

**Department for Work and Pensions**

**Research Report No 293**

# **Combined Pension Forecasts – a survey of their impact on recipients**

**Graham Kelly, Warren Linsdell and Dawn Scanlon**

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

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# Glossary of terms

**ATOS**

The Information Technology (IT) system used to process pension forecasts. This was used as the data source for sampling individuals who had a combined pension forecast processed by DWP between November 2003 and June 2004.

**Combined Pension Forecast (CPF)**

Since 2001, the DWP has been encouraging employers and pension providers to provide members with a CPF that brings together state pension forecast information with a forecast of an individual's current occupational or personal pension. It is a component of the DWP's broader Informed Choice strategy. Employers or pension providers who take part in the scheme exchange scheme member data with The Pension Service who then sends back the individual's annual state pension forecast. This is then combined with the occupational or personal pension forecast to form the CPF.

**CPF provider**

Employer and personal pension providers that issue CPFs to their scheme members. (Note: Employer pension providers may issue CPFs to employees regardless of whether or not they are members of their occupational pension scheme. In these cases, the employee is not considered a scheme member, but can still be issued with the state pension forecast element of the CPF).

**Defined Benefit (DB) pension scheme**

Also referred to as 'salary-related' scheme

An occupational pension scheme where the benefits are calculated by reference to the employee's salary at or near the time of retirement or on leaving service, and length of their pensionable service. These benefits are not directly related to the investments of the scheme.

**Defined Contribution (DC) pension scheme**

Sometimes called a 'money purchase' scheme

An occupational pension scheme where the contributions are defined, usually as a percentage of salary/earnings, from both the employer and employee. The size of the member's pension is determined by the level of contributions, how much the pension fund has grown, and what annuity rate is available when the member retires.

**Group personal pension**

A personal pension scheme which is organised through the employer but still takes the form of individual contracts between the employee and the pension provider.

**Hybrid pension scheme**

An occupational scheme that offers both defined benefit and defined contribution benefits or provides a benefit based on one of the two, whichever is higher.

**MIDAS**

Matching Intelligence and Data Analysis Service (searches and cross matches data across DWP benefit systems).

**Occupational pension scheme**

A scheme organised by an employer to provide pension benefits for their employees. It is sometimes called a company pension scheme.

**Personal pension**

An arrangement between and a pension provider (such as an insurance company) and an individual who is self-employed, in non-pensionable employment or who is not a member of an employer's scheme which enables the individual to make provision for a pension directly. The employer may or may not make a contribution on behalf of the employee. The employer may also pay the employee's contributions direct from their salary through direct payment arrangements.

**Stakeholder pension**

A personal pension product that complies with regulations which limit charges and allows individuals flexibility on contributions.



# Summary

## Introduction

### Background

Given the United Kingdom's changing demographic structure, the Department for Work and Pensions (DWP) has put forward a number of proposals and instigated specific initiatives designed to equip individuals with knowledge of their forecasted retirement income. A focus for attention is the encouragement of effective retirement planning fostered in particular through raising awareness, improving financial education and increasing the range and quality of available pensions-related information. The desired outcome is to create an environment in which individuals are better informed and equipped to make choices and plan appropriately for retirement.

One of DWP's initiatives towards this outcome is Combined Pension Forecasts (CPFs). Working with employers and private pension providers participating on a voluntary basis, the DWP's CPF Team supplies forecasts of an individual's state pension to include with the annual personal /occupational statement the employer/provider already issues, helping to build a forecast of the individual's likely financial situation in retirement. Individuals are given the option to opt-out of this service if they wish to do so.

By the end of August 2005, over 4.4 million CPFs had been issued. The aim is to issue 6.3 million CPFs by 31 March 2006.

### Objectives

To measure the effectiveness of this initiative, DWP commissioned research to establish levels of CPF recall and, specifically, understand the extent to which it has impacted recipients with regard to prompting retirement income planning.

