

Department for Work and Pensions

Research Report No 540

The information people may require to support their decision to remain in, or opt out of, a workplace pension

Claire McAlpine, Helen Marshall and Andrew Thomas

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

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Summary

Background

The Pensions Bill was introduced into Parliament on 5 December 2007 and contains proposals for private pension reform. These reforms build on the Pensions Act 2007 and are designed to encourage and enable more people to save towards their retirement. The main elements of these reforms are:

- a duty on employers to automatically enrol jobholders into workplace pension arrangements that meet certain minimum standards;
- a minimum employer contribution equal to three per cent of qualifying earnings; and
- the establishment of the personal accounts scheme – a simple, multi-employer, low-cost pensions savings vehicle for those currently without access to a qualifying workplace pension from their employer.

Automatic enrolment aims to overcome decision-making inertia, which prevents many people from starting to save even when they recognise the need to do so. It will cover those workers who are aged between 22 and State Pension age (SPA), earning at least £5,035 per annum¹ in a single job and who are not already in a qualifying pension arrangement.

To make pension saving more attractive to individuals, employers will be required to contribute a minimum of three per cent (on a band of earnings²). There will also be a contribution of around one per cent from the State in the form of normal tax relief. Employees will be required to contribute a minimum of four per cent so that the minimum overall contribution is eight per cent (on banded earnings).

¹ In 2006/07 earning terms.

² The earnings band is between £5,035 and £33,540 in 2006/07 earning terms and will be updated in line with changes in average earnings, to maintain some linkage between the value of contributions in relation to earnings.

Employers will need to identify a workplace pension arrangement of an appropriate standard so that they may automatically enrol their jobholders. The personal accounts scheme will be one of the options available to employers.

Individuals will be able to opt out if they wish. Therefore, individuals will require, and be provided with, information to help them decide whether to remain in workplace pension saving or whether to opt out.

Because people's circumstances change, those individuals who opt out will be re-enrolled if they are still in the same job. This will enable them to revisit an earlier decision to opt out. However, re-enrolment will not arise more frequently than once every three years.

Research aim and objectives

The Department for Work and Pensions (DWP) commissioned BMRB to conduct a qualitative research study to explore the information that people believed they would require to support a decision to opt out of, or remain in, a qualifying workplace pension following their automatic enrolment. Additional objectives were to:

- ascertain the questions that people might ask about workplace pensions;
- understand the relative importance of different pieces of information that people request;
- explore whether there were any sub-group differences in information requirements; and
- consider when information would be required.

This research did not aim to explore individual views or attitudes towards the reforms (although some attitudes did inevitably emerge during the research, and are reported here where they impacted upon individuals' information needs). Nor did it aim to explore how people would make the decision to remain in, or opt out of, a workplace pension, or what decision they may make. These topics are the focus of a separate programme of quantitative and qualitative research commissioned by DWP³.

Methodology

The research used a qualitative methodology comprising 16 group discussions. Prior to this, pilot groups were used to test and develop the topic guide but were

³ Smith, P., Webb, C., Pye, J., Robey, R. and Jeans, D., forthcoming in 2008, *Individuals' attitudes and likely reactions to the workplace pension reforms 2007: Report of a quantitative survey*, and Gray, E., Hall, S., Harvey, P. and Lancaster, J., forthcoming in 2008, *Why people may decide to remain in or opt out of the personal accounts scheme: Report of a qualitative study*.

not included in this report. The sample was wide ranging and structured to reflect the following range of characteristics⁴:

- age;
- gender;
- individual income;
- household composition;
- whether they contribute to a workplace pension scheme;
- employer size;
- pension confidence.

The sample intentionally excluded people who were working in the public sector or who were self employed.

Key findings

An overview of the information required by people to support their decision to remain in, or opt out of, a workplace pension

Respondents identified a wide range of information requirements when discussing the issue of making a decision to remain in, or opt out of, a workplace pension. Some were perceived to be more important than others and are referred to as **core** and **supplementary** information requirements respectively. These information requirements were set against a background of prior views about, and experiences of, pensions and financial services – referred to as **contextual issues**.

- There was a great deal of uniformity regarding people's information needs. Where there were sub-group differences these have been explicitly stated.
- The **core information requirements** were raised consistently across the group discussions and were considered **essential** to making an informed decision.
- The **supplementary information requirements** would **increase confidence** on the part of respondents in the decisions they made. Even if they did not read this information, it was felt its provision demonstrated a transparent and trustworthy process.
- Respondents imagined they would use this information to conduct an analysis focused on the costs, benefits and risks of how much they would need to contribute, whether they could afford this amount, the time period over which they were contributing and the amount of money they were likely to receive in retirement.

⁴ Further details can be found within Appendices A and B.

- Some respondents felt that they would not be able to make an instant decision and would need to discuss this with friends and family and, in a handful of instances, independent financial advisers.
- The decision about whether to stay in, or opt out of, a workplace pension scheme would be made against a background of **contextual issues**. These contextual issues, formed by personal views and experiences, the experiences of friends and family and from the media, would influence how respondents interpret the information and ultimately, the decision making process.

Core information requirements

Seven core information requirements were identified by respondents as being essential to supporting their decision to stay in, or opt out of, a workplace pension. Of the seven, whether the pension was **affordable to them** and the security of the pension 'pot' were priority pieces of information.

- 1 **Affordability:** A key information requirement for respondents was whether their disposable income would be sufficient to cover their contributions into a pension and whether they could either take a break from making contributions or if they could reduce their contributions for a while. Information was required that would help respondents make up their own mind as to whether they would be able to afford the contributions. It was not within the remit of this research to explore perceptions of the actual affordability of the scheme to particular individuals and respondents weren't told what contributions would mean to them personally⁵. This issue was, however, explored in other DWP research⁶.
- 2 **Security:** The security of the pension 'pot' was also of key interest. Respondents wanted information to determine how safe their savings would be, the likely effect of changes in Government on the continuance of the initiative and the financial risks associated with pensions.

Other core information requirements were:

- 3 **Financial advantages:** Respondents felt that they would want to 'shop around' for the best investment option for their retirement savings and wanted to know what income they could expect from their workplace pension and how this would compare with other savings options such as other private pensions and non-pension saving options (e.g. ISAs, property, savings accounts).

⁵ Appendix C gives details of the information that respondents were presented with in the research scenario.

⁶ When respondents were provided with information on the contributions that they would be required to pay in actual monetary terms, affordability did not emerge as a significant barrier to remaining in the scheme: Smith, P., Webb, C., Pye, J., Robey, R. and Jeans, D., forthcoming in 2008, *Individuals' attitudes and likely reactions to the workplace pension reforms 2007: Report of a quantitative survey*.

- 4 **Retirement provision:** Information was required about how much money respondents would receive from the State Pension and a workplace pension and how a workplace pension would be paid in retirement (lump sum, weekly or monthly income).
- 5 **Death:** Respondents were keen to know whether, in the event of their death (either before or after retirement), their family would inherit their workplace pension and if so, the position regarding inheritance tax.
- 6 **Portability:** Respondents did not wish to accumulate lots of small frozen pension 'pots' spread across various employers and, therefore, required information about transferring a workplace pension between employers.
- 7 **Impact on job security and employee benefits:** There were questions about the affordability of the contributions to employers and how this may impact on the job security of employees or whether this might affect future pay rises and bonuses. Respondents wanted to know if employers would receive financial help with the cost of contributing to employees' workplace pensions.

Supplementary information requirements

In addition to their core information requirements, respondents also raised some additional sets of questions. By providing access to this wider set of information, respondents would feel that they were making a better informed decision, would feel more confident that the decision they had made was the correct one for them and that the workplace pension they were being enrolled into was transparent.

These supplementary information requirements were (in no particular order):

- 1 The reasons why they may be enrolled into a workplace pension when there already existed a State Pension scheme.
- 2 How employers would be encouraged to comply with meeting their new obligation of contributing to a workplace pension.
- 3 Whether there would be any impact on their entitlement to means-tested benefits. For example, whether those in receipt of Working Tax Credit (WTC) would have their award increased to cover their contributions and whether participation in a workplace pension would interact with means-tested benefits which might be received in retirement, such as Pension Credit and Housing Benefit (HB).
- 4 Whether the pension pot would be 'liquid' with the facility to withdraw money from the pension 'pot' **before** retirement in cases of financial difficulty (for example, illness or redundancy).
- 5 Whether a workplace pension would be subject to any charges, such as administration charges, or penalties.
- 6 The administrative aspects of a workplace pension and reassurance that transferring a pension between employers would not be a complicated process.

- 7 The eligibility criteria for a workplace pension. These included whether their employment was part-time or full-time, the duration of employment, whether they already had a pension and their personal circumstances (e.g. age, medical health).
- 8 The type of information that would be available to them about a workplace pension and how they would access this.
- 9 Whether the workplace pension would be flexible so that they and their employers could make contributions into an alternative pension rather than into the workplace pension into which they are automatically enrolled.
- 10 Whether there would be 'loyalty rewards' for long-term payments into the pension.

Two further information requirements were also identified that were important to individual respondents within the groups. These related to ethical investment practices and living abroad.

Contextual issues

The information which respondents reported they would require to help them make a decision whether to stay in, or opt out of, a workplace pension were set against a background of pre-existing views and experiences. These views were informed by personal experiences of pensions, the experiences of family and friends and the media. These contextual factors are likely to influence individuals' information needs and interact with the information they are provided with.

The contextual issues varied amongst individuals but included: doubt about whether the State Pension would continue to exist in the future; distrust in private pensions; a view that property and non-pension savings (e.g. ISAs and savings accounts) would provide greater and/or safer retirement investments; and views about the principle/legality of automatic enrolment.

The provision of information

Respondents generally held the view that they would **need all the information (answers to all the questions they raised) to make an informed decision** about whether to remain in, or opt out of, a workplace pension. This would help them to answer their key questions and, by making the process transparent, would increase their trust and confidence that they were making the right decision for them.

Despite wanting to be provided with (or given easy access to) all the information, respondents differed considerably in how they would deal with this information. While some would read all the information provided, others wanted it for reference as they were unlikely to read it all.

Respondents did not want information to be provided at too many different points in time as they felt it would be confusing to draw all the pieces of information

together. They also stressed that **all information should be provided** (or at least they should have access to it) **before they would have to make an informed decision**.

The information which respondents required to help them make a decision could be provided in two key stages:

- 1 **During an awareness raising campaign** – Cost and security were seen as the priority pieces of information for inclusion in an awareness raising campaign, together with reasons for the reforms to workplace pensions. Respondents identified the period 6 to 12 months prior to the introduction of the scheme as a potential window for such a campaign.
- 2 **In an information pack** – Respondents suggested an information pack which consolidated the information that had been provided during the awareness raising campaign **plus** any remaining information requested. It was envisaged that this pack could be in a FAQ format that would be given to all eligible employees. Although respondents felt it was unlikely they would read this document in its entirety, they did feel that they would use it as a reference document, accessible whenever they needed to refer to it.

Although people might not feel confident in their knowledge of pensions, they nevertheless recognised many of the concepts, albeit with different degrees of understanding and using different language styles.

Two key assumptions were made by respondents about the reform of workplace pensions: that workplace pensions would be a Government-led arrangement⁷; and that any information provided would be unclear and full of 'jargon'.

Therefore, the implications for the provision of information are that:

- information should be presented in a clear and uncomplicated manner;
- it should not be assumed that pension terminology is universally understood; and
- a glossary of terms should be included that describes key pension concepts in everyday terms.

⁷ This assumption persisted despite the fact that respondents were not told during the research how exactly the new arrangements would be managed and the role Government will play. After 2012, some people will be automatically enrolled into their employer's workplace pension schemes. Others will be automatically enrolled into the personal accounts scheme which is being established by Government but will be run by a sole corporate trustee appointed by the Secretary of State. The trustee will be ultimately responsible for the performance of the scheme and will run the scheme independently at arms' length from Government.

1 Introduction

1.1 Report outline

Chapter 1 provides an overview of the objectives, design and conduct of the research.

Chapter 2 provides an overview of the information required by people to support their decision to remain in, or opt out of, a workplace pension.

Chapter 3 considers the core information requirements which were considered to be essential in order to be able to make an informed decision about whether to remain in, or opt out of, a workplace pension.

Chapter 4 describes the supplementary information requirements.

Chapter 5 focuses on the contextual issues which would form a background against which the decision to remain in, or opt out of, a workplace pension would be made.

Chapter 6 discusses when information should be provided to people and the types of information that might be provided at different times.

1.2 Background to the research

The Pensions Bill was introduced into Parliament on 5 December 2007 and contains the Government's proposals for private pension reform. These reforms, which include automatic enrolment into qualifying workplace pension arrangements, a minimum employer contribution and the setting up of the personal accounts scheme, are designed to encourage and enable more people to save towards their retirement. Automatic enrolment creates a presumption to save, thereby helping to overcome decision-making inertia, which prevents many people from saving for a private pension.

Automatic enrolment will cover those workers who are aged between 22 and SPA, earning at least £5,035 per annum⁸ in a single job who are not already in a qualifying pension arrangement.

