



DC Research – Attitudes to Pensions

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Dealing with change

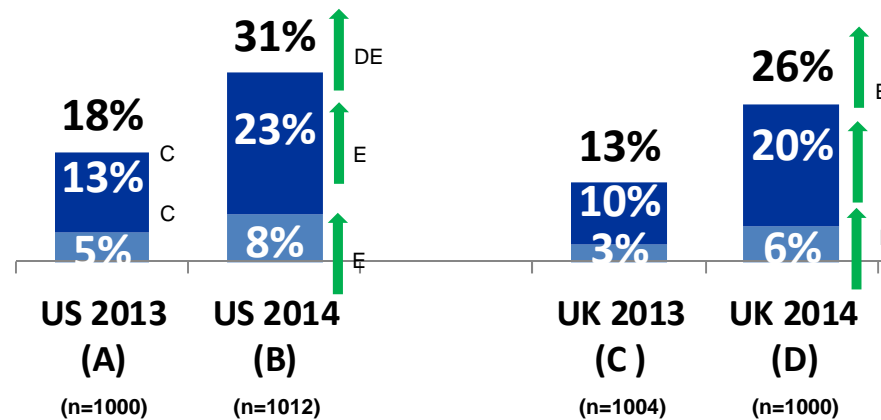


The information contained above is for illustrative purposes only.

1



Key finding: retirement confidence is low



↑ Indicates a positive or negative change from previous wave. Letters indicate a difference across groups.

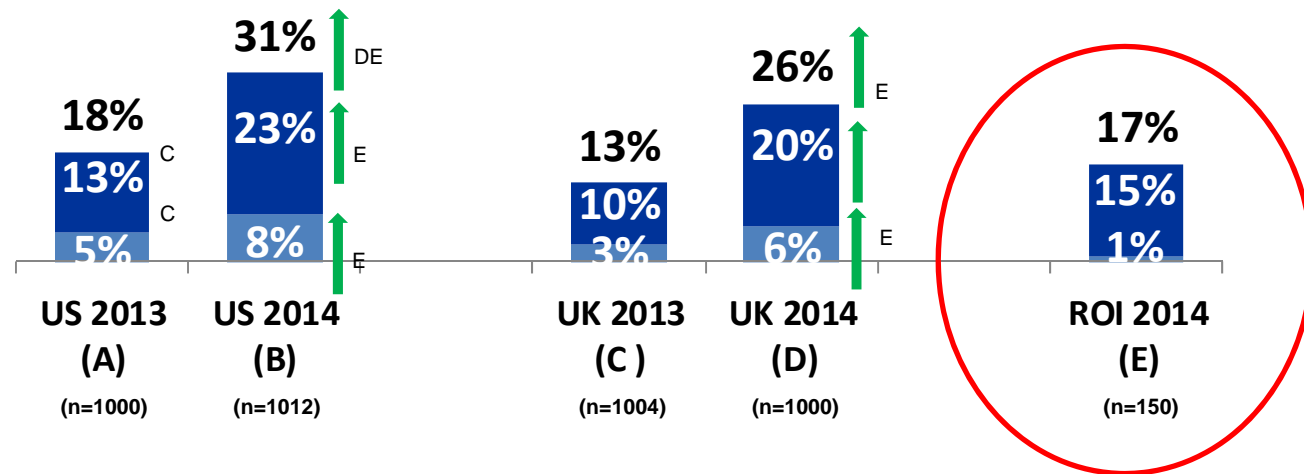
Q3 How confident are you that you are on track to have enough saved through your employer sponsored defined contribution plan/defined contribution pension scheme(s) to be able to pay for the lifestyle you want in retirement? (5-point scale)

Source: TRC Global Research Topline, April 2014

2



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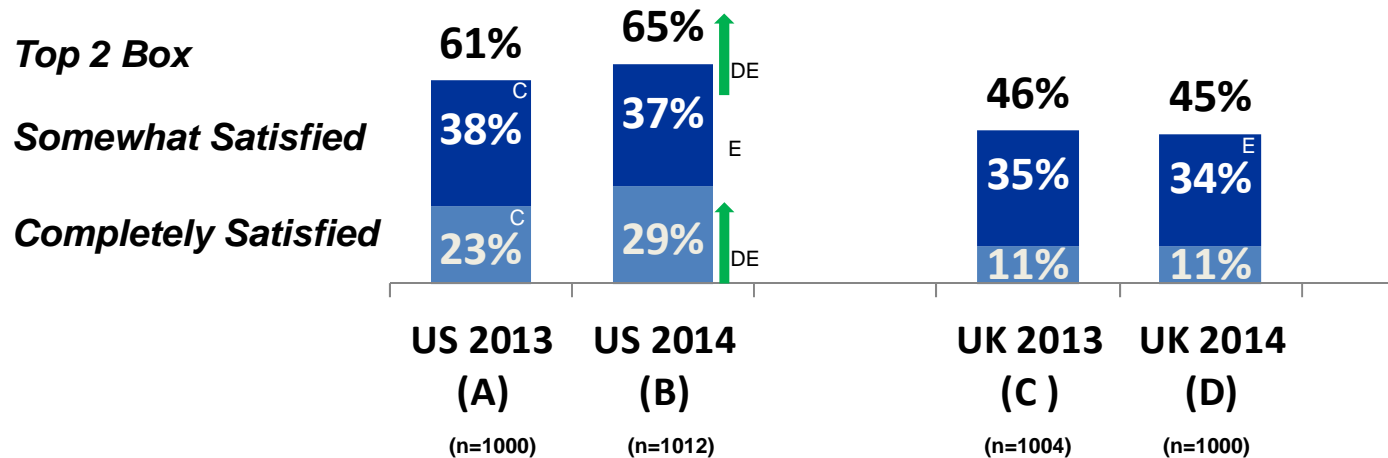
Source: TRC Global Research Topline, April 2014

3



Key finding: varying levels of satisfaction

Overall satisfaction with plan/scheme



↑ Indicates a positive or negative change from previous wave. Letters indicate a difference across groups.

