

IAPF DEFINED CONTRIBUTION CONFERENCE 2008



Communicating with members

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What is good communication to DC plan members?



- Explaining roles and responsibilities
- Explaining key decisions – investment decisions and contribution levels
- Explaining the impact of those decisions
- Identifying key milestones for particular review – e.g. joining, within 10 years of retirement, retirement
- Provision of on going education
- Provision of personalised updates

Who is responsible for member communication?



The parties involved

- Company Sponsor
- Pension Scheme Trustees
- Consultants
- Providers
- Members

We are all responsible

What members need to understand?



The fundamental information needed

- What level of replacement income is needed at retirement - *personal*
- What are the various sources that can provide this income - *personal*
- What levels of contributions are necessary to fund this income - *personal*
- Where should these contributions be invested to provide this income
- When should investment risk be embraced and when should it be minimised

ADEQUATE CONTRIBUTION LEVELS & APPROPRIATE INVESTMENTS

What do members know?



Irish Life

Current understanding

- I am in a pension plan
- My employer is looking after it
- They know where to investment my money
- I am all right

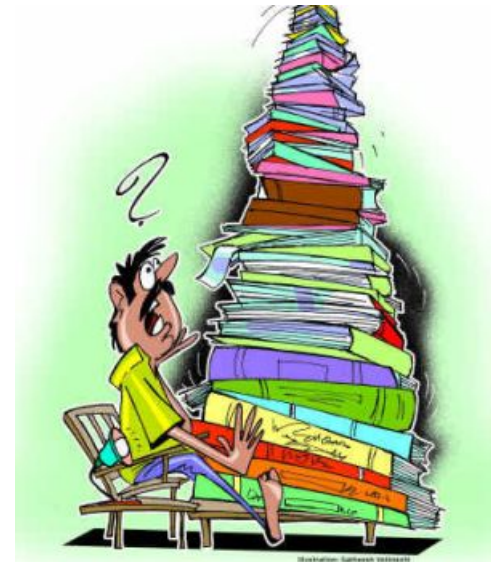
What information is available?



Irish Life

The industry commitment is significant

- Scheme Booklets
- Annual Accounts
- Trustee Reports
- Trust Deed & Rules
- Benefit Statement – currently with or without projections
- Fund fact sheets
- Staff presentations



My experience....initially



Irish Life

From an asset manager perspective

- Client suggests date for staff presentation
- Date agreed
- Time slot agreed
- Presentation prepared
- Members attend or not

Results very diverse and raise questions as to methodology

Typical outcome



Irish Life

From an asset manager perspective

- Very poor attendance
- No interaction
- No one-on-one time requested
- No engagement
- No obvious understanding or interest as to how retirement income would be provided

... Now



Irish Life

Everyone has already committed the time and money – so what about planning....

- All parties get involved in planning – Company Sponsor, Trustees, Members, Consultants and Providers
- Detailed planning, scheduling and build-up to presentation
- Segment the audience i.e. new members versus young members versus members near retirement, members with AVC or not, members with legacy funds, default/lifecycle members versus active selection members.
- The same message is not appropriate – segment the message
- Key common messages agreed
- Multiple media mediums used to reinforce message – pre & post presentation

On going common messages



Key continuous messages for all members....consistency of message

- Value of employer sponsored pension plan – risk benefits and pension plan
- Limitations of state pension provision
- Importance of contributions levels to good pension planning
- Understanding of trade-off between short-term needs and long-term requirements
- Importance of investment choice - when is well managed risk good and when is protection necessary
- Danger of short term issues jeopardising pension funding
e.g. understanding market risk

On going personal information



Key continuous personal information

- Circumstance specific staff presentation
- Member benefit statement – outlining position relative to desired position
- Projection tool – allowing members to monitor their funding position
- Company intranet site – source of ongoing current information
- Appropriate investment options at various times – lifecycle, warning flags

In summary



Irish Life

- Don't assume people know - keep it simple – no jargon
- Keep communication personal and relevant as frequently as possible
- Sell concept and then brand – not the other way around
- Use IT i.e. website, client intranet site, webinar, online ask the expert...
- Give it time to work – reinforce
- Be enthusiastic
- Spend time on communication, all the time
- All parties need to take DC seriously or we are building a problem for tomorrow