To make pension saving more attractive to individuals, employers will be required to contribute a minimum of three per cent (on a band of earnings⁹). There will also be a contribution of around one per cent from the State in the form of normal tax relief. Workers will be required to make up the difference so that the minimum overall contribution is eight per cent (on banded earnings).

Employers will need to identify a workplace pension arrangement of an appropriate standard so that they may automatically enrol their jobholders. The personal accounts scheme will be one of the options available to employers.

Preferences for saving for retirement vary, so individuals will be able to opt out if they wish. Therefore, individuals will be provided with information to help them decide whether to remain in workplace pension saving or to opt out.

Because people's circumstances change, those individuals who opt out will be re-enrolled if they are still in the same job. This will enable them to revisit an earlier decision to opt out. However, re-enrolment will not arise more frequently than once every three years.

1.3 Research aim and objectives

The overall aim of the research was to explore the type of information that may support people's decision to remain in, or opt out of, a workplace pension following their automatic enrolment. Additional objectives of the research were to:

- ascertain the questions that people might ask about a workplace pension;
- understand the relative importance of different pieces of information that people request;
- explore whether there were any sub-group differences in information requirements; and
- consider when information would be required.

It is important to note that the research did not seek to address individuals' **views** or **attitudes** towards personal accounts or how people would make the decision to remain in, or opt out of, a workplace pension. The focus of the research was to explore the information that respondents **believed they would require** to support the decision to remain in, or opt out of, a workplace pension.

⁸ In 2006/07 earning terms.

⁹ The earnings band is between £5,035 and £33,540 in 2006/07 earning terms and will be updated in line with changes in average earnings, to maintain some linkage between the value of contributions in relation to earnings.

1.4 Research design and methods

The research was based on a series of group discussions. These provided a creative forum in which to explore the information requirements of people presented with a scenario¹⁰ in which they had to decide whether to remain in, or opt out of, a workplace pension.

Following a pair of pilot group discussions, a further 16 group discussions were conducted with a wide range of individuals in receipt of annual incomes below £35,000¹¹. The pilot groups are excluded from this report.

The sample was wide ranging in order to identify and explain any possible variations in the information requirements of different sub-groups of people. The sample intentionally excluded people who were working in the public sector or who were self-employed.

The sample was structured according to the following characteristics:

- whether or not they contributed to a workplace pension scheme which has an employer contribution;
- individual income (from main job);
- age;
- gender;
- household composition;
- size of employer;
- pension confidence¹².

The full details of the format of the group discussions may be found in Appendix C. The sample profile may be found in Appendix B.

¹⁰ See section 3 of the topic guide in Appendix C.

¹¹ Although individuals earning over £35,000 per annum are not a key saver group for the DWP, they will, nevertheless, be eligible for automatic enrolment. Therefore, some individuals earning £35,000 – £44,999 were included in the study as a means of considering the information needs of this group with regard to automatic enrolment.

¹² Pension confidence was assessed by a self-report measure within the recruitment screening questionnaire. Respondents were asked to rate their agreement on a scale of: strongly agree/agree/don't know/disagree/strongly disagree for the following question: *I'm confident I know what to do when it comes to making a decision about pensions.*

1.4.1 Conduct of the group discussions

Each group discussion was exploratory in form, the structure of the discussion being based on a topic guide (see Appendix C), which listed the key themes and sub-topics to be addressed. The group discussions were audio- and video-recorded and subsequently transcribed for analysis.

The group discussions lasted approximately 90 minutes and used a variety of techniques to identify people's information requirements. A total of 130 people took part in the research, with an average of eight people participating in each group discussion. Respondents were given £25 as a thank you for taking part. The structure of the discussions is detailed below:

- 1 **Introduction to the research and respondent introductions.**
- 2 **The automatic enrolment scenario.** Respondents were read a scenario which asked them to imagine that when they arrived at work tomorrow they would find they have been enrolled into a workplace pension. They were told that there would be an awareness raising campaign leading up to their enrolment and that the workplace pension would include contributions from themselves, their employer and the State. The actual amount of these contributions was not specified. Respondents were also told that the pension 'pot' into which they would make contributions was completely separate from, and in addition to, the State Pension. The scenario ended with the question – *Does this information help you to make a decision whether to stay in, or opt out of, the workplace pension?*
- 3 **Brainstorming session.** Respondents were asked what questions they would want to ask. All of the questions arising were written down on show cards and displayed.
- 4 **Prioritising session.** The 'top three' questions. Respondents were asked to write down (independent from other respondents) their personal top three important questions from **all** those raised during the brainstorming session. Each respondent was then asked to read out their 'top three' questions. All the questions read out were displayed and the remaining questions were removed from the display.
- 5 **'Key facts' prioritisation.** Respondents were asked to consider which of the questions left on display might be included in a 'key facts guide'. This does not imply that such a guide will be produced by DWP but was simply a method of enabling respondents to identify the most important pieces of information.
- 6 Respondents were asked to consider **when information should be made available**. Their questions and information requirements were organised into three possible time periods: during an awareness raising campaign; whilst making a decision about whether to stay in, or opt out, of a workplace pension; and once a decision had been made.

1.4.2 Analysis and presentation of findings

The transcribed interviews were subject to a rigorous content analysis (Matrix Mapping). This involved systematically sifting, summarising and sorting the verbatim material according to key issues and themes within a thematic framework. These analytic charts formed the basis of the evidence reported in the following chapters. Further details of the analytical process used may be found in Appendix D.

There was a great deal of uniformity regarding people's information needs. Where there were sub-group differences, these have been explicitly stated.

The reported findings have been illustrated and illuminated with the use of verbatim quotations. The quotations have been edited for clarity but care has been taken not to change the respondents' meaning in any way. Alterations are shown using parentheses and ellipses.

1.5 About qualitative research

The methods used in this research were wholly qualitative in nature. Qualitative methods neither seek, nor allow, data to be given on the numbers of people holding a particular view or having a particular set of experiences. The purposive nature of the design of qualitative samples means that the research cannot provide any statistical data relating to the prevalence of customer views, experiences or reflections in the general population. Any attempt to provide numerical evidence of this kind would require a quantitative research methodology. The aim of qualitative research is to define and describe the **range** of emergent issues and explore linkages, rather than to measure their extent.

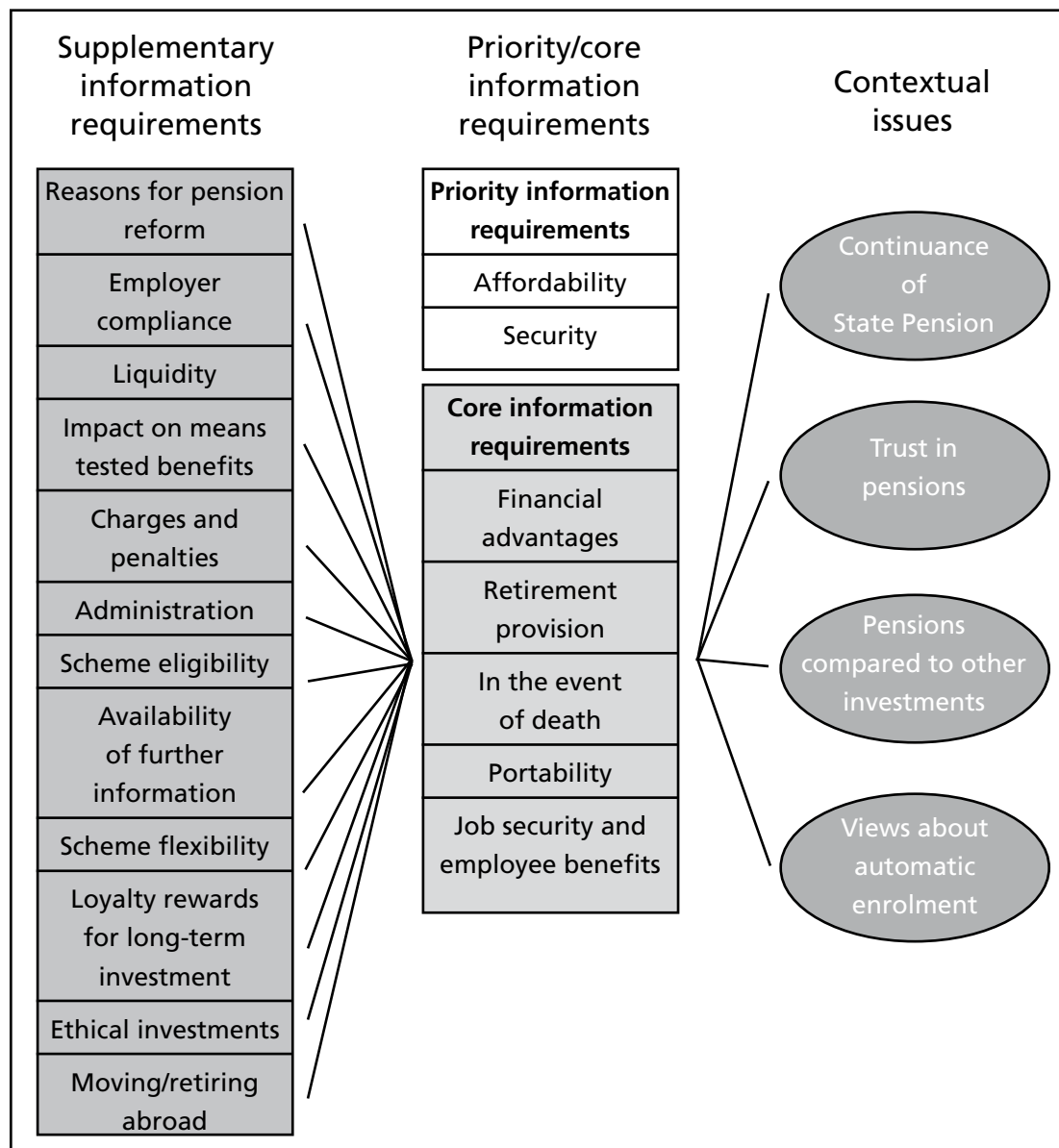
2 An overview of the information required by people to support their decision to remain in, or opt out of, a workplace pension

This chapter provides an overview of the information requirements of respondents when making the decision as to whether to stay in, or opt out of, a workplace pension.

2.1 Respondents' information needs – an overview

Respondents had a very wide range of information requirements, some of which they identified as being more important than others. This report, therefore, distinguishes between 'core' and 'supplementary' information requirements and discusses them separately. Two of the core pieces of information were of particular importance to respondents. These 'priority' information requirements are shown in Figure 2.1. It was clear that respondents were formulating their information requirements according to their prior views about pension issues specifically and the financial services industry more generally. These pre-existing views are described in the report as contextual issues. The remainder of this chapter outlines these information requirements and contextual issues and briefly describes how respondents imagined they would use this information.

Figure 2.1 Priority, core and supplementary information requirements with background contextual issues



2.1.1 Core information requirements

Overall, there were seven core information requirements that emerged spontaneously and consistently across the group discussions as key pieces of information. Respondents considered this information to be essential in order to make an informed decision about whether to remain in, or opt out of, a workplace pension. Two of these information requirements—affordability and pension security—were consistently prioritised by respondents as ‘top’ information requirements.

These core information requirements are discussed in detail in Chapter 3.

2.1.2 Supplementary information requirements

Respondents also required answers to an additional set of questions. The answers to these supplementary questions would provide a supporting role to the core

information requirements. By providing this information, respondents indicated that they would feel that they were making an even better informed decision and that the process was both transparent and bona fide. The receipt of this information would increase their confidence in the decision they had made and their belief that it was the correct one for them. These are discussed in detail in Chapter 4.

2.1.3 Contextual issues

The information which respondents stated they would require to support their decision around whether to stay in, or opt out of, a workplace pension was set against a background of pre-existing views and experiences. These views were informed by personal experience, experiences of family and friends and the media. They influenced both the types of information that respondents would require and also how they would interpret the information with which they were provided as they considered whether to remain in, or out, of a workplace pension. Four contextual issues were identified by respondents and are discussed in more detail in Chapter 5. These are:

- doubts about whether the State Pension would continue to exist;
- distrust in private pension schemes¹³;
- views about the efficacy of pensions compared with other forms of retirement investment;
- views about the principle and legality of automatic enrolment.

2.1.4 Using the information they were requesting

In the context of the initial scenario that was given to the respondents – that they arrived at work to find that they had been enrolled into a workplace pension¹⁴ – they imagined that they would use the information they were asking for to help them decide whether it was ‘worthwhile’ for them to participate in the pension. While respondents had not been provided with any specific figures or information, their analysis of whether participation would be ‘worthwhile’ focused on how much they would be required to contribute, whether they could afford to contribute, the time period over which they would be contributing and the amount that they would be likely to receive in retirement.

Generally, respondents did not consider that they would make an instant decision. They considered that neither the pension provider nor DWP would be able to tell them whether it was ‘worth their while’. Rather, they felt they would need to

¹³ While the reforms under discussion in this research relate to workplace pension schemes, respondents did not necessarily make a distinction between pensions with or without an employer contribution

¹⁴ See Appendix C, section 3 for the full scenario that respondents were presented with.

discuss this with their family, friends and in some instances, with an independent financial adviser.