Q1 How would you rate your overall satisfaction with your employer sponsored defined contribution plan/defined contribution pension scheme(s)? (5-pt scale)

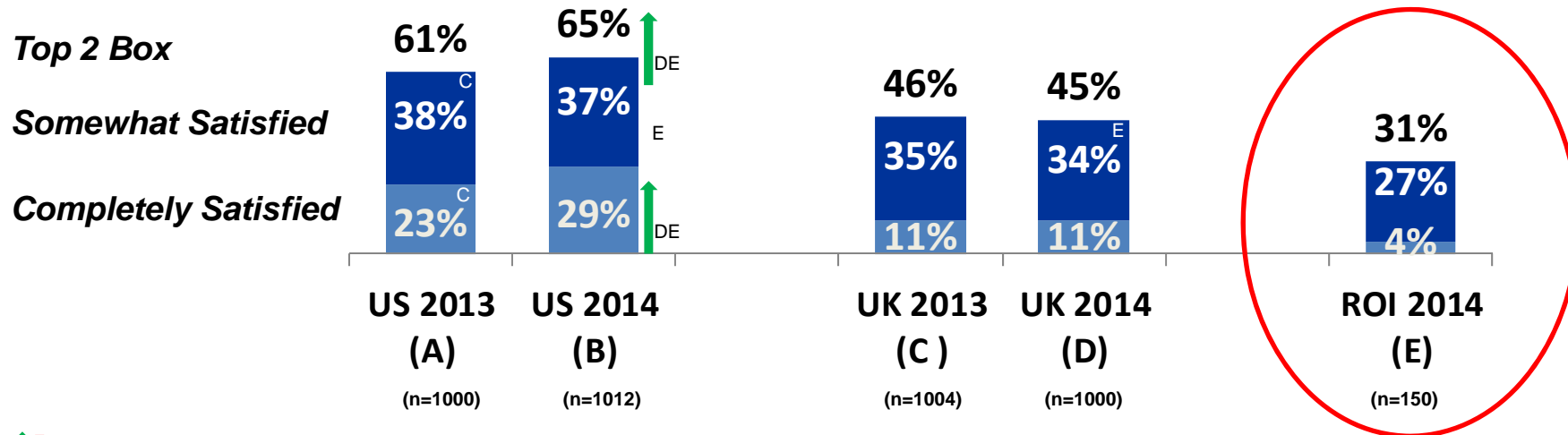
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4



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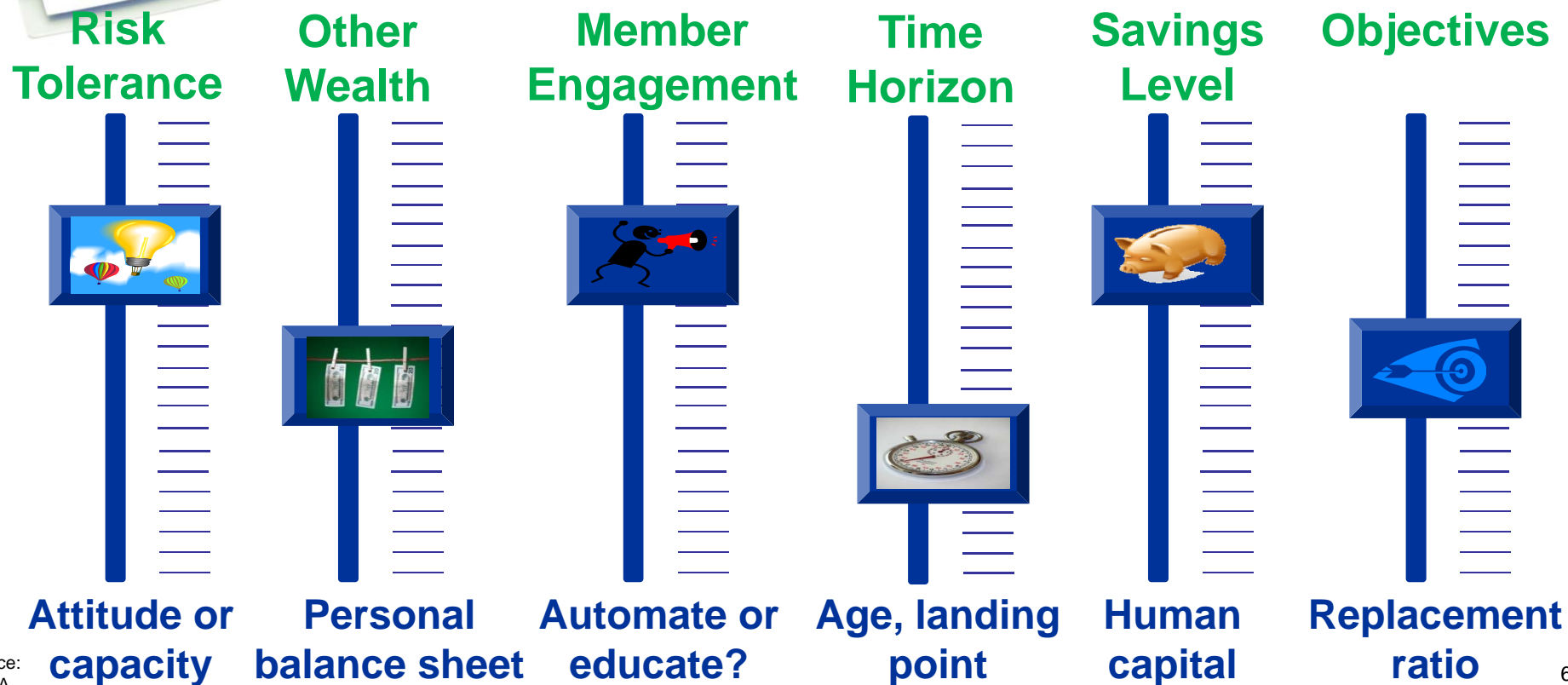
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5