### Research design

This quantitative research is based on a telephone survey of 5,092 individuals known to have received a CPF within 18 months prior to interview. The sample for the study

was sourced from the DWP's ATOS database. ATOS contained details for individuals having a CPF processed by DWP between November 2003 and June 2004. This means that respondents could have received their CPF at any time within 18 months prior to completing a telephone interview. It is likely some respondents would have received subsequent CPFs to those recorded in the ATOS database.

Comparisons are made between those who recall receiving the CPF and those who did not, giving an indication of differences in retirement planning the CPF caused between these two groups. With the absence of a control group of non-recipients, it is difficult to measure the impact CPFs alone have on retirement planning activity. However, among CPF recallers that had taken action, all attempts were made to probe whether it was the CPF or other external factors that caused them to do so. For example, asking; what factors had prompted them to take action, whether the CPF influenced them to do so, whether they would have taken action had they not received a CPF, and their agreement or disagreement with a series of attitude statements on the influence of CPFs on retirement planning. This provided useful evidence on the impact CPFs have on retirement planning, as detailed in this report.

Research was conducted via telephone using contacts supplied by DWP stratified against the ATOS database. In the absence of telephone numbers, the British Market Research Bureau (BMRB) ran a telephone number matching exercise for an extract of the database. For records where a telephone number was identified, a stratified random sample was selected. All target respondents were then pre-notified of the study in writing, offering them the opportunity to opt out of the study if they did not wish to participate.

Fieldwork was carried out between 22 March and 4 May 2005. In total, 5,092 interviews were conducted, allowing sufficient size for analysis of sub-groups of interest. A response rate of 40 per cent was achieved<sup>1</sup>. Minor weighting of the data was conducted to account for deliberate over-sampling of some segments of the database with lower natural incidence of individuals in the ATOS population (namely the 16-24 year old age group, and individuals with 'hybrid' pension schemes). The efficiency of the final scaled weight was 89 per cent resulting in a total effective sample size of 4,527.

Throughout the report, analysis is conducted comparing differences between pension scheme type. This is based on scheme type as defined by the ATOS database since this is what was known to be held by respondents at the time the CPF was sent.

## Respondent profile

### **Pension scheme membership**

The target audience for the research study was known CPF recipients, sourced from DWP's ATOS database. It should be noted that the profile of individuals in the ATOS database does not necessarily reflect that of the general population, or the

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<sup>1</sup> Details of response rate calculation can be found in Section B.5 in Appendix B.



population of pension scheme members<sup>2</sup>, since it only contains information on individuals for providers voluntarily participating in the CPF initiative. Recipients are biased towards DC scheme membership since the ATOS database is primarily made up of scheme members from one large personal pension provider.

In total, Defined Contribution (DC) scheme membership accounts for 66 per cent of individuals. Of these, 98 per cent of CPFs sent were issued by one personal pension provider. Defined Benefit (DB) scheme membership accounts for 32 per cent of individuals and Hybrid scheme membership accounts for two per cent of individuals. Employer pensions with DC scheme membership account for one per cent of individuals. This split is mirrored in the profile of survey respondents.

Ninety one per cent of employers provided a DB scheme. Prevalence of DB schemes was universal for public sector employers, while the majority (84 per cent) of private sector employers represented in the sample also provided DB schemes.

At the time of interview, nine in ten respondents were in employment, the vast majority of whom were employed full-time. Half had an individual income of under £20,000 per annum with 18 per cent earning £30,000 or above. Just over eight in ten were currently contributing to a pension scheme.

### **Alternative savings provision**

Other than a pension scheme, a third (34 per cent) of respondents had no current alternative means of saving for retirement. One third (36 per cent) were saving for retirement via Individual Savings Accounts (ISAs), Personal Equity Plans (PEPs) or Tax Exempt Special Savings Account (TESSAs), and a third (34 per cent) were saving via building society savings accounts. The other most common additional means of saving for retirement were stocks and shares (18 per cent) and income from property (14 per cent). Naturally, it was possible for respondents to be saving for retirement through more than one alternative means. A further 14 per cent expect to receive paid income after retirement. Those who expect to receive paid income after retirement tended to be the older age groups and those in higher income groups, although there was no difference between pension scheme membership types.