'You've got to make your own decision if it's worthwhile. They [DWP] can't decide whether it's worthwhile, you've got to decide that yourself.'

(Group 9 (£25,000 – £34,999; low pension confidence; 22-35 years; with dependent children; not currently contributing to a workplace pension scheme))

There were respondents who indicated that they would use the information they were requesting to 'shop around' and compare a workplace pension with other pensions. Even if the process of automatic enrolment did not result in their enrolment into a workplace pension, the process would raise the likelihood of their taking action to save for their retirement.

R1 *'I'd want to know which was the best option for me so I'd shop around.'*

R2 *'Just like getting a mortgage kind of thing, you're not going to go to the first person.'*

R1 *'Insurance policies, everything. You need to know what's going to be best for yourself.'*

(Group 9 (£25,000 – £34,999; low pension confidence; 22-35 years; with dependent children; not currently contributing to a workplace pension scheme))

2.2 Summary

Respondents required a wide range of types of information to support their decision to remain in, or opt out of, a workplace pension. There were seven core information needs, of which whether they could afford the contributions and the security of the pension were the most important. In addition, there were a number of supplementary pieces of information that they required. Decision making would occur within the context of their views about whether the State Pension would continue to be available and whether they trusted pensions to deliver a better income in retirement compared to other investment options.

Although they recognised that they may not use all the information provided, respondents saw themselves using the information to undertake a personal analysis focused on the costs, benefits and risks of participating, to decide whether they could afford to participate and whether it would be a worthwhile investment in the long term. Advice would be sought from friends, family and in a handful of instances, a financial adviser.

Even if they decided not to participate in a workplace pension, the process of considering participation was thought to raise awareness of planning for retirement.

3 Core information requirements

The brainstorming session that respondents participated in at the start of the research produced a wide range of issues about which respondents felt that they would require information in order to support their decision. These were later prioritised into core and supplementary information requirements. This chapter focuses on the core information requirements and discusses how these were identified and the key questions that were being asked.

Following the brainstorming session all of the respondents were asked to identify and write down their own 'top three' information requirements from all the information requirements raised during the session. They were asked not to discuss this with others in the group so that their responses were not influenced by other people's views. All the 'top three' responses were collected and from these there emerged seven core topics that were central to supporting people's decision making. The issues that were raised consistently across all the groups were:

- 1 Whether the workplace pension was likely to be **affordable** for them.
- 2 The **security** of a workplace pension.
- 3 The **financial advantages** of a workplace pension.
- 4 The likely **retirement provision**.
- 5 What will happen to the pension scheme in the event of their **death**.
- 6 The **portability** of a workplace pension.
- 7 The impact of participating in a workplace pension on their **job security**.

These core information requirements were considered to be 'essential' pieces of information which respondents reported they would need to help support their decision about whether to stay in, or opt out of, the workplace pension. Without this information, respondents felt that they would not be able to make an informed decision about their participation in a workplace pension.

Within each group discussion, respondents were asked to identify, from the information requirements that emerged within their group, which two items of information were priority requirements. **Affordability** and **pension security** were consistently prioritised by respondents as 'top' information requirements.

3.1 Affordability of a workplace pension

Respondents required information on contribution levels in order to determine whether their disposable income would be sufficient to cover their contributions into a pension. This was a priority issue for respondents. Two question themes emerged: **the amount they would need to contribute** and **whether or not it would be possible to take a break from making contributions**.

3.1.1 The amount of their contribution into a workplace pension

Central to respondents' exploration of their information requirements was their desire to understand how much they would need to contribute to a workplace pension. With this information they could then budget for their contributions and judge the impact that this might have on their current standard of living.

- R1 *'You know what you've got coming in every month and you know what your outgoings are for your bills. If they're taking too much it might not give you enough money to live on. It's not like you've got loads of money, it's important what they take out.'*
- R2 *'So you have to know for planning purposes, you have to know what your disposable income is going to be so, therefore, you need to know what percentage of your salary is going to be taken out at any given time.'*

(Group 7 (£25,000 – £34,999; high pension confidence; 50-SPA; no dependent children; not currently contributing to a workplace pension scheme))

Some respondents also requested additional information that would demonstrate the effect of increasing the rate of contribution on their likely retirement income. They could then make a decision as to whether they should increase their rate of contribution or, conversely, opt out of the scheme. This issue was raised by some older respondents (over 50 years) who felt that they could be 'too old' to benefit from any contributions they made into a workplace pension or that they would not be able to afford the size of contribution necessary to make their participation in the initiative worthwhile and therefore, wished to receive information that would clarify this.

The likely level of contributions was a priority information requirement for respondents. A proportion of the research participants felt (on early reflection) that they may not want to participate in a new workplace pension because they assumed that they would not be able to afford the level of contribution necessary

to provide them with an adequate retirement income. This emerged across all the groups but particularly the two lower income groups (£5,000-£14,999 and £15,000-£24,999) and the older groups (50-SPA) who believed they would need to contribute a higher proportion of their income to provide an adequate retirement income.

It should be noted that this research did not explore people's perceptions of the actual affordability of the new workplace pension. Indeed, respondents were purposefully not provided with any information on what this might mean for them in terms of deductions from their salary every week/month. In the absence of information on the cost to them personally, affordability emerged for respondents as an essential information requirement when making the decision about whether or not to stay in the scheme. However, in other DWP research¹⁵, when provided with information on the contributions that respondents would be required to pay in actual monetary terms, affordability did not emerge as a significant barrier to remaining in the scheme.

3.1.2 Contribution breaks

Respondents identified times in their life when it could be difficult for them to continue to make payments into their workplace pension. Maternity leave, unemployment, redundancy and sickness were all mentioned in this respect, with redundancy and sickness being of particular interest for those over 50. They wanted to know whether they could either take a break from making contributions ('payment holidays' as some people described them) or reduce their contributions for a while¹⁶.

¹⁵ A DWP quantitative survey – carried out with 754 individuals who would be eligible for automatic enrolment under the Government's proposals – found that after explaining to individuals what their contribution might mean in monthly/weekly terms based on their salary, 69 per cent of people said that, if enrolled into personal accounts they would 'definitely' or 'probably' stay in the scheme. Of the minority who said they would opt out (22 per cent), only 16 per cent of these respondents said this was because they couldn't afford to save: Smith, P., Webb, C., Pye, J., Robey, R. and Jeans, D., forthcoming in 2008, *Individuals' attitudes and likely reactions to the workplace pension reforms 2007: Report of a quantitative survey*.

¹⁶ The Bill does not provide for 'contribution breaks' in quite the way that respondents conceived of them. It will be possible for employees to opt out and opt back in to workplace pension saving once in any 12-month period, although they would lose the employer contributions to their pension as well as their own and time spent out of active membership will affect pension accruals. Meanwhile, Statutory Sick Pay and Statutory Maternity Pay are deemed as qualifying earnings. This study, however, aims to reflect the perspectives of individuals/employees in order to inform the way that information is delivered at the time of automatic enrolment.

3.2 Security of workplace pensions

The second priority issue was the security of their pension 'pot'. Respondents wanted to know how safe their savings would be and what the potential risks were. The discussion about the security of their pension pot was set against a context of general distrust in pensions specifically and the financial services industry in general. In the main, respondents were very unsure about the security of pensions.

'I think on the principle [if] it says it is failsafe or safe for a start, that might cancel out some of the [other] questions. Once it tells you that it is safe, then you can go ahead, step forward...it would be the main thing really that people would want to know, that it is safe to put your money into it.'

(Group 11 (£15,000 – £24,999; low pension confidence; 36-49 years; no dependent children; currently contributing to workplace pension scheme))

There were three key sets of information requirements that arose regarding security. These were:

- **how safe the pension would be;**
- **the likely effect of changes in Government on the continuance of the initiative;** and
- **the financial risks associated with pensions.**

3.2.1 Safety of a workplace pension

The perceived safety of a workplace pension was discussed in three distinct ways: a) who has **access to the pension fund**; b) whether workplace pensions were a **collective investment with contributions going into a general fund (such as with national insurance) or into an individual fund** that was only for their use; and c) the **security of private pension investments**.

- a Respondents wanted to know about the **ownership of the pension fund and who had access to it**. Such questions arose from general reservations they had about pensions as a retirement savings option, referring to friends and family who had recently lost their pension savings and to infamous pension 'scandals' such as the one associated with Robert Maxwell. There was a belief that a similar event could occur in the future and, therefore, respondents asked about the accessibility of their pension 'pot' and whether they would be the only person who would have access to their savings. The ownership of the pension 'pot' was of particular interest for those respondents who were not currently participating in a workplace pension.

'You don't want to have a like, Robert Maxwell managing your money, kept robbing the money, you know. That's what worries people, people still remember that.'

(Group 1 (£5,000 – £14,999; low pension confidence; 22-35 years; all male group; with dependent children; not currently contributing to workplace pension scheme))

- b There were respondents who asked whether a workplace pension was an **individual or a collective investment**. In these instances they did not want their contributions to go into a 'collective' pension fund that they likened to the State Pension, with unemployed people benefiting from the contributions they were making.
- c Respondents also asked about the **security of the pension investment fund** itself, in terms of the ability of a pension provider to offer a secure investment option. However, there were a range of views about the type of organisation that would be the best option.

'I think I'd be more at ease [if] DWP are involved in it, so there is some form of Government backing. I mean it isn't clear how much they would be involved or who'd administer the money but if there was some Government involvement then I'd feel a lot safer than just some private finance company you've probably never heard of.'

(Group 9 (£25,000 – £34,999; low pension confidence; 22-35 years; with dependent children; not currently contributing to workplace pension scheme))

Respondents wanted to know the type of organisation that would be tasked with running workplace pensions and the nature of any facilities that were in place to ensure the security and integrity of the pension.

Although respondents had views about whether the Government or a private company should manage workplace pensions, a key finding to emerge from these debates was the importance of 'Government backing' for a workplace pension. To this end, a key information requirement was which organisation would be accountable should there be a problem with the security of the workplace pension¹⁷.

¹⁷ The research took place at the same time as problems with Northern Rock emerged. The Bank of England's guarantee (usually referred to as the 'Government guarantee') to secure investors fund was often referred to during the discussions, with respondents requesting information as to whether the Government would be securing investments in a workplace saving scheme. However, there was also some scepticism that the Government would uphold such a guarantee, based on their understanding of how some people had recently lost a large proportion of their pension savings.

- R1 *'Well like you say again it's all down to security isn't it? And are you going to get any backing if anything did happen, are you going to get any backing from the Government or anything?'*
- R2 *'Well the Government stepped in with the Northern Rock thing which said, you know, "stop the panic you're going to be guaranteed the money you've got in there". I mean which was quite a bold statement but would they be able to do that with every company? What about if the next Government ditches it?'*

(Group 2 (£5,000 – £14,999; low pension confidence; 36-49 years; no dependent children; not currently contributing to workplace pension scheme))

3.2.2 Workplace pensions and future Government policy

The second key question was related to interest about **how future Governments would deal with workplace pensions** and whether the policy would change. There was the view that any initiative to enrol people into workplace pensions may not be supported by future Governments (should the Government 'change power'). This linked in with their views of the State Pension, discussed further within Section 5.1.

3.2.3 The financial risk of workplace pensions

The third key issue was related to the **financial risks associated with a workplace pension**. Respondents asked questions about **where** their contributions would be invested, whether there would be a **range** of investment options and whether there were any **guarantees** about how much they would get back.

However, it is important to point out that not all respondents realised that contributions into a workplace pension would be invested in the financial markets and saw a pension pot more as a bank account or building society account that paid a modest amount of interest. In relation to this lack of knowledge about pension investment, there were respondents who recalled situations where family members or friends had not received the pension that they had anticipated but did not realise that this could have been due to poor investment choices or investment in products with low rates of return. As a consequence there was the view that investing in pensions was a big financial risk because their savings could 'disappear' (see Section 5.2). These respondents needed to know how secure their money was and whether they would get back at least what they had paid in.

3.3 Financial advantages of workplace pensions

Respondents wanted to know what benefits were associated with a workplace pension that they would join following the automatic enrolment process. In particular two key themes were raised regarding the financial advantages of this pension: the **amount of other contributions** (beyond their own) going into the pension 'pot' and what **return they could expect** from their investments and how

this return would compare with other savings options – such as other pensions and also non-pension saving options (e.g. ISAs, property, savings accounts).

Respondents felt they would use this information to ‘shop around’ for the best investment option for retirement savings. These information requirements were set against the view that saving into a pension may not necessarily be the best way to provide a retirement income. This was linked to their views about the security of pensions in general.

