

*IAPF Benefits Seminar

*Member Communication in Financial Crisis-
Embrace or Avoid?

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Date: 4th March 2009



What's the difference?

* Communicate

.verb: Share or exchange information or ideas

How can this be a bad thing for members?

* Information

.noun: facts or knowledge provided or learned

In isolation, information can be misunderstood

What concerns do members have?



- * Should I Join?
- * How much should I contribute?
- * Where should I invest?
- * How safe is my pension?

Financial Crisis or Celtic Tiger – Decisions need to be made

More than ever an effective communication program is required to aid members in this decision making process

Communication – Embrace or Avoid?

What information do members receive?



	Booklet	Benefit Statement	Annual Report
Should I join?	Yes	No	No
How much should I contribute?	No	Maybe!	No
Where should I invest?	Maybe!	No	No
How safe is my pension?	No	No	Maybe!

Communication – Embrace or Avoid?

In the absence of a communication program...



- * Irish pension managed funds fell by 9.2% during October and have lost a third of their value – 33.4%, over the past twelve months*
- * Irish pension funds lose over a quarter of their value in just one year after worst month in a decade*
- * Irish managed pension funds: Three years of returns wiped out: Average return over 10 years at 2.6%: Funds down 16.9% on average in 2008*

In the absence of a communication program



- * Members decline the opportunity to join
 - * Members suspend or decrease AVCs
 - * Members make investment decisions based on media reports and what Joe is doing.
 - * Members fail to comprehend the difference between a benefit promised and a benefit guaranteed
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What makes for good communication?

- * Impact: get the members attention
- * Clarity: members must be able to understand it
- * Accuracy: information provided must be full and reliable

All three working together create an effective communication program.