### **Pensions knowledge**

Two thirds (64 per cent) of respondents claimed to be fairly or very confident in their ability to make decisions about pensions. Males tended to be more confident than females. Those with higher individual incomes were more confident than lower income groups. Private employer scheme members had the highest level of confidence, but this group contains a larger proportion of males and higher income earners.

Just under two thirds (59 per cent) said they have at least reasonable knowledge about pensions issues, with levels of knowledge again being better among males and higher income earners. However, under half (47 per cent) had at least a reasonable idea of what their retirement income will be. A quarter (25 per cent)

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<sup>2</sup> See Section 2.6 for more details of pension provision among the wider population.

claimed to have no idea. Knowledge of retirement income was highest among the older age groups (60 per cent of 60-64 years olds had a good idea of what their retirement income will be, but 45 per cent of 16-24 year olds said they have no idea). In comparison with previous research<sup>3</sup> this suggests this sample of CPF recipients are slightly more knowledgeable about pensions than the rest of the working age population.

## CPF recall

Respondents were asked if they remembered receiving anything about state pensions from their employer or pensions provider in the last 18 months, and if so, what they remembered receiving. Those who recalled receiving a CPF at this stage were recorded as spontaneous CPF recallers. Those who did not recall were prompted with a statement describing CPFs and asked whether they received one. Respondents who remembered the CPF after this prompt were recorded as a prompted recaller. Those failing to remember the CPF after prompting were recorded as a non-recaller.

Almost four in ten respondents remembered having received a CPF (38 per cent). Given relatively low interest of the subject matter and, indeed, the time elapsed between known processing of CPFs and the interview fieldwork period, this level of recall may have been expected.

CPFes are generally issued once a year, but some respondents could have received another CPF before or after ATOS coding. Given this point, it is not possible to verify the number of CPFes respondents claimed to have received against the number known to have been issued. However, respondents who were known to have been issued with two or more CPFes, as defined by the ATOS database, were more likely to recall having received a CPF (45 per cent compared with 36 per cent known to have been issued one CPF), suggesting a positive cumulative effect. This cumulative effect is further exhibited in that among respondents who reported receiving more than one CPF, spontaneous awareness was higher than for those who reported receiving one only (72 per cent and 64 per cent respectively).

Similarly, those known to have been issued a CPF by more than one provider (from ATOS) were more likely to remember the CPF (60 per cent recall) compared to those who have been issued a CPF by one provider (38 per cent recall).

Recency of receiving a CPF also appears to influence levels of recall. Due to the time lag in when a CPF was coded in DWP's ATOS database and when their provider/ employer sent it, we cannot be certain when people actually received the CPF. However, 74 per cent of those reporting having received a CPF in the last three months could recall it without prompting, falling to 58 per cent among those who reported receiving a CPF a year ago or longer. It is reasonable to expect that overall levels of recall would have been higher if interviews were carried out closer to when individuals received their CPF.

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<sup>3</sup> Mayhew, V. (2003); 'Pensions 2002: Public attitudes to pensions and saving for retirement', DWP Research Report No 193.

Generally, recall tends to be driven by provider and scheme type rather than age or gender demographics. Levels of recall were lowest among personal provider scheme members and those with DC schemes, the two of which are closely interlinked. Only a third (32 per cent) with a personal provider/DC scheme recalled the CPF compared to half (50 per cent) with employer or a DB scheme.

Recall also tended to be lowest among the 'pensions inactive', particularly those claiming to never have had a pension, only 12 per cent of whom remember having received a CPF compared to 32 per cent who were currently contributing to a pension. While only three per cent of respondents said they had never had a pension, this is, nevertheless a statistically significant finding. (Note: Employer pension providers participating in the CPF scheme can issue the state pensions forecast element of the CPF to non-members).