3.3.1 Employer and Government pension contributions

Respondents were interested to know **what other contributions would be paid into their pension ‘pot’ and how much these would be worth.**

During the discussion, respondents were told that contributions from the employer and the State would be made into the pension ‘pot’ in addition to the employee contribution, although the actual amount of these contributions was not given. Respondents felt they would not be able to make an informed decision without knowing the actual amount of these contributions. In general, this information was required so that they assess how much money they would receive in retirement in relation to the amount they may be contributing to a workplace pension:

- R1 *‘How much are the employers going to contribute...that might change my mind.’*
- R2 *‘If I joined a company tomorrow, multi million pound company and they said to me, “don’t worry now, you will only have to put in £20 a month or whatever and I will put in £200 a month”, you are going to jump at it aren’t you?’*

(Group 6 (£15,000 – £24,999; low pension confidence; 50-SPA; all female group; with dependent children; not currently contributing to workplace pension scheme))

They were also keen to know whether the amount of the employer contribution would increase with the age of the employee, an issue that was of particular interest to those respondents who were closest to retirement (over 50 years old).

3.3.2 Workplace pension investment returns

Respondents mostly wanted to know the **investment return** for a workplace pension and how this would compare with other pensions that were available as well as other types of investment. This information would be used to compare a workplace pension to other savings options.

- R1 *'What the prospects of return are going to be?...*'
- R2 *'You could take it out and put it in a building society. If they've taken £20 a week you could possibly take out your £7 and put it away yourself and get more money out of a building society.'*
- R3 *'Or even better, you can do an ISA.'*

(Group 7 (£25,000 – £34,999; high pension confidence; 50-SPA; no dependent children; not currently contributing to workplace pension scheme))

However, those on the lowest incomes (£5,000 – £14,999 annual salary) were less interested in the percentage investment return of a workplace pension and more so in the **amount** of income that would be provided in retirement.

3.4 Retirement provision

The income that one could expect in retirement was a key information requirement. Three key question themes tied into this issue: the **income that would be received from the State Pension**, the **income that would be received from a workplace pension** into which they may have been automatically enrolled and the options that might exist for taking the workplace pension in retirement.

3.4.1 State Pension retirement income

In order to judge whether it was worthwhile contributing to a workplace pension, information was required about the level of income that could be expected from the State Pension and how this compared with the likely income from a workplace pension. Furthermore, respondents wanted to know whether (and if so how) contributions into a workplace pension would impact on their State Pension. This was despite being informed during the group discussion that the workplace pension would be separate and independent from a State Pension.

- R1 *'How much difference would it make to my State Pension. I think that has to be evident as well.'*
- R2 *'But doesn't it say it's completely separate?'*
- R1 *'It's not, no.'*

(Group 8 (£5,000 – £14,999; low pension confidence; 50-SPA; no dependent children; not currently contributing to a workplace pension scheme))

Underpinning these questions was a concern that the State Pension would no longer exist when they reached retirement and that these pension reforms were intended to replace the State Pension (discussed further in Section 5.1).

These issues were of particular importance to those who reported that they had little confidence in understanding pensions.

3.4.2 Workplace pension retirement income

The information that was requested by respondents in relation to the retirement income that could be drawn from a workplace pension was:

- how much retirement income they could expect from a workplace pension;
- whether it would be based on their final salary;
- whether the retirement income was guaranteed;
- if they would receive pension forecasts whilst they were contributing to their pension;
- whether they would pay tax on the pension income in retirement; and
- how long the pension would be paid for.

These questions were linked to how much respondents would need to pay in order to provide what they considered to be an 'adequate' retirement income. Respondents wanted information that would show them how much they would need to contribute to a workplace pension to receive the retirement income they would want. They suggested that this information could be presented as a graph which displayed the contribution amount, the age of the employee and the predicted income in retirement.

'If they could provide a chart that said – "If you're a 20 year old or 30 year old and you're paying in £40 a month over the next 30 years this is what you would see currently at the end of that period." Or if you were on, I don't know, £20,000, and if you were paying £80 a month in, 'this' is what you would see.'

(Group 2 (£5,000 – £14,999; low pension confidence; 36-49 years; with dependent children; not currently contributing to workplace pension scheme))

Respondents also asked if they could increase the amount of their contribution from the minimum in order to increase their retirement income.

3.4.3 Workplace pension retirement income options

The retirement income payment options were also of interest to respondents. Specifically, they wanted to know:

- if they could receive the income from the workplace pension were they to retire before SPA¹⁸, for example, if they decided to retire early or if they were forced to retire early due to ill-health;

¹⁸ It should be noted that there was considerable confusion about the SPA.

- whether they could receive their pension and continue working past SPA, for example there were respondents who felt that there may not be enough income from their combined pensions to provide them with an adequate retirement income. Other respondents suggested that they may want to continue working past SPA because they enjoyed working, but would also want to benefit at this point from their pension savings;
- how their workplace pension would be paid in retirement – would they receive a lump sum payment, and/or regular (weekly/monthly) payments;
- what would happen to their pension (and any contributions made) if they decided to stop contributing to the workplace pension.

There was a marked lack of awareness of how pension income would be received in retirement, in particular around annuities.

3.5 What happens to a pension in the event of death?

Respondents wanted to know whether any pension funds that were inherited would be subject to inheritance tax. It was important to respondents that any savings in a pension should not go to the State or the pension provider should the customer die.

'A lot of the reasons you take out a pension is because you have got dependents to look after so I think it is more something that you have to know.'

(Group 16 (£35,000 – £44,999; high pension confidence; 36-49 years; with dependent children; not currently contributing to workplace pension scheme))

Respondents were very clear that any money they paid into a workplace pension should be available to them, or their family, on their death/knowledge of imminent death both before – should they die prematurely – or after they received their workplace pension. The way that pensions work, in terms of inheritance, was conceived in a number of ways, for example, as being akin to a building society account. This resulted in an expectation that all the money paid into the pension would pass to a family member (or another beneficiary of choice) through their will and respondents required information to clarify this.¹⁹

3.6 Portability

Respondents of all ages felt that they would want to understand what would happen should they move jobs and whether they could take the pension with them. This was because they felt that they would be unlikely to remain working

¹⁹ Whether money paid into a pension passes to dependents or beneficiaries depends on a range of things. For example, the type of annuity purchased.

for just one employer until they retired and held the view that they would not want to end up with a number of small frozen pension 'pots' spread across various employers. It was suggested that it would be more beneficial to take up a personal pension rather than having numerous 'frozen' workplace pensions. Consequently, information was required about the portability of a workplace pension:

'If you were to move jobs...can I take [the pot] with me or do I have to start again. I would think: "Should I get my own one or is it worth having a [workplace pension]. If I've got [a workplace pension] with my job, how long do I have to stay there to make it worth while, if I am going to move jobs, does that freeze, do I have to start again somewhere else?'"

(Group 15 (£35,000 – £44,999; low pension confidence; 22-35 years; no dependent children; not currently contributing to workplace pension scheme))

3.7 The impact of a workplace pension on employee benefits and future pay rises

In terms of ensuring their job security, some respondents asked whether there would be any help for employers in the form of financial assistance with setting up and running the pension or tax relief on the employers' contributions. There was some worry that some employers would not be able to afford the contributions into an employees' workplace pension. Some respondents were under the impression that their job security and possibly their employee benefits might be affected.

Some respondents also held the view that employers might compensate for the increase in their overheads by reducing wage rises or by withdrawing any bonuses or other employee benefits.

Respondents who worked for small employers or charities/voluntary agencies were concerned that they, or their colleagues, may be made redundant in order for their employer to make money available for workplace pension contributions.

'I'd probably want to know...how that would affect future earnings from that employer. So if the company was going to stay opted into this, would that mean that our chances of getting a pay rise next year would be severely reduced because the employer is contributing to the pension...I work for a really small company and they count every single penny. Something like that would ruin them...if it looked like I was going to jeopardise my wages going up in the future by taking up this scheme, then I wouldn't do it because I would probably end up better off in the long run by not doing it.'

(Group 5 (£15,000 – £24,999; low pension confidence; 22-35 years; no dependent children; not currently contributing to workplace pension scheme))

3.8 Summary

There were seven core information requirements which respondents identified as being essential for making a decision to stay in, or opt out, of a workplace pension, of which **affordability** and whether the pension was **secure** were priority pieces of information. Respondents required information that would help them to understand the following key issues:

- Whether they could **afford the contributions** into a workplace pension and take contribution breaks if they were in financial difficulties.
- How **secure** the workplace pension would be, in terms of how safe the pension would be from employers misusing pension funds, the likely effect of changes in Government on the continuance of the pension and the financial risks associated with pensions.
- The **financial advantages** of a workplace pension, compared to private pensions and other savings vehicles such as ISAs, property, etc.
- Their likely **retirement provision**, in terms of about how much money they would receive from the State Pension and a workplace pension.
- What would happen to their pension savings in the event of their **death**, either before or after retirement, whether their family would inherit their workplace pension and if so, the position regarding inheritance tax.
- Whether a workplace pension was **portable** and could easily be transferred between employers.
- The likely **impact on their employer** and how workplace pensions may impact on the job security of employees or whether this might affect future pay rises and bonuses.

4 Supplementary information requirements

In addition to their core information requirements, respondents also required answers to an additional set of questions, with the answers to these 'supplementary' questions providing a supporting role to the core information requirements. As discussed earlier, pensions per se were approached with some scepticism and distrust by respondents. Even though many admitted they would not read this information, they reported that having access to it would make them feel that they were making a better informed decision, that they would feel more confident that the decision they had made was the correct one for them and that the workplace pension they were being enrolled into was transparent.

Twelve supplementary information requirements were identified, which are discussed in more detail throughout this chapter.

4.1 Reasons for being enrolled into a workplace pension

Respondents found it hard to understand why an additional workplace pension initiative was being introduced when a State Pension already exists. Although it was made clear at the beginning of each group discussion that people may not be saving enough to provide an adequate income in retirement, there was only a limited recognition that the State Pension might only provide a basic minimum standard of living. Some respondents wondered if automatic enrolment into a workplace pension heralded the dismantling of the State Pension. This linked into contextual issues around their views of the State Pension discussed in Section 5.1.

Consequently, respondents required clarification as to why enrolment into a workplace pension was being introduced and whether this would replace the State Pension.

'Because if people are aware that that State Pension is going to be nothing then they're going to, oh I'll read this now and see what's going on. It's going to make people wake up and pay attention.'

(Group 13, (£25,000 – £34,999; low pension confidence; 36-49 years; with dependent children; currently contributing to workplace pension scheme))

4.2 Employer compliance

It was recognised that some employers may not wish to engage in pension provision and may, therefore, find a way of avoiding their duties. Some respondents were concerned that their employers may attempt to encourage their employees to opt out of the workplace pension.

There was a requirement for information about:

- which employers have a duty to automatically enrol employees into a workplace pension scheme;
- whether it was legal for employers to persuade employees to opt out; and
- how employers would be compelled to meet their obligations.

It was suggested that information should be provided about who employees could contact should such an employer not comply with their obligations.

4.3 Impact on State benefits

Two information requirements were identified concerning the potential interaction between means-tested benefits and participation within a workplace pension:

- **The impact on State benefits while working and contributing to a workplace pension.**
- **The potential impact of taking out a workplace pension on their eligibility for benefits in retirement.**

In both cases respondents were not expecting tailored information but wanted a generalised discussion about this together with some worked-up examples.

4.3.1 The potential impact on State benefits while working and contributing to a workplace pension

Participants in receipt of low incomes and claiming WTC wanted to know if their tax credit award would increase to help them cover the cost of the contributions they would be making into a workplace pension. Similar comments were made by people in receipt of HB and Council Tax Benefit (CTB).

These respondents were concerned about the affordability of contributing to a workplace pension and felt that, as they already they lived on a tight household budget, they would struggle to make contributions into a workplace pension if

their benefit and tax credit payments did not increase to compensate.

'What'll happen to other benefit things I get, because I've got a little girl I get, I don't know, Child Benefit or something, are they all going to be paid? Or Child Tax Credit and things like that'

(Group 9 (£25,000 – £34,999; low pension confidence; 22-35 years; with dependent children; not currently contributing to workplace pension scheme))

4.3.2 The potential impact of a workplace pension on eligibility for means-tested benefits in retirement

Respondents asked whether their eligibility for means-tested benefits in retirement, such as HB and Pension Credit, would be affected by any income they might receive from a workplace pension.

Some respondents referred to family members or friends who they believed had, on receiving their private pension, become ineligible to receive state benefits. They wanted to know whether contributing to a workplace pension would mean that they would no longer be entitled to means-tested benefits when they retired and if they would, therefore, be better off not contributing to a workplace pension.

This was an issue which was raised by many of the groups but it was a particular issue for older respondents (over 50 years) and respondents on lower incomes (£5,000-£15,000 a year). Similar questions were also asked by younger respondents with older parents in receipt of a low income.

'If you did pay into [a workplace pension] would it take you over the, how can I say it, bringing the tax element, the Pension Credit thing back into play? As an example is my father in law, he goes about...£5 over the threshold of whether he pays his Council Tax, his dental bills, spectacles, simply because he had paid for a 15-year period, a small pension with the Post Office. So the contribution of the Post Office with his State Pension, it just takes him over that threshold so he can't claim for council tax, he's got to pay it. He's got to pay his rent, got to pay this, got to pay that. So that's the sort of scenario.'

(Group 3 (£5,000 – £14,999; low pension confidence; 50-SPA; no dependent children; not currently contributing to workplace pension scheme))

Not all respondents were aware of Pension Credit and those who were aware were not clear as to how a pension income might interact with means-tested benefits. Providing information about this issue could help respondents to make a more informed decision about whether to remain in, or opt out of, a workplace pension.