Focus on outcomes

The drivers of outcomes and the impact on retirement confidence



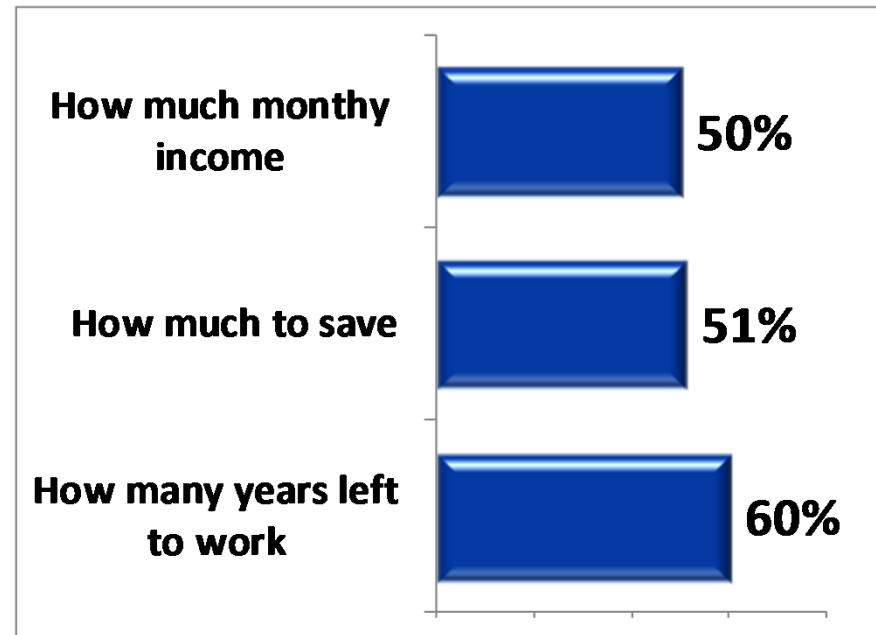
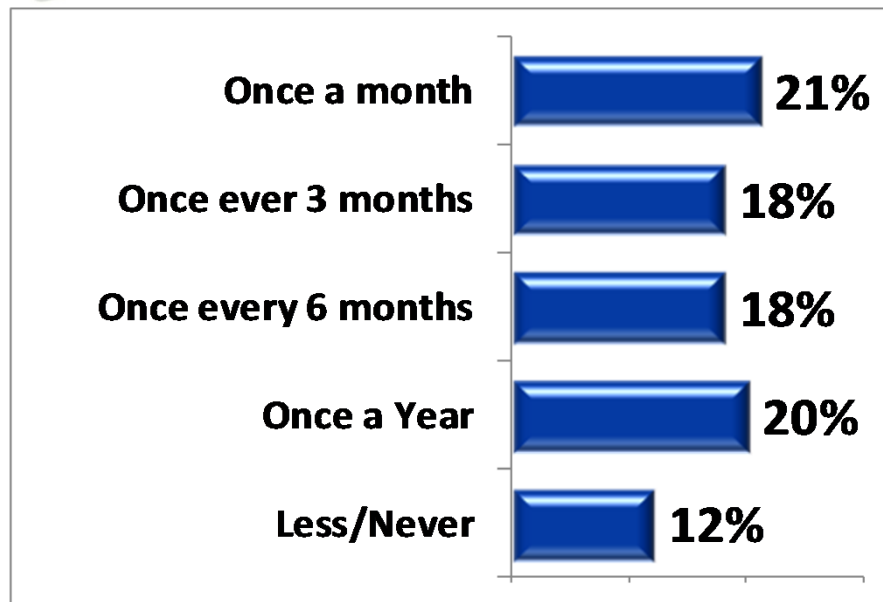
Source:
SSqA

IAPF DC Conference

www.iapf.ie



Key finding: DC members see themselves as savers, not investors



Members are thinking about retirement planning, but are they acting?