Respondents who appeared to be more 'tuned in' to financial related matters were more likely to recall the CPF. Those who were very/fairly confident about their ability to make pension decisions and those who had a better idea of what their retirement income would be were much more likely to recall the CPF than those who were less knowledgeable in these areas. It is difficult to determine cause and effect here, i.e. whether more financially knowledgeable people were more likely to recall the CPF or whether receiving a CPF helped improve pensions knowledge.

## Attitudes toward the CPF

Nine in ten recallers of the CPF had read at least some parts of it. This accounts for 34 per cent of all respondents. Among those who had read their CPF, eight in ten indicated they had read the state pension forecast section, and half (50 per cent) said they read both the state and occupational/personal section. A minority, one in ten, could not remember which part they had read. Regardless of which parts of a CPF had been read, eight in ten kept it for future reference, suggesting recallers regard the CPF as a sufficiently important document to be retained.

Among recallers, just under three quarters (73 per cent) stated they found the CPF to be at least fairly useful (one in five finding the CPF to be very useful). This amounts to 28 per cent of all respondents.

Among the minority (only 18 per cent of recallers) who did not find the CPF useful, the most common reason given was that the content was confusing, difficult to understand or uses too much jargon (39 per cent). If possible, addressing the design and content of the CPF may help overcome this issue, particularly among those lacking in confidence about pensions issues. A small minority expressed some doubt with regard to the reliability of the forecasts, with 14 per cent of those not finding the CPF useful acknowledging that it is only a forecast rather than the actual amount to be received, and 14 per cent feeling that either Government policies or their own circumstances may change, impacting on the relevance of the forecast.

Attitudes toward the CPF among recallers were particularly positive with regard to CPFs *'encouraging me to review my retirement plans'*, just under three quarters of recallers (74 per cent) agreeing with this statement.

Similarly, there was a positive response to CPFs *'encouraging people to save more for retirement'*, with around three quarters of recallers (73 per cent) agreeing with this statement. Again, this suggests the CPF is having the desired effect of raising retirement planning consciousness among those who recall it.

Furthermore, 8 in 10 (84 per cent) recallers agreed that the government should issue State Pension forecasts alongside private pension statements. About nine in ten (85 per cent) non-recallers also agreed that the government should issue state pension forecasts alongside private pension statements.

Even among those who did not remember receiving a CPF, eight in ten (81 per cent) agreed that a CPF *'would encourage me to review my retirement plans'*.

## Retirement planning

All respondents were asked what, if any, retirement planning activity had been undertaken during the last 18 months. Just over two thirds (69 per cent) had undertaken some form of retirement planning during that period. Those who had not conducted any planning (31 per cent) were more likely to be lower income and lower age groups.

It is notable that CPF recallers are significantly more likely to have engaged in retirement planning activity (78 per cent conducted retirement planning) than those who did not remember receiving the CPF (59 per cent conducted retirement planning). It is uncertain to what extent the CPF caused retirement planning actions taken or whether those people who had undertaken action are more likely to remember CPFs. The profile of those who took action is similar among both CPF recallers and non-recallers, suggesting other characteristics such as age and income also influence retirement planning.

The types of planning activity undertaken are distinguishable between 'soft events', such as discussing arrangements with others or requesting pensions information, and more tangible 'hard events' such as increasing pension contributions or non-pension investments. Again, CPF recallers were significantly more likely to have engaged in either type of activity than non-recallers.

### Soft event (information seeking)

Thirty three per cent of respondents at least went as far as discussing retirement arrangements with others. This was more likely to be the case for CPF recallers (42 per cent) than for non-recallers (27 per cent). Sixteen per cent of recallers had specifically requested information on pensions or retirement planning compared with eight per cent of non-recallers.