4.4 Liquidity of workplace pensions

Respondents wished for information that would clarify whether it was possible to withdraw money from the pension 'pot' before retirement.

Some respondents felt there would be times in their life where they might experience financial difficulty and **may need to use their pension savings before retirement**. This might be because of redundancy or illness. In contrast, other respondents did not require information about early withdrawal of their pension funds. These respondents saw any pension savings as strictly for using post-retirement and did not wish to have access to their pension savings prior to their retirement.

4.5 Penalties and charges

Not all respondents were aware that a workplace pension was likely to attract charges and this only became clear once raised by other group participants. Once aware, respondents had a wide set of questions which they required answers to. Four key questions emerged around charging:

- Will there be administration charges?
- How much will the charges be?
- What will the charges pay for?
- Would I have to pay a charge if I decided to opt out of the workplace pension?

Respondents were also keen to know whether they would have to pay penalties should they decide to take what they described as a 'pension holiday' and if late joiners to the pension would incur a penalty.

R1 *'But why would I be charged?... Why are we being charged when we're giving our money away? You know that would [annoy me] if I had to pay charges as well... If there were going to be charges I'd want to know more about it. I can't imagine what sort of charges they were charging you.'*

R2 *'I bet you've got charges on the one you've got at the moment.'*

R1 *'In what respect though?'*

R2 *'To administer the pension fund.'*

R1 *'Right yes. I can appreciate that, that there must be a running cost of it. I can't imagine what other charges there would be.'*

(Group 11 (£15,000 – £24,999; low pension confidence; 36-49 years; no dependent children; currently contributing to workplace pension scheme))

Most importantly, respondents were clear that any charging regime should be transparent and that information should be easy to access and understand.

4.6 Administration of a workplace pension

Respondents were interested to know about the practical aspects of a workplace pension. For example, considering automatic enrolment into a workplace pension, respondents wanted to know when the workplace pension would start and how much time would be available to make a decision to opt out, or stay in, the workplace pension. Further questions included whether there would be a 'cooling off' period following any decision during which they could trial the pension – for example, whether they could afford the deductions which were taken from their wages, and how much paperwork, such as application forms, they might need to complete.

The following information about opting out of a workplace pension was also required:

- details of the administrative process of opting out;
- the amount of time it takes to opt out of the pension;
- whether there is a waiting period before they can opt out.

As well as wanting to know whether it was possible to transfer a workplace pension between employers (a core information requirement – Section 3.6) respondents also wished to know how complex this process might be in terms of administration.

4.7 Eligibility for automatic enrolment into a workplace pension

Respondents wondered whether there could be aspects of their personal circumstances which may mean that they would not be eligible for a workplace pension, either now or in the future. Four key issues emerged: a) the type of employment; b) the duration of the employment; c) whether a person already has a pension; and d) their personal circumstances.

- a Type of employment** – Respondents asked whether a workplace pension would be applicable to full-time, part-time and temporary workers. Questions were also asked as to whether self-employed persons would be eligible for workplace pensions or indeed, if they were required to provide themselves with a pension.
- b The duration of employment** – Respondents asked if all existing employees would be automatically enrolled into a workplace pension once the pension started or if only those who moved to a new employer after the pension initiative start date would be automatically enrolled.
- c Whether a person already has a pension** – Information was also requested around what would happen to employees who already had a private pension scheme or a workplace pension scheme.

d Personal circumstances – Respondents asked whether there would be any age restrictions (both upper and lower) for enrolling employees into a workplace pension. Younger respondents asked whether they would still be automatically enrolled if they were still paying their student loan. More exceptionally, the topic of medical examinations and eligibility arose:

R1 *'Is (participation) subject to a medical?'*

R2 *'Yes, that's what I was going to say...you don't want to be, sort of, got a heart condition and they say "well you didn't tell us about that".'*

(Group 11 (£15,000 – £24,999; low pension confidence; 36-49 years; no dependent children; currently contributing to workplace pension scheme))

4.8 Availability of further information

Respondents were keen to know what further information would be made available. They wanted two distinct types of additional information: The first was general information about pensions and where they should go to seek independent financial guidance. The second issue related to specific information regarding the pension, with respondents generally wanting regular updates on their pension 'pot'. While there were those who wanted to be kept informed of the financial performance of their pensions through regular statements, others, who were less aware that pensions were based on investments, simply wanted to receive a statement detailing the 'total' amount of contributions they had made into their pension 'pot' plus any 'interest' that was being earned on the contributions.

4.9 Workplace pension flexibility

There was considerable discussion amongst respondents about the flexibility of the workplace pension in which they may be automatically enrolled, with five key themes emerging. These were:

- 1 whether they (and their employers) could make contributions into an alternative pension rather than the one they would be automatically enrolled into, such as into an existing (personal) private pension;
- 2 whether it was possible to make extra contributions into the State Pension rather than a workplace pension. These respondents did not want to have two separate pensions but felt that their current level of contributions into the State Pension may not provide an adequate retirement income;
- 3 whether they could transfer previous pensions into the workplace pension they were automatically enrolled into, and subsequently back into a different pension scheme, should they decide they no longer want to be part of the workplace pension. The issue was based on the perception that they could end up having lots of smaller pension 'pots' spread across various pensions, which was considered to be complicated to manage. Some feared they may 'lose' any savings they had made into an existing pension should they decide to take up a workplace pension;

'Things like can you transfer your existing pension?...Because I don't personally want to be paying into two separate pensions and if [the workplace pension] is better I don't want to lose out with everything I've already paid in already.'

(Group 9 (£25,000 – £34,999; low pension confidence; 22-35 years; with dependent children; not currently contributing to a workplace pension scheme))

- 4 whether it was possible to set up the workplace pension so that other members of the family would also benefit;

'It would be a good idea if people could pay an extra couple of pounds for their children, so by the time they start work they've got it, a [pension] fund to start off as well.'

(Group 13, (£25,000 – £34,999; low pension confidence; 36-49 years; with dependent children; currently contributing to workplace pension scheme))

- 5 whether there would be a range of investment options, including ethical investments – an issue that was raised by those more knowledgeable about the way pensions were invested.

4.10 Loyalty rewards

Based on the assumption that buying into a pension was not dissimilar to purchasing consumer goods, respondents were interested to know whether there would be 'loyalty rewards' for long-term payments into the pension. This was seen as a means of 'weighing up' the financial advantages of a workplace pension over other retirement savings options.

4.11 Ethical investment practices

More exceptionally, questions emerged around whether the pension fund would adopt ethical investment practices; an information requirement which was important to **individual respondents** within the groups to support their informed decision making. In considering the sample as a whole, there were no clear groups of people raising these questions, in terms of their demographic background.

4.12 Moving abroad

As with ethical investment practices, questions related to moving abroad and the impact this would have on the pension was a more exceptional theme and important to individual respondents rather than a clear subgroup of respondents. These respondents wanted to know if they would be able to pay into their pension if they decided to temporarily work abroad or if the pension could be received outside of the United Kingdom (UK) if they decided to retire to another country.

4.13 Summary

Supplementing the core information requirements were a further set of 12 pieces of information that respondents required in order to feel that they were making an even better informed decision. Their provision also provided reassurance that the workplace pension was bona fide and transparent. They required the following items of supplementary information:

- the **reasons for being automatically enrolled** into a workplace pension, given that there is already a State Pension;
- the means by which **employer compliance** will be ensured;
- the potential **impact on means-tested State benefits** of participating in a workplace pension whilst working, and drawing on a workplace pension when retired;
- whether a workplace pension would provide **liquidity**, in the sense that money could be withdrawn before retirement;
- the **charges and penalties** that may apply;
- the **administrative aspects of the pension**;
- the **eligibility criteria** for a workplace pension in terms of age, health, etc;
- the type of **further information** that would be made available and how it would be provided;
- the **flexibility** of the workplace pension, in terms of whether it would be possible to contribute to alternative pensions, increase contribution levels, transfer existing private pensions into a qualifying workplace pension and have a choice over how the pension fund was invested;
- the potential for **loyalty rewards** for long-term participation in a workplace pension;
- **ethical investment practices** within the pension;
- whether pension payments could be received if they **moved abroad in retirement**.

5 Contextual issues

During the group discussions it became clear that decision making about whether to stay in, or opt out of, the workplace pension may be **partly** dependent on pre-existing views and experiences. These background factors are referred to here as contextual issues and are presented in this chapter in greater depth because they are likely to **influence** individuals' information requirements. In addition these pre-existing views and experiences are likely to **interact** with the information provided to individuals in their decision making around whether to remain in, or opt out of, a workplace pension.

These views were informed by personal experiences of pensions, the experiences of family and friends and the media. Four contextual issues arising from these views and experiences were identified and are discussed in more detail in this chapter.²⁰ These were:

- concerns about whether the State Pension would continue to exist in the future;
- a distrust of private pensions;
- views about the efficacy of pensions compared to other forms of retirement investment; and
- views about the principle/legality of automatic enrolment.

5.1 Views about the State Pension

The discussion about enrolment into a workplace pension made people think about the State Pension, whether it would exist in the future, and if so, whether it would provide a sufficient income to live on.

²⁰ It should be noted that these contextual factors were identified in the research as a result of the qualitative methodology deployed which permits a deeper insight into individuals' beliefs and motives. It is not possible to quantify or make wider generalisations from these findings. These wider contextual issues were not fully or directly deliberated.

R1 *'Well you won't have to do it if they'd had a decent pension in the first place and they're actually, by doing this they're admitting that the pension's pitiful and that's worrying.'*

R2 *'Well they know that the money that you're going to be getting in 20 odd years time isn't going to be a great deal of money.'*

(Group 1 (£5,000 – £14,999; low pension confidence; 22-35 years; all male group; with dependent children; not currently contributing to a workplace pension scheme))

These illustrate the desire for information about why automatic enrolment into a workplace pension may be occurring (supplementary information requirement – Section 4.1) and reassurance about the continuance of the State Pension and its likely value (core information requirement – Section 3.4.1).

During the discussions respondents expressed some general distrust of the Government and coupled with the view that the Government was 'behind'²¹ the reform of workplace pensions, respondents felt that the workplace pension into which they may be automatically enrolled may not prove to be any better at providing a retirement income than the State Pension.

Respondents also doubted the Government's long-term commitment to these reforms and wondered whether future Governments would continue to uphold the terms and conditions of the new arrangements.

'What happens if the Government changes its mind ten years down the line...what happens if fifteen years later a Conservative Government [says] "sorry we've changed the rules now".'

(Group 1 (£5,000 – £14,999; low pension confidence; 22-35 years; all male group; with dependent children; not currently contributing to a workplace pension scheme))

They wished to have reassurance that future Governments would remain committed to automatic enrolment into workplace pensions (core information requirement – Section 3.2.2).

5.2 Trust in pensions

Considerable discussion focused on the distrust that people had of pensions as a retirement saving option. The key issues were:

- the security of pension funds, with references to friends and family members who had 'lost' their pension savings;

²¹ It was made very clear at the start of the discussions, and throughout, that workplace pensions would not be administered or managed by Government. Nevertheless, some respondents continued to see workplace pensions as a Government initiative to replace the State Pension.

- deliberate misuse of pension savings (such as the case associated with Robert Maxwell);
- poor investment returns.

'The thing is these days, people have so got so [much] lack of trust of the pensions...you are going to have to try really hard to get us to go and do a pension.'

(Group 4 (£15,000 – £24,999; high pension confidence; 36-49 years; with dependent children; not currently contributing to a workplace pension scheme))

At a broader level, there was also distrust in the financial services sector in general, with recent financial events, such as the emergence of problems with Northern Rock, leaving respondents feeling 'jittery'. To help overcome this distrust, respondents stressed the importance of pensions being open and transparent, which could, in part, be achieved through providing access to clear and comprehensive information.

'People are wary. You have only got to look at Northern Rock to see what will happen if people get jittery.'

(Group 14 (£25,000 – £34,999; low pension confidence; 50-SPA; no dependent children; currently contributing to a workplace pension scheme))

Uncertainty about the financial services industry generally, and pensions specifically, were raised in the context of a desire for reassurance about the security aspects of a pension. Respondents wanted to be assured that the pension fund could not be misappropriated and that their pension 'pot' was only for their use. This was a core information need (Section 3.2.1).

While not all the respondents were fully aware that pension investments were likely to be stock market-based, they nevertheless recognised that there could be an element of risk involved. They wanted to know about the risks associated with pensions (core information requirement Section 3.2.3).

5.3 Views about the efficacy of pensions compared with other forms of retirement investment

As has been demonstrated in other research, there was a commonly held perception by respondents that property was a better way to provide a retirement income as the investment returns were seen to be greater than that of a pension²².

²² See for example, *Effective means of conveying messages about pensions and saving for retirement* (2005) by Emma Green and Clarissa White, DWP Report No. 239.

Equally, savings accounts were seen as a more secure form of investment than pension schemes, particularly as respondents felt that the Government would be more likely to guarantee bank savings following the recent situation with Northern Rock customers.