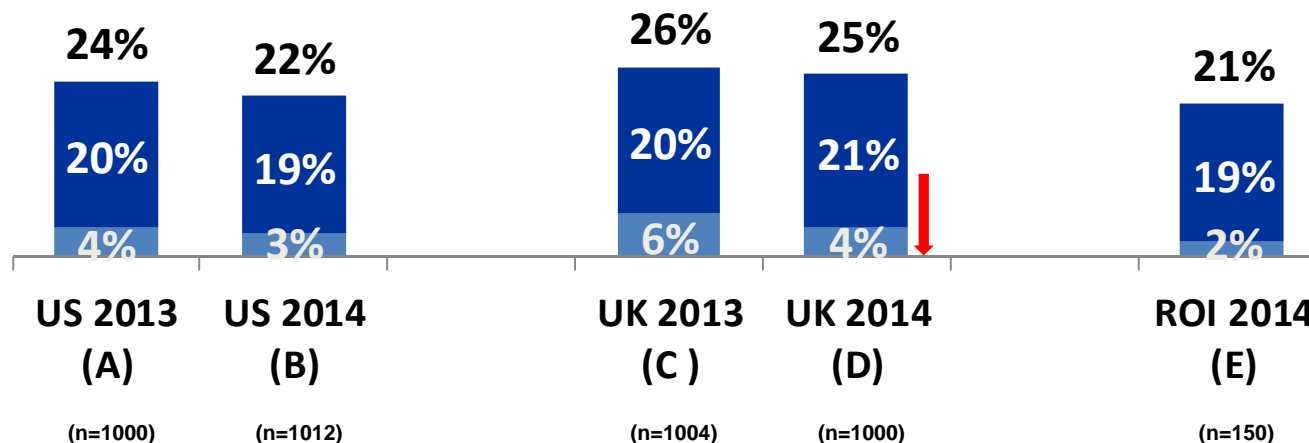
Source: SSgA, TRC and Network Research 2013

7



Key finding: low financial knowledge

**Very
Knowledgeable**
**Extremely
Knowledgeable**



↑ Indicates a positive or negative change from previous wave. Letters indicate a difference across groups.

Q7 How would you describe your level of knowledge about financial matters such as savings and investments? (5-pt scale)

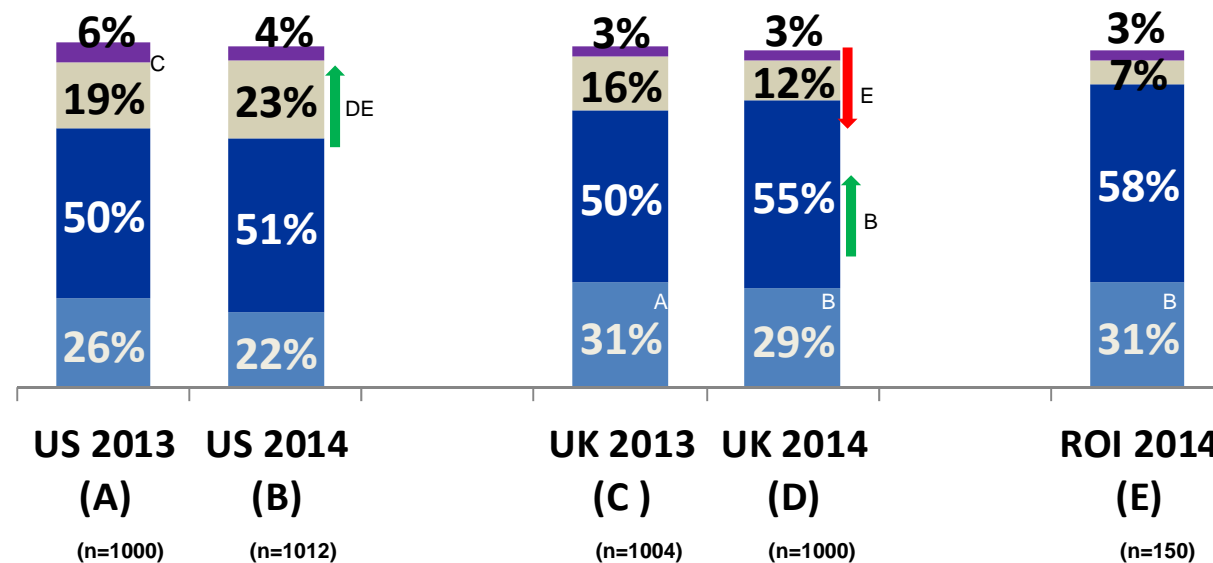
Source: TRC Global Research Topline, April 2014

