
Yes	2	5	3	6	6	5	6	6	6	6	6	6	6	6	6	6	6	6	5	6	50	
No	8	5	7	4	4	5	4	4	4	4	4	4	4	4	4	4	4	4	5	4	50	
Internet use																						
Less frequent user (Once a fortnight to 5 times a week)	2	8	1	7	3	6	4	4	4	4	4	4	4	4	4	4	4	5	5	3	44	
Frequent user (5 - 7 times a week)	8	2	9	3	7	4	6	6	7	7	4	6	6	7	4	6	6	5	5	7	56	

Appendix B

Screening questionnaire

“Good morning/afternoon, I’m from BMRB, an independent research organisation. We have been asked by the Department for Work and Pensions (DWP) to carry out research to explore the type of information that people might need when planning their retirement. This research is happening because the Government is committed to providing individuals with high quality information to assist their retirement planning. The Government is interested in exploring the specific requirements and preferences that individuals might have for information and planning tools for retirement.

The research is completely anonymous. Any of the information you share with BMRB will be kept completely confidential, and your personal details will not be passed on to DWP. BMRB are totally independent of DWP.

May I ask you a few questions please?”

Recruiter information - If respondents have any concerns or want more information about the study, please give them Richard Brown’s phone number and he will contact them back

Richard Brown
Tel: 0208 433 4461

Please contact Fred Phillips if there are any other questions.

Explain to everybody

The nature of the methodology - group discussions
Confidentiality and anonymity of respondents
About BMRB

Note: If respondent does not want to participate could you ask them to please provide a reason as to why and record their answer below:

	CODE	ROUTE
<i>Recruiter: Please fill in</i>		
1. Area		
London	1	See quota and go to Q2
Leeds	2	
2. Note gender:		
Female	1	See quota and go to Q3
Male	2	
3. Employment status		
Which of the following statements applies to you?		
I am unemployed or retired	1	Thank and close
I am employed (part time or full time)	2	See quota and go to Q4
I am self-employed	3	
4. Internet use:		
Which of the following statements applies to you?		
I do not use the internet at all	1	Thank and close
I use the internet <u>only</u> to check my e-mail	2	
I use the internet between once per fortnight and 5 times per week for surfing the web and email	3	See quota and go to Q5
I use the internet regularly; my use is around 5-7 days a week for surfing the web and email	4	

5. Annual income:

Thinking about all your sources of income, how much do you yourself earn (gross – that is before all deductions such tax and NI) per year:

Less than £10k	1	Thank and close
£10k - £20K	2	See quota and go to Q6
£21k - £30K	3	See quota and go to Q6
Over £30K	4	Thank and close

6. Pension Contribution:

Which of the following statements applies to you?

I am currently contributing to a pension scheme (either personal or employer)	1	See quota and go to Q7
I am not currently contributing to a pension scheme (<i>including those who contributed in the past but are not doing so at present</i>)	2	

7. Savings

Do you have any savings that are SPECIFICALLY EARMARKED for your retirement?

If No, go to Q 8

If yes, approximately how much?

Less than £10k	1	NOT a quota variable – record for information only Go to Q8
£10k - £20K	2	
£21k - £50k	3	
Over £50k	4	
Don't know	5	

8. Age:

Can I ask you how old you were on your last birthday?

Under 21	1	<input type="checkbox"/>	Thank and close
21-30	2	<input type="checkbox"/>	See quota and go to Q9
31-45	3		
46-55	4	<input type="checkbox"/>	
56+	5	<input type="checkbox"/>	Thank and close

9. Marital status:

Which of the following statement best describes you?

Single; Widowed; Divorced	1	<input type="checkbox"/>	See quota and go to Q10
Married; Co-habiting	2		

10. We would like you to take part in a group discussion to talk about the type of information you might need when planning retirement.

There is a £30 gift payable to all of those who take part

Would you be willing to take part?

Yes	1
No	2

If No, please give reason.....

The group will be held on:

...../...../.....(Date)at
(Place and time)

Note to recruiter- Please remind respondents that we will be recording the interviews.

Contact details.....

Appendix C

Topic guide

45105133
May 2006
Topic guide
FINAL



DWP – Internet Retirement Planning Service – topic guide

RESEARCH AIMS:

- Use of the internet, particularly for e-commerce, banking, financial information and products; reasons why not used for financial issues.
- Sources of financial information and how they use and deal with that information, particularly retirement planning information.
- Whether and how people plan for retirement; its importance; what they take into account; what they feel they need to know; whether information would need to be personalised.
- What would help them plan for retirement.
- Perceived value of a web-based service for retirement planning:
 - How and where would they want to access the facility.
 - What features/facilities/content would they want.
 - Need for interactivity.
 - Need for ability to save.
 - Types of information willing to enter.
 - Design features (look and feel).