Respondents wished to be able to compare the likely return from the workplace pension into which they would be automatically enrolled with other pension schemes, as well as other forms of investments including savings accounts, ISAs and property. This was a core information requirement (Section 3.3.2).

There was a perception that money in a pension fund was harder to pass onto family members in the event of a death. This was a very important issue for respondents as they were unsure that they would recoup all of their investment in a pension fund²³. Information about what would happen to their pension fund in the event of their death was a core information requirement (Section 3.5).

R1 *'Rather than pay into a pension vast amounts of money for your future, you might as well buy another house...and you could re-invest the 25/30 years in another property, which, when you die, your wife's going to get it or your (children).'*

R2 *'Forget the property, you could put it in a bank account and when you die it's still in the bank account.'*

(Group 1 (£5,000 – £14,999; low pension confidence; 22-35 years; all male group; with dependent children; not currently contributing to a workplace pension scheme))

5.4 Views about the principle of automatic enrolment

Generally, respondents were not concerned about the principle of automatic enrolment. However, for a handful of people it was an area of contention to the extent that they felt they would opt out on principle, even though they miss out on the benefits of a pension scheme. For example:

'I definitely wouldn't be taking part for the fact that you have done this without my decision...because you automatically have done something beyond my control with my money, they have instantly done it and you have to take action to opt out.'

(Group 16 (£35,000 – £44,999; high pension confidence; 36-49 years; with dependent children; not currently contributing to workplace pension scheme))

As people understand, more fully, that individuals are not generally saving enough for their retirement, such individuals may find that automatic enrolment becomes

²³ The extent to which funds from a workplace pension can benefit relatives depends on the death in service benefits of the workplace pension and after retirement, the way the fund is annuitised.

more acceptable. The provision of the supplementary information requirement explaining the reasons for introducing this pensions initiative (Section 4.1), the core information needs covering the financial advantages of a workplace pension (Section 3.3), the likely income from the State Pension (Section 3.4.1) and the likely income from a workplace pension (Section 3.4.2) would assist this.

5.5 Summary

As well as utilising the information made available at the time of automatic enrolment it is likely that respondents' decision making around whether to remain in or opt out of a workplace pension may be shaped in part by their pre-existing views and experiences. These views are informed by personal experiences of pensions, the experiences of family and friends and the media.

These contextual issues include: questions about the whether the State Pension would continue to exist in the future; distrust in private pensions; a commonly held view that property and non-pension savings (e.g. ISAs and savings accounts) would provide greater and/or safer retirement investments; and views about the principle/legality of automatic enrolment.

These contextual issues may be addressed for some respondents by the provision of good quality information products. In particular, providing information about the advantages of saving in a workplace pension with an employer contribution, together with a clear explanation outlining the rationale for the introduction of automatic enrolment would help to support their decision to remain in, or opt out of, a workplace pension.

6 The provision of information

This chapter considers when information should be provided to people about being automatically enrolled into a workplace pension and the types of information that might be provided at different times. The chapter also touches on how information should be presented but does not consider the relative merits of different channels of information delivery as this was outside the scope of the research. During the discussions it became clear that there were specific issues that people did not fully understand or had misinterpreted. These are also discussed in this chapter.

The scenario that was initially presented to respondents had already indicated that it was likely there would be some advance awareness-raising publicity about automatic enrolment into workplace pensions. In the light of this, respondents were asked to consider what information they would want to be provided with: a) as part of the awareness-raising process; b) at the time of automatic enrolment when they were making their decision; and c) what might follow thereafter.

At the point in the research where these issues were discussed, respondents had already been talking about their information requirements for around an hour and had made a number of decisions about what their information priorities were. It should also be noted that during the course of the group discussion, respondents had not had access to any actual information to answer their questions. Consequently, it was difficult for them to consider a different set of priorities – namely, which types or categories of information to provide, and when, as there was a generally held view that they would need all the information they had asked for before they could make an informed decision about whether to remain in, or opt out of, a workplace pension.

While respondents wanted to be provided with all the information that they had indicated earlier in the discussions that they required, they differed considerably in what they would actually read. On the one hand, there were respondents who wanted all the information to be provided but felt it was unlikely that they would read it all as they imagined it to be a very large document. On the other hand,

there were respondents who felt that they were making an important financial decision and indicated that they would read through the entire document with a 'fine toothed comb'.

Regardless of whether or not they would read all the information, it was important to respondents that all the information they may require to make a decision (the answers to all the questions that were raised) would be **easily accessible**. By providing full information, respondents felt that this would not only help to answer their key questions about a workplace pension but, by making the process transparent, would also increase their trust and confidence that they were making the right decision for them.

In addition, it became clear to people that pension issues could be quite complex and that they may not know what information they might need in order to make an informed decision. By providing a comprehensive set of information there would be no surprises. For example, there were respondents who were unaware that charges might apply to a workplace pension, only becoming aware of this when another respondent raised this as an information requirement. Now with a raised awareness of charges, these respondents also felt this too would be an important piece of information.

6.1 When to provide information

During the discussions respondents were asked to suggest when information could be provided, having been informed that it could be provided at a number of points over a period of time. They were quite clear that they did not want information to be provided at too many different times, as they felt it would be confusing for them to draw all the pieces of information together. However, they did think that providing the information in two stages would be acceptable; with one perhaps during an awareness raising campaign and the other as an information pack at the time they were required to make their decision.

Respondents were also clear that the provision of information should not occur at too many points in time as they thought that this could be a way of hiding certain pieces of information, such as the effect of a workplace pension of benefit entitlement, or information about charges.

6.1.1 Presenting information as part of an awareness raising campaign

Respondents suggested that any awareness raising campaign should use two key forms of media – television advertising and leaflets. They suggested a leaflet may be more suitable than a full document during the awareness raising campaign as they would be more likely to read a short leaflet when first being introduced to the workplace pension reforms.

By means of comparison, the recent Smoking Ban campaign was positively viewed and considered to be both informative and clear. By contrast, respondents found the 'Changeover to Digital TV' campaign confusing, primarily because the campaign had begun a long time before the changeover, leaving respondents confused about the actual changeover date.

In terms of timing, it was suggested that an awareness campaign timed for 6 to 12 months before the pension initiative began, may be most appropriate. Respondents felt this may give people enough time to start thinking about their pension provision but would not be too long a period for them to become confused about when the changes would commence.

'If it's too long, it's like this digital switchover, they've been talking about it for so long, and I've got no idea of it happening, so is it 2010...?'

(Group 8 (£5,000 – £14,999; low pension confidence; 50-SPA; no dependent children; not currently contributing to a workplace pension scheme))

6.1.2 Information to be provided prior to making their decision

The types of information to be provided prior to decision-making

When respondents turned their attention to **how they might like to receive information**, they listed ten pieces of information that they would prefer to receive prior to being automatically enrolled in a workplace pension, possibly as part of an awareness raising campaign. These included **both** core and supplementary information requirements but were still raised consistently in all the discussion groups. They were:

- 1 Reasons for introducing the reforms to workplace pensions, given that there is a State Pension.
- 2 The amount of money they would be required to contribute.
- 3 Security aspects of the workplace pension.
- 4 The financial advantages of a workplace pension, in terms of employer and State contributions.
- 5 Potential retirement income from a workplace pension, the State Pension and whether the amount was guaranteed.
- 6 What happens to any money saved in the event of their death.
- 7 Whether a workplace pension can be moved between employers.
- 8 What happens if an employer cannot afford to make the contributions.

9 Would contributing to a workplace pension affect their State Pension or eligibility for any means-tested benefits, either whilst working or when they retired?

10 Whether it would be possible to opt out of a workplace pension²⁴.

Of all the issues, the **contribution amount** and **security** were seen as the priority pieces of information which could be the focus of an awareness raising campaign, as respondents suggested they would be forefront in people's minds when thinking about pensions.

Within one of the lowest income groups (£5,000 – £14,999 salary) there was a debate about the importance of providing the actual amount of the employer and State contribution. One view was that simply knowing that the employer would be making contributions, would be adequate for the awareness raising campaign, with the contrary view being that the actual percentages should be given to help compare the benefits of this saving option with others.

Providing an information pack

Even though they may not read an information pack, when it came to the point at which they would need to make a decision, respondents wanted an information pack which consolidated the information they had been provided with during the awareness raising campaign plus **all** the remaining information requested.

Respondents were clear that no material information should be provided after they were required to make a decision. This was seen as 'hiding' information and would undermine their trust in the workplace pension into which they may be automatically enrolled.

'The things that are important to you that you haven't thought about, that you might think about maybe in a week's time is actually there so before you go into it you are hundred percent clear that you know what you're getting yourself into.'

(Group 5 (£15,000 – £24,999; low pension confidence; 22-35 years; no dependent children; not currently contributing to a workplace pension scheme))

As a means of helping people to think about how information should be presented, it was suggested by the research team during the group discussions that information could be presented in the same way as instructions for a new television or hi-fi – a 'quick start guide' plus a more detailed information booklet. While it was made clear to the respondents that this was not necessarily what would happen in practice, they nevertheless liked such an idea.

²⁴ Respondents did not originally identify this as a core or supplementary information need as they were told this during their briefing prior to group discussions. However, when they thought about how key pieces of information should be presented, they wished to see this included.

Respondents envisaged that the information pack would be a large document that would be given to all eligible employees. It was suggested that this would best be presented in an FAQ format with a 'contents' list of all the questions included within the document. To help keep the document clear and understandable (while also providing an adequate amount of information), it was suggested that the initial answer to the question should be as short as possible – i.e., the contribution amount, 'yes' and 'no' answers and that this could be followed by more detailed information or a signpost to further information, should this be required.

Presenting affordability information

Respondents requested that the pension contribution should be shown on any documents as an amount rather than as a percentage as they felt that percentages were difficult to calculate. It was also suggested that a table could be provided that showed the amount of the pension contribution for a range of different weekly wages and monthly salaries.

R1 *'I'd have to see in real figures, the percentages...and stuff like that would go over me head, you know...I'd have to see it and say if I was paying this for this amount of time that's what I would get minimum – I'd like to see actual, you know, figures.'*

R2 *'Yes rather than talking about percentages actually talk about pound notes.'*

(Group 2 (£5,000 – £14,999; low pension confidence; 36-49 years; with dependent children; not currently contributing to a workplace pension scheme))

Size of information pack

There were differences between respondents in terms of how much information they stated they may require. It was assumed that any information pack would be large and this was not welcomed by all respondents. While there were those who wanted a complete information booklet, others expressly stated that they would only want to receive a small booklet detailing the information given within the awareness raising campaign but with access to further information if they wanted it, either in the form of a more detailed booklet that could be requested, or available online.

Generally, respondents were fairly candid about saying that they would be unlikely to read a detailed document in its entirety. However, the document would be used as a reference document, accessible whenever they needed to refer to it.

'Yes I would have to say that I'd have that as the bullet points and then have reference, so if I wanted to know more about security of the scheme that's on pages 6 and 7...but if I go "no I trust the Government, they say it's secure, I don't want to know any more", you miss that bit. But if I'm interested in the flexibility of the scheme, that's pages 9 and 10.'

(Group 8 (£5,000 – £14,999; low pension confidence; 50-SPA; no dependent children; not currently contributing to a workplace pension scheme))

6.2 Language style and understanding of key pension concepts

Respondents were recruited on the basis of a simple measurement of their pension confidence, using a single self-report question²⁵:

I am confident I know what to do when it comes to making a decision about pensions.

Based on their answers, respondents were recruited into either a high pension confidence group (agree/agree strongly) or a low pension confidence group (disagree/disagree strongly). The assumption was made that respondents with a higher level of pension confidence would have different information needs compared to those who rated themselves as having low pension confidence. However, the findings from this research indicate that whilst the language used by respondents differed, this did not necessarily reflect their underlying understanding of pensions. What was clear is that across the groups, assumptions were being made about the workplace pension and that there was some lack of understanding of key pension concepts.

6.2.1 Language style

Respondents were tapping into the same pension concepts but articulating them in different ways, as shown in the following discussions about tax relief:

- *'What is the tax relief paid by the Government?'*
- *'Will the contribution be taken from my gross or net salary?'*
- *'What is the Government putting in?'*

From this research it may be concluded that, although people might not feel that they are confident in their knowledge of pension issues, they nevertheless recognise many of the concepts, albeit with different levels of understanding and discussed in different ways. The implications of this for any information material that is produced are as follows:

- information should be presented in a clear and uncomplicated manner;
- it should not be assumed that people universally understand pensions terminology;
- a glossary of terms should be included that describes concepts in everyday terms.

²⁵ This question was developed by the research team and agreed with DWP as a simple measure of pension confidence.

6.2.2 Assumptions

Throughout the group discussions, it became apparent that assumptions were being made regarding the new pension initiative – the key assumption being that the initiative was Government-led. As discussed in Section 5.1, respondents were told only that the research had been commissioned by DWP but it was, nevertheless, assumed that there would be Government involvement. This is because it was felt that only the Government could introduce the changes in which employers would be required to do certain things. Because of this, it was very difficult for people to disassociate the workplace pension from the Government.