8



Level of risk willing to take to achieve higher returns

High Risk
Somewhat High Risk
Moderate Risk
Low to No Risk



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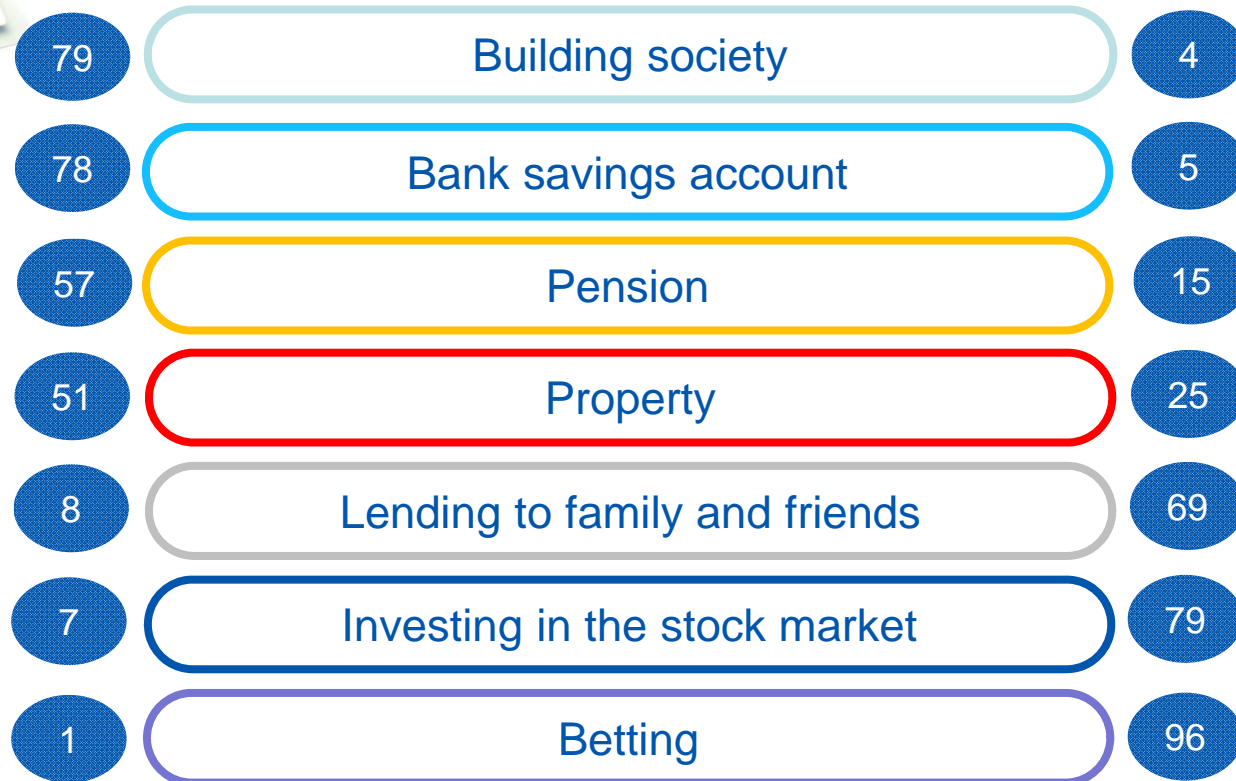
Q8 How much risk would you be willing to take with your employer sponsored defined contribution plan/workplace pension scheme fund(s) to achieve greater returns on your investment?

Source: TRC Global Research Topline, April 2014



Perception of Risk

Percentage saying 'safe'

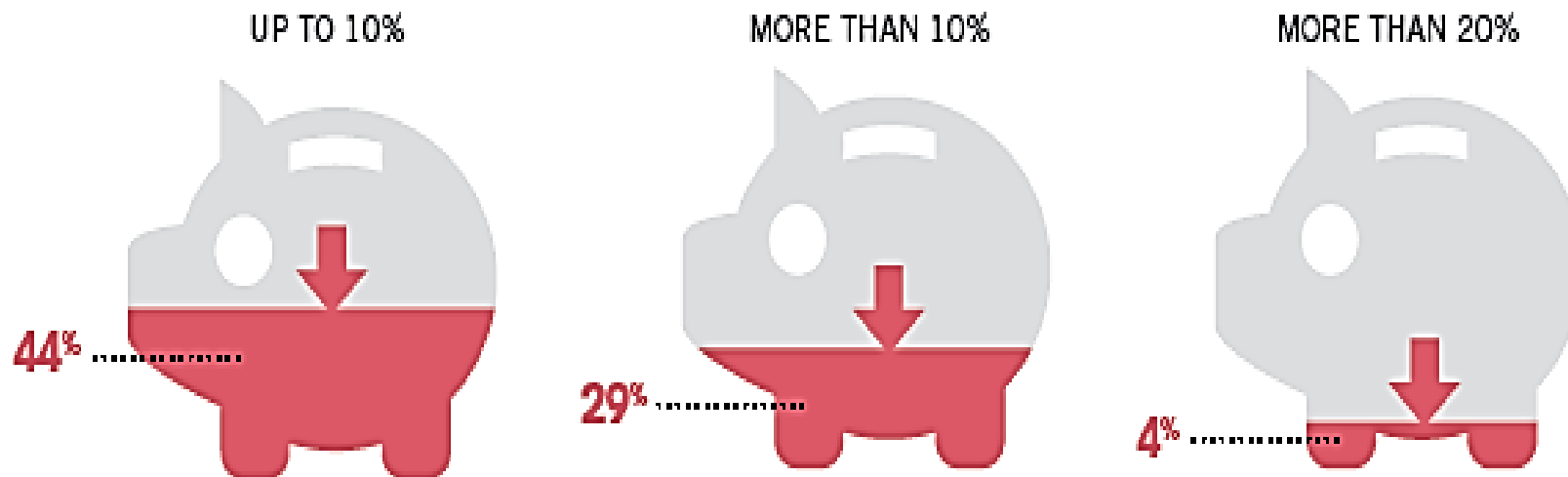


Percentage saying 'risky'



Key Finding: Members don't like to lose money

How Far Can A Pension Fall Before Members Feel Compelled To Act?