### **Hard event (increased savings)**

Thirty three per cent of respondents either started or increased pension contributions or non-pension related investments. Again, this was more likely to be the case for recallers (42 per cent) than for non-recallers (28 per cent). Among both groups, those that increased any type of saving were more likely to be among higher income earners and those with private sector employer and DC pension scheme types. While the positive differential in the proportion that increased savings between recallers and non-recallers is statistically significant, the largest difference in subgroups among those who took this action occurs across income bands, the proportion who took this action rising incrementally as the level of individual income increases.

At a bi-variate level, there is an association between CPF recall and increased retirement saving. CPF recallers were more likely to; increase contributions to an existing pension (19 per cent compared to 11 per cent of non-recallers), increase savings for retirement in a non-pension investment (23 per cent compared to 13 per cent of non-recallers) and start retirement saving in a non-pension investment (12 per cent compared to six per cent of non-recallers). Of all respondents, five per cent said they had started a new pension within the last 18 months, but there was no significant difference between recallers and non-recallers.

Among those who increased pension contributions specifically, the level of increase was similar for both CPF recallers and non-recallers (just under two per cent on average as a proportion of annual income). For those who started or increased a non-pension investment, an ISA, PEP or TESSA type of product was the most commonly mentioned source (67 per cent) followed by building society savings (44 per cent). There was no significant difference between recallers and non-recallers in the type of non-pension investment they increased or started saving for retirement in.

Those who recalled receiving more than one CPF were more likely than those who only received one to have increased contributions to an existing pension (22 per cent compared with 16 per cent) and a non-pension investment (28 per cent compared with 20 per cent). They were also more likely to have started saving for retirement through a new non-pension investment (16 per cent with more than one compared with 10 per cent with one). As with levels of CPF recall, this suggests a positive cumulative effect, although we still cannot be certain whether those who recall more than one were more likely to have taken action anyway.

### **Decreased savings**

As part of retirement income planning activity, a number of respondents said they had stopped or decreased savings in a pension or non-pension investment. The proportion having done so is similar for both CPF recallers and non-recallers (15 and 13 per cent respectively). However, among those having opted to do this, CPF recallers were more likely to have replaced this decrease in savings activity with an increase in savings via alternative means. Fifty two per cent of CPF recallers who stopped or reduced any type of savings increased savings elsewhere. This compares

to 32 per cent for non-recallers. Overall, decreases in savings tended to be in relation to pension contributions, with replacement most likely coming from non-pension investments.

### Future planning activity

As well as any retirement planning in the last 18 months, respondents were asked what future planning activity was intended. Around nine in ten (89 per cent) were sufficiently conscious about retirement to state they intend to undertake planning for the future, a proportion similar for both CPF recallers and non-recallers. However, **of CPF recallers who plan future action, 80 per cent had already engaged in retirement planning in the last 18 months, compared to only 63 per cent of non-recallers. This significant difference suggests an association with recall of the CPF and timely retirement planning activity.**

As with past action, future planning activity can be distinguished between 'soft events' (discussing arrangements or seeking information) and 'hard events' (increases or decreases to pension contributions or non-pension investments). The proportion intending to undertake each type of planning activity was similar among CPF recallers and non-recallers. Just under two thirds (60 per cent) of all respondents were planning to start or increase savings. Just under one in ten (8 per cent) were planning to make a reduction in any specific saving activity, although the majority of those (73 per cent) intended increasing savings via an alternative means. Again, those planning any type of savings increase were more likely to be in the higher income groups and those with DC schemes.

Among those who intend to start or increase savings or investments, just over half (55 per cent) plan to do so within the next year. Thirty seven per cent of CPF recallers stated they plan these increases within the next six months, compared with 37 per cent of non-recallers.

Among CPF recallers, just under two thirds (61 per cent) said they intend to review their retirement income arrangements when they receive their next CPF, supporting the CPF as a being a tool for encouraging planning activity. There was no significant difference between recallers and non-recallers in stated reasons for not taking action earlier.