The second assumption was that respondents would not be able to understand any of the information they were presented with. It was felt that the language used within any information pack would be complex and full of 'jargon', which would make the issues around a workplace pension complex and difficult to understand. This was based on past experiences of receiving financial or contract-based information (for example, insurance policies).

6.2.3 Lack of understanding of key pension concepts

Although it was not the purpose of the research to establish whether people understood the terms and concepts they were discussing, it was clear that there was some gaps in understanding in three main areas:

1 Tax relief

While some respondents clearly understood the concept of tax relief, others were familiar with the term but were unclear of the details or had never heard of tax relief at all. There was confusion about whether tax relief would apply to the gross or net salary. Meanwhile, some respondents thought that tax relief meant that everybody would be charged more tax to fund the contributions from the State.

'They're saying "tax relief", so they're going to charge everyone a little bit more tax...so you're robbing Peter to pay Paul.'

(Group 1 (£5,000 – £14,999; low pension confidence; 22-35 years; all male group; with dependent children; not currently contributing to workplace pension scheme))

2 Investments, interest rates and inflation

Not all respondents were aware that the money in the pension would be invested in the stock market and related products in order to provide a retirement income. Some were surprised to discover this as they had imagined pensions to work like a savings account, where money just gained interest. Furthermore, respondents often asked what interest rates would apply to the pension 'pot' or if the 'pot' would grow with inflation.

'Do you have interest on it, you know, I haven't a clue with pensions, will it be linked to inflation?...If you are paying £100 out now, in 30, 40 years, when I'm 65/70, it's not going to be worth [anything].'

(Group 10 (£5,000 – £14,999; low pension confidence; 22-35 years; with dependent children; not currently contributing to a workplace pension scheme))

3 Charges

Not all respondents were aware that workplace pensions could be subject to charges. On becoming aware of this, respondents were unclear why they would have charges applied to their pension and wondered how much they would be.

In addition, respondents showed a marked lack of awareness about annuities.

6.3 Summary

Respondents considered that they would **need all the information that they had asked for** in order to make an informed decision with confidence, but this could be **provided at two points in time** – during an awareness raising campaign and just prior to making their decision.

Even though **not all the respondents said that they would read all the material** supplied, its provision would nevertheless reassure them that the workplace pension was transparent and would increase their trust and confidence that they were making the right decision for them.

Cost and security were seen as the priority pieces of information for inclusion in an awareness raising campaign, together with reasons for the reform of workplace pensions. This could be provided 6 to 12 months before any changes to workplace pensions.

The main set of information (core and supplementary) could be provided as an information pack which consolidated the information that had been provided during the awareness raising campaign, plus the remaining core and supplementary information requested. It was envisaged that this pack would be in an FAQ format that would be given to all eligible employees.

Although people might not feel confident in their knowledge of pensions, they nevertheless recognised many of the concepts, albeit with different levels of understanding and using different language styles. They assumed that any information provided would be unclear and full of 'jargon'.

The implications for the provision of information are:

- information should be presented in a clear and uncomplicated manner;
- it should not be assumed that pension terminology is universally understood;
- a glossary of terms should be included that describes key pension concepts in everyday terms.

Appendix A

Breakdown of sample for group discussions

Table A.1 Employees not currently contributing to a workplace pension scheme

Location	Individual income				Pension confidence			Age	Gender		Household composition		Employer size
	£5K – £15K	£15K – £25K	£25K – £35K	£25K – £35K –	Low	High	50-SPA		F	M	Single/couple – no dependent children	Single/couple – with dependent children	
1 London	✓				✓					✓		✓	All mixed
2 Manchester	✓						✓					✓	
3 Manchester	✓				✓				Mixed		✓		
4 Cardiff		✓				✓						✓	
5 Cardiff		✓			✓						✓		
6 Cardiff		✓			✓			✓				✓	
7 London					✓			✓	Mixed		✓		
8 London	✓				✓			✓				✓	
9 Manchester					✓				Mixed			✓	
10 Cardiff	✓				✓				Mixed			✓	
Total	5	3	2	2	8	2	4	2	4	1 + 4 mixed	4	6	10

Table A.2 Employees currently contributing to a workplace pension scheme

	Individual income				Pension confidence				Age	50-SPA	Gender	Household composition		Employer size
	£5K – £15K	£15K – £25K	£25K – £35K	£35K – £25K –	Low	High	22-35	36-49				36-49	F	
11			✓		✓			✓			Mixed	✓		Mixed
12		✓			✓		✓					✓		
13			✓					✓					✓	
14			✓		✓				✓			✓		
Total	0	2	2	3	1	1	1	2	1			3	1	4

Table A3 Employees *not* currently contributing to a workplace pension scheme – high earners

	Individual income				Pension confidence				Age	50-SPA	Gender	Household composition		Employer size
	£35K – £45K	£45K – £55K	£55K – £65K	£65K – £75K	Low	High	22-35	36-49				36-49	F	
15	✓				✓						Mixed	✓		All mixed
16	✓					✓		✓					✓	
Total	2				1	1	1	1	0			1	1	2

Appendix B

Sample profile

Table B.1 Sample profile

Total number of respondents	130
Age	
22-35	43
36-49	46
50+	41
Gender	
Female	61
Male	69
Household composition	
Couple with dependent children	36
Couple without dependent children	33
Single with dependent children	30
Single without dependent children	31
Individual income	
£5000 – £15,000	42
£15,000 – £25,000	39
£25,000 – £35,000	31
£35,000 – £45,000	18
Pension scheme	
Not contributing to a pension scheme	97
Contributing to a pension scheme	33
Pension confidence	
High	28
Low	102
Employer size	
Micro	30
Small	32
Medium	21
Large	42
Don't know	5

Appendix C

Topic guides

Topic Guide

Participants not currently in a workplace pension scheme

1. INTRODUCTION (3 MINUTES)

- About BMRB – independent research organisation
- Commissioned by DWP
- Aims of the project
- Discuss a new way of encouraging and helping people save for their retirement
- Content of discussion
 - We will be talking about financial issues, pensions, etc. but we will NOT be asking them about their individual financial circumstances
 - We are interested in what YOU think, not what you think other people might think
 - No right or wrong answers
 - A small amount of writing to do
- Recording; transcripts will be shared with BMRB/DWP, but no further
- We are going to ask them to do some straightforward tasks and we will be putting things on the walls – we will be photographing these so that we can keep a record for when we analyse the information
- Duration of group (90 minutes)
- Two people running the discussion, one will be writing things down for use later on

2. INTRODUCTIONS (7 MINUTES)

'Please tell me...'

- o Your first name
- o A little about your household; any children
- o The type of work you do; how long
- o Whether you have ever been in a pension scheme before; what type of pension scheme, when and for how long
- o Whether ever looked into a pension scheme or not; reasons for not pursuing

3. THE AUTO ENROLMENT SCENARIO (20 MINUTES)

Give participants a paper copy of the scenario

Show 'Key features' display board

Please read the following out to the group

"Many working people are not saving enough money to enjoy the standard of living they expect in retirement. Some employers like Barclays bank and Barnardo's help their staff to start saving by putting them into a workplace pension scheme as soon as they join the company. Employees make contributions to the scheme directly from their salaries, and the employer puts something in too. On top of that, the State adds to the pension pot in the form of tax relief. No staff member is obliged to stay in the scheme – they can opt out if they want to. The process is known as automatic enrolment, because people don't have to do anything to begin saving.

In the future all eligible employees who earn more than £5,000 will be automatically enrolled into a pension scheme by their employers. If they decide to stay in the scheme;

- *They will contribute a minimum amount deducted directly from their salary or wages.*
- *Their employer will be obliged to contribute a minimum amount.*
- *The State will provide a contribution in the form of tax relief.*
- *Together, these contributions will build up a 'pot of money' and will be used to provide an income for them in retirement. It will be completely separate from and in addition to their State pension entitlement.*

Before the new rules come into place, there is likely to be a campaign to raise awareness of automatic enrolment and the right to an employer contribution, and information will be sent to all those who will be newly joining a pension scheme.

I would like you to imagine that an awareness campaign has taken place, and you have heard something about the changes coming in. You arrive at work tomorrow to find that you have been automatically enrolled into a workplace pension, with the right to opt out if you want to, and your employer is making a contribution.

Ask...

- Does this information help you to make a decision to stay in, or opt out of, the workplace pension?
 - o What information would you require to make a decision?

Allow silence – wait until the participants spontaneously suggest information they would require to make a decision

- Why would you want this information?
- How would this information help you to reach a decision?
 - o Could you make a decision without this info – why?

Co-moderator to record on sort cards all the information that the participants require in order to make a decision and display on the venue wall

Repeat until the topic is exhausted...

- Is there any other information you would require?
- What else would you require?

[Photograph the display]

4. IMPORTANCE OF INFORMATION REQUIRED (30 MINUTES)

a) Establishing 'top three' priority issues for decision making

Remind people of the context using the 'Key features' display board

Explain that whilst they are making a decision about whether to stay in, or opt out of, a workplace pension, they are likely to have heard the information on the Key features board.

'We have talked a lot about the type of information that you require in order to make your decision. I would like you now to write down the THREE most important pieces of information to you that are displayed on the venue wall [or you can include any new questions that aren't on the wall] that you would require in making your decision whether to stay in, or opt out of, the workplace pension...'

When everyone has written down their 'top three' issues, ask each participant in turn to read them out...

Co-moderator to put these into a separate space on the venue wall

Continue to build up a 'top threes' picture until all participants have given their 'top three' issues

Co-moderator to remove all the remaining issues sort cards

- o If you had answers to all the questions [on the venue wall] would you now be able to make a decision about whether to remain in, or opt out of, a workplace pension?
 - What else would you require?
 - Why would this be important for you?
 - Is there any information here that you (as an individual) would **not** require
 - Why would you **not** require to know this information

[Photograph the display]

b) Establishing a minimum set of issues (If time permits)

Selectively take away issues and ask...

- o Would you be able to make a decision about whether to remain in, or opt out of, a workplace pension?
 - Why is this information important?
 - How will it help you make a decision?

[Photograph the display]

c) Establishing 'Key facts'

'At the moment we do not know how the information will be made available (or in what format) but all the information WILL be easy to access in some form.

We know from a lot of research and experience of providing information that the best way to introduce new things is in small pieces; not all people like to be given all the facts to read as they may have busy lives. This is why when you buy something new, like a TV or a computer there is 'Quick Start', or 'Key Facts' guide and a longer information booklet. Thinking about the issues you have prioritised [on the venue wall], which THREE pieces of information would you put into a Key facts type of guide?'

Ask the group to come to a consensus about which three pieces of information they would want in the 'Key facts' guide

(Reassure that the remainder of the information would still be available)

Why these pieces of information?

Of the remaining pieces of information, ask the group to decide:

Which THREE pieces of information should go into an information pack

Which THREE pieces of information they may wish to access if they wanted it by another source i.e. telephone, website, etc.

- Issues required in an information pack
- Reasons for decisions
- Issues that could be available elsewhere
- Reasons for decisions

Which pieces of information really should go into the Quick Start guide [but challenge such requests, and emphasise the need that the Quick Start guide needs to be short]

- o Ask the group if they had the 'Key facts guide' and a 'Full guide' detailing all the information which is listed on the wall, which guide would they be most likely to read before deciding to remain in, or opt out of, a workplace pension?

[Photograph the display]

d) Exploring non-spontaneously raised issues

Re-introduce the issues that were NOT raised spontaneously in Section 4a...

For each piece of information ask:

- Would this information be important to you?
- Would you be able to make a decision about whether to remain in, or opt out of, the pension scheme without this information?

When all non-spontaneous issues have been introduced ask:

Which pieces of information really should go into the Quick Start guide? [emphasise that the Quick Start guide needs to be short]

- o Which of these issues should be provided in an information booklet?
- o Which of these issues should be available elsewhere?
- o Reasons why?

[Photograph the display]

e) Providing respondents with answers to top 3 pieces of information

Draw respondents' attention to top 3 pieces of information respondents prioritised in 4c.

'We would like to know when you would like to receive the information you listed as being the top 3 important pieces of information. Before we discuss this, we thought it might help you if we provided you with the information you prioritised as most important'

- Read out FAQ answers for top 3 information requirements (only if necessary)

5. DECISION-MAKING (10 MINUTES)

Display the original set of issues necessary for making a decision (from Section 4a) [on the venue wall]

Read out:

'As we mentioned at the beginning of the discussion, I would like you to imagine that you arrive at work one day and have been enrolled into a workplace pension scheme. You may have heard the information on the display board in the media...'

- If you had answers to all the questions [on the venue wall], would you now be able to make a decision about whether to remain in, or opt out of, the workplace pension scheme?
 - o Reasons why/why not
 - o What else would you require?
- How would you use the information in making your decision? Could you make a decision without this information?
 - o Take each issue in turn and ask how they would use it
- How would you feel about making the decision in terms of confidence and feeling informed?
- How long would it take you to decide?
 - o Reasons for this

6. ESTABLISHING AN INFORMATION TIMELINE (15 MINUTES)

Display the original set of issues necessary for making a decision (from Section 4a) [on the venue wall]

Reiterate key features of pension scheme

'At this point in the discussion, it might be useful to quickly remind you of the key features of the pension scheme. I will just quickly read through the key features...'