Source: SSgA DC Member Survey June 2013, 2. SSgA DC Member Survey December 2013

11



Losses of >10% are frequent

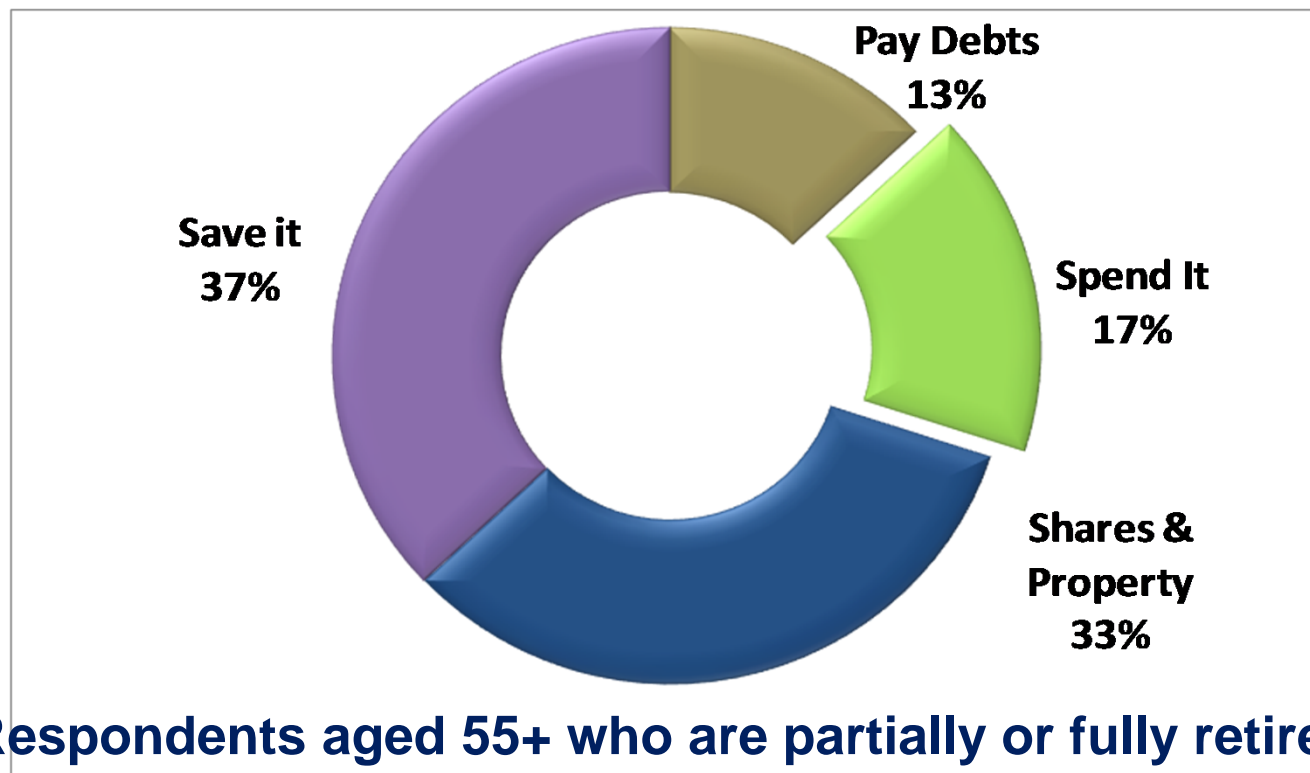


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12



How UK DC members use their cash at retirement



Source: SSgA UK DC Investor Survey, December 2013

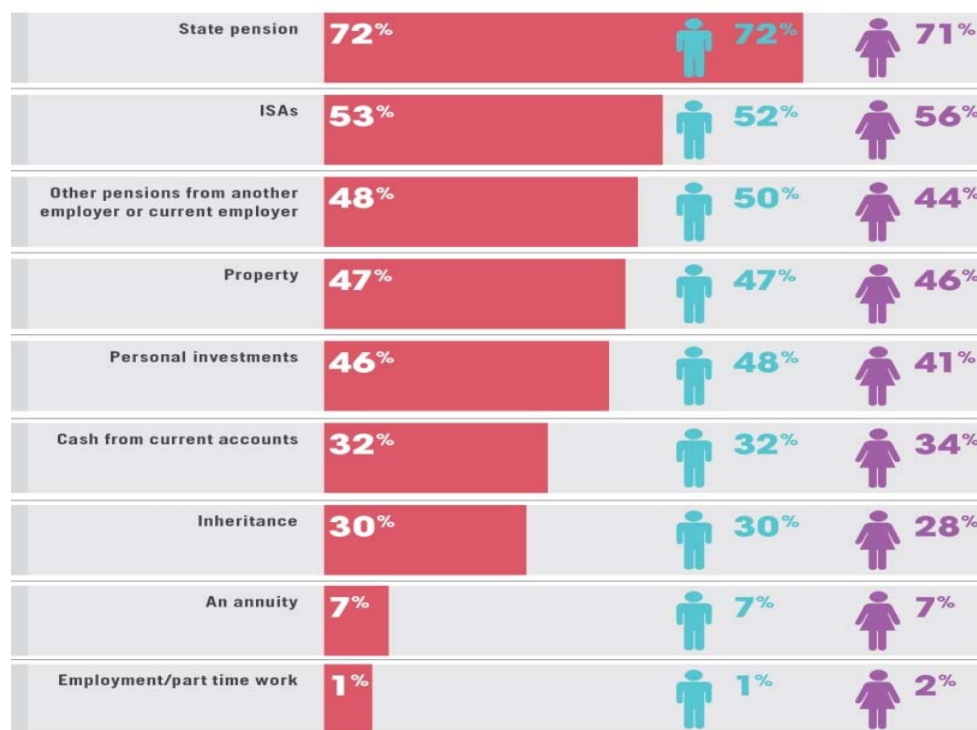
Respondents aged 55+ who are partially or fully retired