Continued

- Optimum amount of time they would want to spend using the service.
- Understanding participants' capabilities in using such a tool.
- Would they use such a facility.
- What would encourage/discourage participants from using such a facility.
- How the tool might be branded.

1. Introduction

- About BMRB – independent research organisation
- Commissioned by DWP
- Aims of the project
- Content of interview
 - *Note that we will be talking about financial issues, pensions, etc. and we will need to know a little about their financial circumstances but we will NOT be asking about how much in savings, etc. they have*
- Confidentiality/recording
- Duration of group (2 hours)

2. Background/context (keep brief)

- Contextual information
 - First name
 - Age
 - Marital status
 - Current employment status

3. Internet use

- Length of time using the internet
 - How often do they use the internet
- Where do they use the internet
 - Work/home/internet café/other
 - What type of connection do they have e.g. Dial up, pay monthly, broadband connections, other
- What they use the internet for
 - What type of sites do they access? (online banking, travel, online newspapers, online auctions, chat rooms, gaming sites, other)
 - ~ Why these types of sites

- Types of services they have **registered** for on the internet in the past
 - Online banking, shopping, travel, online news, others
 - Explore ease of registration process
- What are their experiences of using the internet
 - Probe on (for each explore any problems experienced)
 - Navigation online
 - Understanding instructions and information online
 - Finding required information on the internet
 - Using search facilities
 - Making transactions on the internet
- Perceived benefits of using online sites
- Confidence in using the internet generally
- Experiences of using web-based services
 - Self Assessment online
 - Commercial financial services online
 - Use of other web-based services
- Reasons for/against using the internet for financial issues
 - Cost and time issues associated with using the internet
- Confidence in using the internet for financial issues,
 - Privacy or security concerns
 - ~ e.g. 'phishing'
- Explore whether barriers to use of the internet for financial issues are real or perceptual
- Views and experiences of obtaining pensions information online
 - Have they sought pensions information online
 - What sort of information
 - Where did they look
 - What did they think of the information they obtained
 - Did it meet their needs (why/why not)

4. Financial products (Obtain an overview rather than very detailed information)

- Explore how they purchase financial products (respond to advert, local branch, bank/building society financial adviser, Independent Financial Adviser, internet, etc.)
 - Savings accounts
 - Loans
 - Mortgages
 - Pensions
 - Explore reasons for different purchase routes according to product
- Sources of information that they use
 - Financial magazines/financial columns in the newspapers (which ones do they use)
 - Advisers (Tied/Independent)
 - Via phone
 - Internet
- Explore views about the information received
 - Does it meet their needs (reasons why/why not)
 - Trusted sources of information
 - ~ Reasons why/why not
 - ~ Which sites are trusted/not trusted
- How do they use the information they obtain
 - Comparison purposes
 - To make decision by themselves or with partner
 - Use with an adviser
- Explore whether financial **advice** is sought
 - Circumstances in which they would seek advice (do the circumstances differ to when they would only seek information)
 - Views about the financial advice received in the past

5. Knowledge about pensions

Be sensitive in this section about the way questions are phrased – it is crucial that those who do not know much about pensions do not feel uncomfortable

- Explore what type of pension(s) they have
 - Do they know what pension(s) likely to be worth at retirement,
 - How they (can) find out what their pension will be worth when they retire
 - ~ Pension statement
 - Familiar with this
 - How easy is this to understand
 - What would help them (WRITE ON FLIPCHART)
 - ~ FSA website
 - Explore whether this has been done
 - ~ Views about the information they received
 - ~ What do they want to know about pensions
- What do they know about the State Pension and S2P
 - How much is the State Pension currently worth
 - Do they know how to find out
- Awareness of the State Pension forecast
 - Any experience of obtaining a forecast
 - ~ Views about this
 - ~ Where would they go to get this

6. Financial provision and planning for retirement

- Plans for their retirement
 - Intended age of retirement
 - ~ What informs their retirement age
 - Do they have any pension plans?
- Explore how they intend to provide financially for their retirement
 - Role of the State Pension in this
 - Explore whether they have a plan for retirement in terms of the money they will need
 - ~ Can they describe it
 - Savings and investment specifically for retirement