Communication channels

Impact

**Desk drops
Notice Boards
Posters
Headlines**

Clarity

**Staff Addresses
Counselling
Webcasts
Conference Calls
On Line**

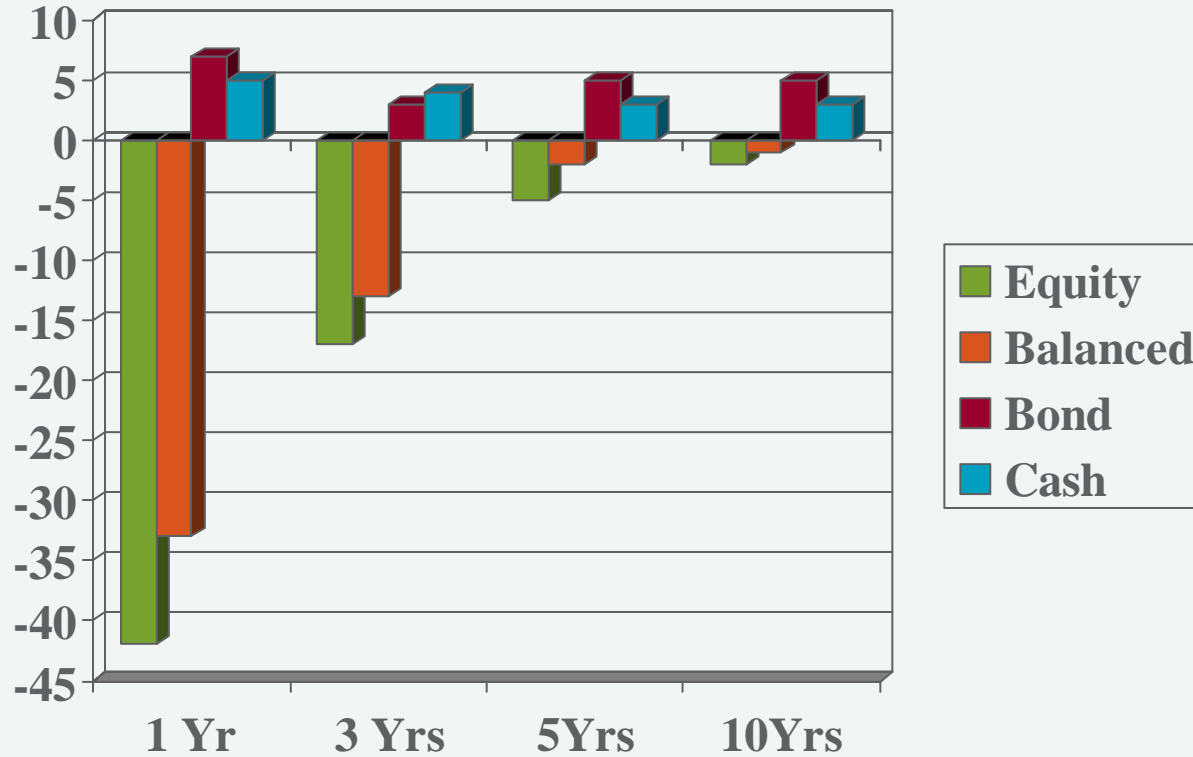
Accuracy

**Scheme booklets
Investment Guides
Fact Sheets
Benefit statements**

**Apply to each
question**

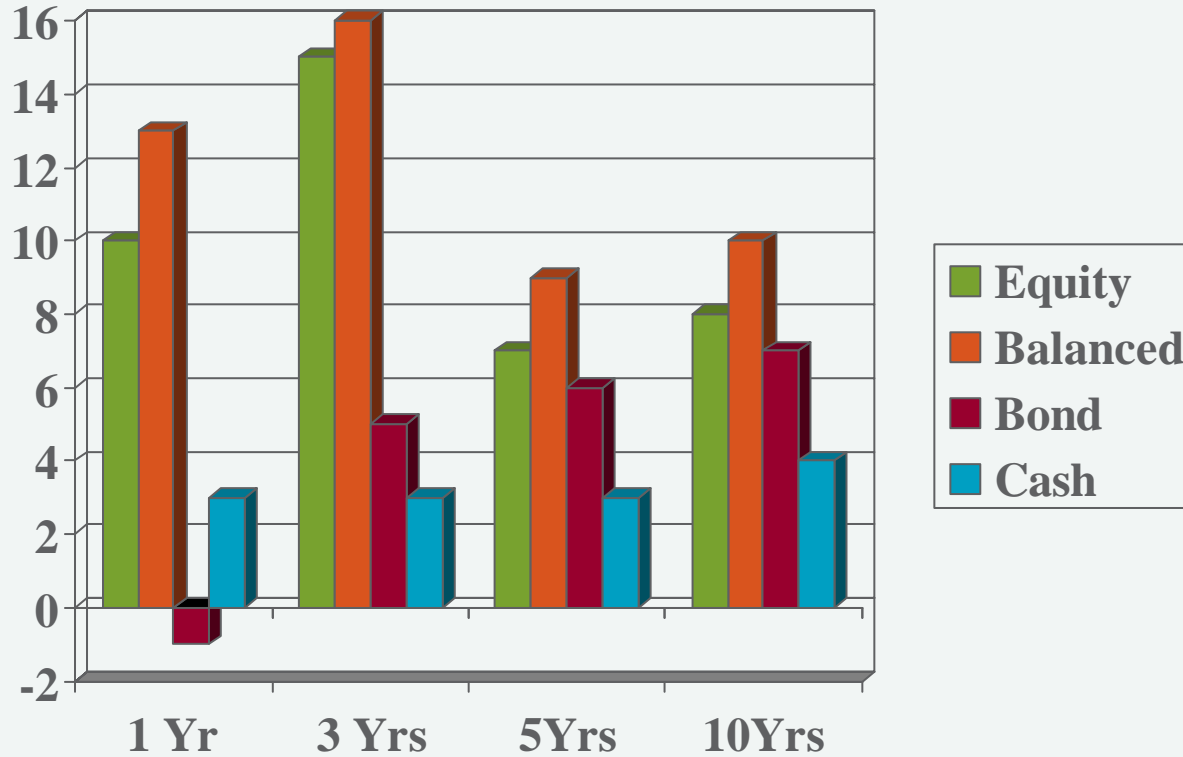
Communication – Embrace or Avoid?

Is this why we don't want to talk?



Communication – Embrace or Avoid?

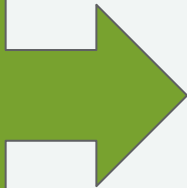
2007 we could not stop talking!



Communication – Embrace or Avoid?

Communication or Information?

Booklets
Guides
Fact Sheets
League Tables



1. 1 in 4 members make a decision
2. 3 out of every 4 invest in a the same default strategy regardless of age/ risk profile / personal circumstances
3. 75% of members are 80% invested in Equities!!!!

2007 Benefits Survey

Did 75% actively select the default or did 75% simply not participate?

Communication – Embrace or Avoid?

Communication...

Impact

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Accuracy

Scheme booklets
Investment Guides
Fact Sheets
Benefit statements

- * **Classification of fund types**
- * **Higher level of engagement from members – up to 80% participation**
- * **Members make choice based on risk profile**
- * **Members more cautious than industry norm**

Communication – Embrace or Avoid?

Dangers of a Communication void

- *I thought Lifestyle was the safe option?
- *I thought Consensus was the safe option?
- *I thought the managed fund was a mid risk fund?
- *I didn't know I had 80% in equities?
- *I picked the trustees' fund?
- *I didn't know I could re-direct my future contributions

Embrace it...



Members need to be educated..they can handle the truth!

Trustees need to be protected..the default may not be appropriate

Employers need to be aware..the benefits may not be adequate

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