13



Key Finding

What non-DC sources will you use to fund your retirement?
and male/female split



It's not just about the pension

Source: SSgA, UK Member Survey Sept 2013

Total answering (n=1002)

14



Key finding: it's all about the default

What are consumers looking for from a default?



The perception is that the default offers 'balanced risk'

As members get closer to retirement risk aversion becomes heightened

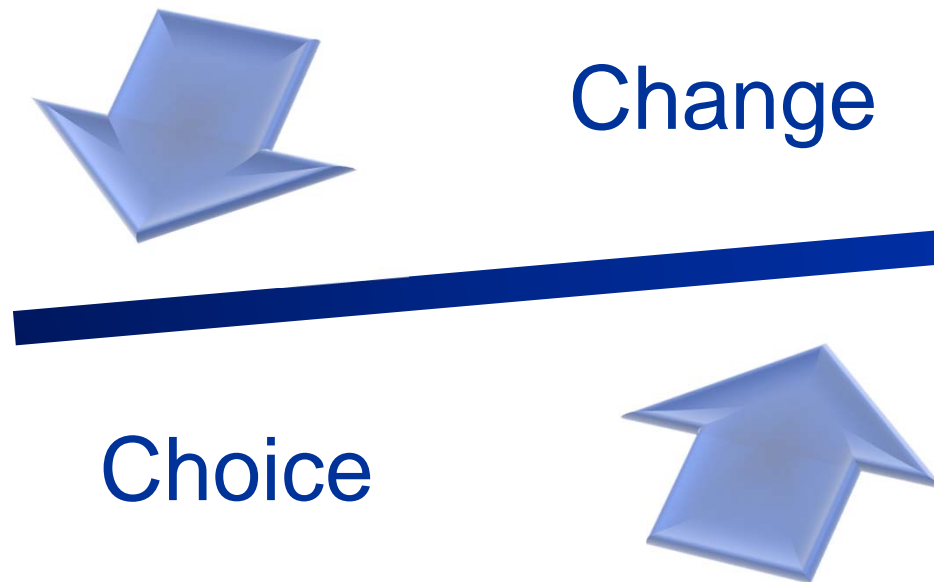


Source: SSgA. As of 31 March 2014.

15



Where next for DC?



Finding the right balance will be crucial

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16

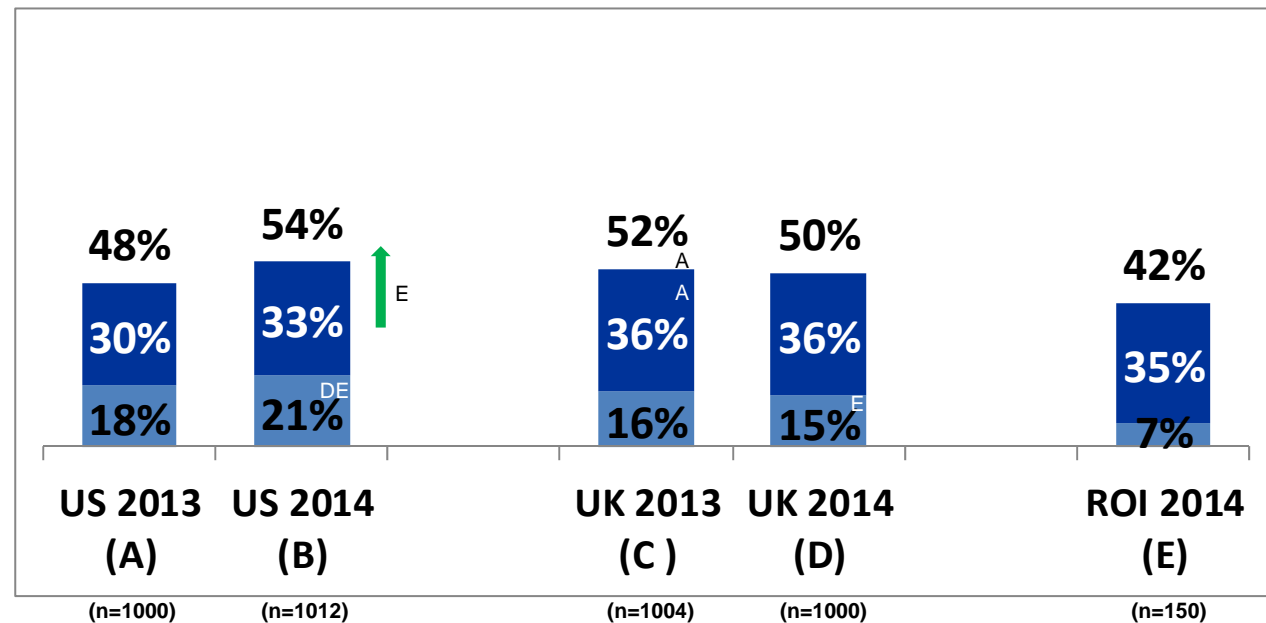


Satisfaction with employer involvement

Top 2 Box

Somewhat Satisfied

Completely Satisfied



↑ Indicates a positive or negative change from previous wave. Letters indicate a difference across groups.