- Other investments (e.g. property) specifically for retirement
- Do they distinguish between their different sources of retirement income
- Explore when retirement planning occurred
 - What were the triggers to planning
 - Perceptions of whether plans will work out as expected
 - ~ Reasons why/why not
- If they do not have a plan, do they think they will make one
 - When will this be
 - What is likely to trigger them making a retirement plan
- Views on the importance of planning for retirement
 - As individual/as couple
- Standard of living they hope to achieve in retirement
 - Comparison with present standard of living **SPONTANEOUSLY FIRST**
 - ~ What will change in terms of money
 - ~ How easy is it to think about this
 - ~ What would help them (WRITE ON FLIPCHART)
- Do think they will achieve their desired standard of living
 - Reasons why/why not
 - How easy is it to think about this
 - What would help them to think about this (WRITE ON FLIPCAHRT)
- Explore how they would work out:
 - How much money they want to retire on
 - How much money they will have to retire on given their current financial provision
- If they were to start to think about planning for the future now what information would they need/what would they need to take into account
 - Views on what is most useful to know:
 - ~ How much income they will have in retirement
 - ~ How much they will need to live on in retirement

7. A Hypothetical Internet Retirement Planning Service

We have been talking about pensions, retirement and planning for retirement...what do they think about the idea of an internet-based retirement planning tool...

- Views on the idea of an internet-based retirement planning service
 - Do they think it would be something they would use
 - Reasons why/why not
- Views on who should provide an internet retirement planning service (how should it be 'branded')
 - Reasons why/why not

Functions

Note: functions should be written on flip chart and then prioritised and related to the 'needs' previously identified

- Views on what planner would need to do for them
 - Desired functions
 - Desired information
- Should planner:
 - Be able to demonstrate what standard of living will be like at retirement age given current rate of pension contribution
 - Be able to state the level of contribution needed to achieve particular standards of living
 - What else should it do
- Views on provision of State Pension forecast within the Internet Retirement Planning Service
- Explore other desired functions
 - Income/pension gap calculator
 - Ability to provide info about private pensions online
 - ~ Ability to add other private pensions into calculation
 - Would people be willing to enter private pension in manually from statements
- Provision of generalised or personalised information
 - What sort of general information would they want
 - What sort of personalised information would they want

- Likely length of a session
 - What would be the ideal length of time they would want to use the tool for
 - What would be the maximum
- Need for 'save and return' service
 - How would this work in practice
- Explore awareness of any similar tools/services they may have come across
 - Are there any functions that should be incorporated into the Internet Retirement Planning Tool being discussed
- Explore desired 'look and feel' of the web site
 - Single page/multi-page
 - What makes a 'good' web site
 - What makes a web site 'poor'
- Comparison with other sites that are easy to use
 - What makes a site easy/difficult to use
 - ~ Examples

Access issues

- How would they want to access it
 - Government Gateway
 - ~ Experiences
 - Through a Government site
 - ~ Which one
 - Stand-alone site
 - ~ How would this be 'branded'
- Explore views on 'activating site'
 - Activation PINs, User names and Passwords
- Views on how differing internet connections will impact on use of internet retirement planning tool

Security issues

- Feelings about security
 - Information would they be prepared to put into it (and what not)
 - Whether planner should remember information
 - ~ Ability to save partial calculations/update forecasts

- How would people be reassured about security levels and protection of personal details

Round-up – ideal retirement planning service

- Explore views on the ideal internet-based retirement planning service
 - If they were designing an internet retirement based planning service:
 - ~ What features would it have
 - ~ Which would be the most important features
 - What could they do without
 - What couldn't they do without
 - ~ How would they want to access it
 - ~ What would the site look like?
 - Would people be prepared to register and then return to the site after confirmation
 - Would they use such a site
 - ~ What would trigger use
 - ~ Would people use the planner on more than one occasion

THANK AND CLOSE

Appendix D

Analysis of qualitative material using ‘Matrix Mapping’

Material collected through qualitative methods is invariably unstructured and unwieldy. Our analytical procedure – Matrix Mapping – works from verbatim transcripts and involves a systematic process of sifting, summarising and sorting the material according to key issues and themes.

‘Matrix-Mapping’ begins with a familiarisation stage. Based on the coverage of the topic guide, the researchers’ experiences of conducting the fieldwork and their preliminary review of the data, a thematic framework or matrix is constructed. The material from the transcripts is then summarised into this thematic framework. Following this, the researcher reviews the material and identifies features within the data: defining concepts, mapping the range and nature of phenomenon, creating typologies, finding associations and providing explanations. By organising the material in this way, the researcher can identify common themes that emerge from the interviews as well as looking at similarities and differences that occur between different groups of individuals taking part in the research.