Remind people that they will hear about the scheme in the media and that once they have been automatically enrolled they will have a period in which to opt out

'We know from experience that telling people about new things works best if it is done in a number of stages. In this case, people could be given information at one of three points:

- During the **campaign to raise awareness**
- Within the **information pack** which you **would have to hand when making your decision** whether to opt out or remain in the scheme
- Within the **follow up materials** that you would receive to help you manage your membership after you have **made a decision to remain in the scheme**

[put timeline heading cards up on venue wall]

Thinking about the issues you prioritised earlier [on the venue wall], I would like you to think about when you would like to receive this information. We would like you to write down the:

- o *The ONE issue that you would be important to include **during a campaign to raise awareness***
- o *The ONE issue that would be important to include **within the information pack** which you **would have when making your decision** whether to remain in, or opt out of, the scheme*
- o *The ONE issue that could be addressed later.*

When everyone has written down their three issues, ask one participant to read them out...

Co-moderator to put these into a separate space on the venue wall

Continue to build up a picture until all participants have given their preferences

- Explore reasons for timing

[Photograph the display]

Display remaining issues

- o When would you want this information
 - During the campaign to raise awareness
 - At what point before
 - While you are making your decision
 - After you have made your decision
 - Explore reasons for timing

[Photograph the display]

7. WRAP UP (5 MINUTES) ENTIRELY OPTIONAL SECTION – ONLY IF TIME REMAINS

Display the original set of issues necessary for making a decision (from Section 4a) [on the venue wall]

Read out:

'Imagine you have been given the task of providing information to people to help them make a decision about whether to contribute to a workplace pension they have been automatically enrolled into, or whether to opt out.

All the information on the display board will already be available to people.

ALL the remaining information people require will be available to them in some form.

Write down the ONE piece of information you think they would require in order to make a decision.'

Going around the group, ask...

Co-moderator to display the issues selected by the participants

- What information would you provide?
- Why would you provide this information?
- When would you provide this information?

THANK AND CLOSE

Topic Guide

Participants currently in a workplace pension scheme

1. INTRODUCTION (3 MINUTES)

- About BMRB – independent research organisation
- Commissioned by DWP
- Aims of the project
- Discuss a new way of encouraging and helping people save for their retirement
- Content of discussion
 - We will be talking about financial issues, pensions, etc. but we will NOT be asking them about their individual financial circumstances
 - We are interested in what YOU think, not what you think other people might think
 - No right or wrong answers
 - A small amount of writing to do
- Recording; transcripts will be shared with BMRB/DWP, but no further
- We are going to ask them to do some straightforward tasks and we will be putting things on the walls – we will be photographing these so that we can keep a record for when we analyse the information
- Duration of group (90 minutes)
- Two people running the discussion, one will be writing things down for use later on

2. INTRODUCTIONS (7 MINUTES)

'Please tell me...'

- Your first name
- A little about your household; any children
- The type of work you do; how long
- Whether you have ever been in a pension scheme before; what type of pension scheme, when and for how long
- Whether ever looked into a pension scheme or not; reasons for not pursuing

3. THE AUTO ENROLMENT SCENARIO (20 MINUTES)

Give participants a paper copy of the scenario

Show 'Key features' display board

Please read the following out to the group

"Many working people are not saving enough money to enjoy the standard of living they expect in retirement. Some employers like Barclays bank and Barnardo's help their staff to start saving by putting them into a workplace pension scheme as soon as they join the company. Employees make contributions to the scheme directly from their salaries, and the employer puts something in too. On top of that, the State adds to the pension pot in the form of tax relief. No staff member is obliged to stay in the scheme – they can opt out if they want to. The process is known as automatic enrolment, because people don't have to do anything to begin saving.

In the future all employees who earn more than £5,000 will be automatically enrolled into a pension scheme by their employers. If they decide to stay in the scheme;

- *They will contribute a minimum amount deducted directly from their salary or wages.*
- *Their employer will be obliged to contribute a minimum amount.*
- *The State will provide a contribution in the form of tax relief.*
- *Together, these contributions will build up a 'pot of money' and will be used to provide an income for them in retirement. It will be completely separate from and in addition to their State pension entitlement.*

Before the new rules come into place, there will be a campaign to raise awareness of automatic enrolment and the right to an employer contribution, and information will be sent to all those who will be newly joining a pension scheme.

We recognise that everyone here today is contributing to a workplace pension scheme. Imagine you changed jobs and that your new employer did not have a workplace pension scheme. Also imagine that the awareness campaign has already taken place, and you have heard something about the changes coming in. You arrive at work tomorrow to find that you have been automatically enrolled into a workplace pension, with the right to opt out if you want to, and your employer is making a contribution.

Ask...

- Does this information help you to make a decision to stay in, or opt out of, the workplace pension?
 - o What information would you require to make a decision?

Allow silence – wait until the participants spontaneously suggest information they would require to make a decision

- Why would you want this information?
- How would this information help you to reach a decision?
 - o Could you make a decision without this info – why?

Co-moderator to record on sort cards all the information that the participants require in order to make a decision and display on the venue wall

Repeat until the topic is exhausted...

- Is there any other information you would require?
- What else would you require?

[Photograph the display]

4. IMPORTANCE OF INFORMATION REQUIRED (30 MINUTES)

a) Establishing 'top three' priority issues for decision making

Remind people of the context using the 'Key features' display board

Explain that whilst they are making a decision about whether to stay in, or opt out of, a workplace pension, they are likely to have heard the information on the Key features board.

'We have talked a lot about the type of information that you require in order to make your decision. I would like you now to write down the THREE most important pieces of information to you that are displayed on the venue wall [or you can include any new questions that aren't on the wall] that you would require in making your decision whether to stay in, or opt out of, the workplace pension...'

When everyone has written down their 'top three' issues, ask each participant in turn to read them out...

Co-moderator to put these into a separate space on the venue wall

Continue to build up a 'top threes' picture until all participants have given their 'top three' issues

Co-moderator to remove all the remaining issues sort cards

- o If you had answers to all the questions [on the venue wall] would you now be able to make a decision about whether to remain in, or opt out of, a workplace pension?
 - What else would you require?
 - Why would this be important for you?

- Is there any information here that you (as an individual) would **not** require?
- Why would you **not** require know this information?

[Photograph the display]

b) Establishing a minimum set of issues (If time permits)

Selectively take away issues and ask...

- o Would you be able to make a decision about whether to remain in, or opt out of, a workplace pension?
 - Why is this information important?
 - How will it help you make a decision?

[Photograph the display]

c) Establishing 'Key facts'

'At the moment we do not know how the information will be made available or in what format but all the information WILL be easy to access in some form.

We know from a lot of research and experience of providing information that the best way to introduce new things is in small pieces; not all people like to be given all the facts to read as they may have busy lives. This is why when you buy something new, like a TV or a computer there is 'Quick Start', or 'Key Facts' guide and a longer information booklet. Thinking about the issues you have prioritised [on the venue wall], which THREE pieces of information would you put into a Key facts type of guide?'

Ask the group to come to a consensus about which three pieces of information they would want in the 'Key facts' guide

(Reassure that the remainder of the information would still be available)

Why these pieces of information?

Of the remaining pieces of information, ask the group to decide:

Which THREE pieces of information should go into an information pack

Which THREE pieces of information they may wish to access if they wanted it by another source i.e telephone, website, etc.

- Issues required in an information pack
- Reasons for decisions
- Issues that could be available elsewhere
- Reasons for decisions

Which pieces of information really should go into the Quick Start guide [but challenge such requests, and emphasise the need that the Quick Start guide needs to be short]

- o Ask the group if they had the 'Key facts guide' and a 'Full guide' detailing all the information which is listed on the wall, which guide would they be most likely to read before deciding to remain in, or opt out of, a workplace pension?

[Photograph the display]

d) Exploring non-spontaneously raised issues

Re-introduce the issues that were NOT raised spontaneously in Section 4a...

For each piece of information ask:

- Would this information be important to you
- Would you be able to make a decision about whether to remain in, or opt out of, the pension scheme without this information

When all non-spontaneous issues have been introduced ask:

which pieces of information really should go into the Quick Start guide [emphasise that the Quick Start guide needs to be short]

- o Which of these issues should be provided in an information booklet
- o Which of these issues should be available elsewhere
- o Reasons why

[Photograph the display]

e) Providing respondents with answers to top 3 pieces of information

Draw respondents' attention to top 3 pieces of information respondents prioritised in 4c.

'We would like to know when you would like to receive the information you listed as being the top 3 important pieces of information. Before we discuss this, we thought it might help you if we provided you with the information you prioritised as most important'

- Read out FAQ answers for top 3 information requirements (only if necessary)

5. DECISION-MAKING (10 MINUTES)

Display the original set of issues necessary for making a decision (from Section 4a) [on the venue wall]

Read out:

'As we mentioned at the beginning of the discussion, I would like you to imagine that you arrive at work one day and have been enrolled into a workplace pension scheme. You may have heard the information on the display board in the media...'

- If you had answers to all the questions [on the venue wall], would you now be able to make a decision about whether to remain in, or opt out of, the workplace pension scheme?
 - o Reasons why/why not
 - o What else would you require
- How would you use the information in making your decision? Could you make a decision without this information?
 - o Take each issue in turn and ask how they would use it
- How would you feel about making the decision in terms of confidence and feeling informed?
- How long would it take you to decide?
 - o Reasons for this

6. ESTABLISHING AN INFORMATION TIMELINE (15 MINUTES)

Display the original set of issues necessary for making a decision (from Section 4a) [on the venue wall]

Reiterate key features of pension scheme

'At this point in the discussion, it might be useful to quickly remind you of the key features of the pension scheme. I will just quickly read through the key features...'

Remind people that they will hear about the scheme in the media and that once they have been automatically enrolled they will have a period in which to opt out

'We know from experience that telling people about new things works best if it is done in a number of stages. In this case, people could be given information at one of three points:

- During the **campaign to raise awareness**
- Within the **information pack** which you would have to hand when making **your decision** whether to opt out or remain in the scheme
- Within the **follow up materials** that you would receive to help you manage your membership after you have **made a decision to remain in the scheme**

[Put timeline heading cards up on venue wall]

Thinking about the issues you prioritised earlier [on the venue wall], I would like you to think about when you would like to receive this information. We would like you to write down the:

- o *The ONE issue that you would be important to include during a campaign to raise awareness*
- o *The ONE issue that would be important to include within the information pack which you would have when making your decision whether to remain in, or opt out of, the scheme*
- o *The ONE issue that could be addressed later.*

When everyone has written down their three issues, ask one participant to read them out...

Co-moderator to put these into a separate space on the venue wall

Continue to build up a picture until all participants have given their preferences

- Explore reasons for timing

[Photograph the display]

Display remaining issues

- o When would you want this information
 - During the campaign to raise awareness
 - At what point before
 - While you are making your decision
 - After you have made your decision
 - Explore reasons for timing

[Photograph the display]

7. WRAP UP (5 MINUTES) ENTIRELY OPTIONAL SECTION – ONLY IF TIME REMAINS

Display the original set of issues necessary for making a decision (from Section 4a) [on the venue wall]

Read out:

'Imagine you have been given the task of providing information to people to help them make a decision about whether to contribute to a workplace pension they have been automatically enrolled into, or whether to opt out.

All the information on the display board will already be available to people.

ALL the remaining information people require will be available to them in some form.

Write down the ONE piece of information you think they would require in order to make a decision.'

Going around the group, ask...

Co-moderator to display the issues selected by the participants

- What information would you provide?
- Why would you provide this information?
- When would you provide this information?

THANK AND CLOSE

Appendix D

The analysis of qualitative material using Matrix Mapping

Material collected through qualitative methods is invariably unstructured and unwieldy. Much of it is text-based, consisting of verbatim transcriptions of interviews and discussions. Moreover, the internal content of the material is usually detailed and in micro-form (for example, accounts of experiences and inarticulate explanations). The primary aim of any analytical method is to provide a means of exploring coherence and structure within a cumbersome data set whilst retaining a hold on the original accounts and observations from which it is derived.

Qualitative analysis is essentially about detection and exploration of the data, making sense of the data by looking for coherence and structure within the data. **Matrix Mapping** works from verbatim transcripts and involves a systematic process of sifting, summarising and sorting the material according to key issues and themes. The process begins with a familiarisation stage and includes a researcher's review of the audio files and/or transcripts. 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 is constructed. The analysis then proceeds by summarising and synthesising the data according to this thematic framework using a range of techniques such as cognitive mapping and data matrices. When all the data have been sifted according to the core themes, the analyst begins to map the data and identify features within the data: defining concepts, mapping the range and nature of phenomenon, creating typologies, finding associations and providing explanations.

The analyst reviews the summarised data; compares and contrasts the perceptions, accounts, or experiences; searches for patterns or connections within the data and seeks explanations internally within the data set. Piecing together the overall picture is not simply aggregating patterns, it also involves a process of weighing up the salience and dynamics of issues, and searching for structures within the data that have explanatory power, rather than simply seeking a multiplicity of evidence.