Q2 How satisfied are you with your employer's level of involvement in helping you to prepare for your retirement? (5-pt scale)

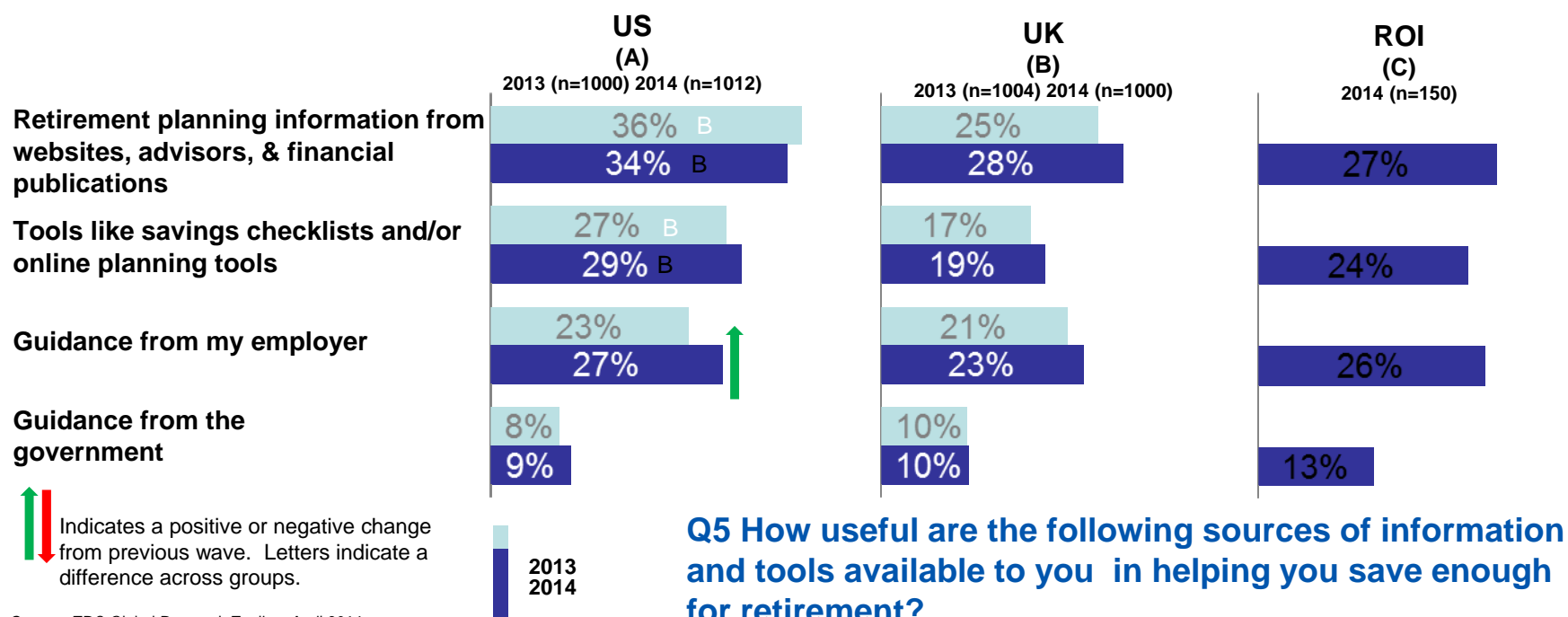
Source: TRC Global Research Topline, April 2014

17



Usefulness of Information and Tools

Across all regions at least one in five plan participants seek help or advice on their employer-sponsored retirement plans



Source: TRC Global Research Topline, April 2014

18



Understanding workplace savers

Meet Susan

- Susan is between 22-34 years old and works full time
- Her household income is between £30K-£50K annually
- Her household retirement pot is £2K-£5K

“If I lost that much I’d leave the plan or put in less” (45% of 22-34 year olds)

- 80% feel investment in stock market is only marginally safer than gambling¹
 - 60% prefer property or personal investments as retirement savings vehicles¹
 - 45% not confident in pension provision due to poor scheme, insufficient time or lack of savings¹
- Life in retirement will probably be financially difficult (45%)²

Almost half (49%) of savers aged 22-34 would tolerate a loss of only 10% or less before feeling the need to make changes to their plan²



Living With Ambiguity

- Retirement date
- Economy
- Capital markets
- Performance
- Longevity
- Legislation

Would you rather choose a default fund that assumes you can predict, pre-determine and that everything stays constant

OR

One that can adapt nimbly, effectively and efficiently within a well-governed and robust framework?



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Although bonds generally present less short-term risk and volatility risk than stocks, bonds contain interest rate risks; the risk of issuer default; issuer credit risk; liquidity risk; and inflation risk. This effect is usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.



Disclaimers

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Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns.

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Tracking Number: IREPRS-0825. Expiration date 31/05/2015.

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