Of those who intend to increase savings or investments, but not within the next year, the most common reason given for delaying relates to perceived insufficient income, or other financial constraints such as debt commitments. Similarly, those who had reviewed their retirement plans within the last 18 months, but taken no further action, cite lack of affordability as the most common reason.

A minority (seven per cent of respondents) had not undertaken planning activity in the last 18 months, nor intend to do so in the future. Here there is no significant difference by scheme type, age or gender, although CPF recallers were less likely to fall into this category (five per cent of recallers compared to eight per cent of non-recallers). Again, individual income is the most significant differentiator, nine per



cent of those with incomes below £20,000 not conducting any planning activity compared to two per cent for those with incomes of £30,000 or more.

### **Impact of the CPF on retirement planning**

The key research objective was to measure what influence the CPFs have had, if any, on past or intended retirement planning activity among recipients.

**CPF recallers were significantly more likely to have undertaken retirement planning activity in the last 18 months than non-recallers. Of all CPF recallers who conducted retirement planning of any type, 51 per cent were prompted by the CPF (accounting for 40 per cent of CPF recallers overall and 15 per cent of all respondents).**

Around half (47 per cent) of those who at least discussed pensions arrangements with others said they were prompted to do so by the CPF. Four in ten (40 per cent) who requested information on retirement planning were prompted to do so by the CPF.

Multivariate analysis shows CPF recall has the strongest correlation with both soft actions and the likelihood of taking more than one retirement planning action. When controlling for other variables, it also accounts for a limited amount of variation in increased saving specifically, although increased saving is more likely to be associated with other variables such as respondents' income and other savings provision.

In interview, respondents do suggest CPFs were a useful prompt to increase retirement saving. Of those who started or increased either pension contributions or non-pension investments, a third said they were prompted by the CPF. It can be argued that 'soft' or non-committal activity such as discussing pensions or seeking information would be expected to be more likely than 'hard events' such as increasing pension contributions. However, when looking at the level of activity for each type of planning action as a proportion of all actions undertaken, **as many respondents said they were prompted by the CPF to increase savings or investments as the number who discussed pensions or sought out further information.**

Taking into account all CPF recallers, regardless of the type of planning activity they may have undertaken, 15 per cent said they were prompted by the CPF to start or increase retirement provision in one form or another. This equates to six per cent of the total sample.

As a further measure of the impact of CPFs on retirement planning, those that were prompted by the CPF into taking action were asked whether or not they would have done so by now if they had not received a CPF. **Among those who were prompted by the CPF to either start or increase pension contributions, or start or increase non-pensions investments, around four in ten (43 per cent)**

**said they would not have undertaken any of these actions by now without the CPF.** This equates to six per cent of all recallers.

While intended future retirement planning activity is high among both CPF recallers and non-recallers, **among recallers who intend to either increase pension contributions or non-pensions investments, over half said they were prompted by the CPF to consider this course of action.**

**Overall, respondents who recalled a CPF were consistently more likely than those who did not to have undertaken any positive actions.** While only 25 per cent of respondents spontaneously recalled the CPF, this group made up 55 per cent of those taking five actions or more. However, **in the absence of a control group, i.e. a sample of respondents with a similar profile not having been issued a CPF, it is difficult to estimate the influence of 'cause and effect' and thus, the impact the CPF alone is having on retirement planning.**

## Conclusions

Those who recalled the CPF were significantly more likely to have undertaken retirement planning activity in the last 18 months. However, those who undertook this activity were also most likely to be among the higher income and age groups, as well as those with greater confidence and knowledge about pensions. In the absence of a control group of individuals known not to have been sent a CPF, it is difficult to determine the influence of cause and effect, i.e. to what extent activity would have been undertaken anyway. Analysis shows that when controlling for other known influencing variables, levels of CPF recall is a predictor of 'soft' (information seeking) retirement planning actions and, to a limited extent, hard actions, but other variables such as income and current savings provision were more likely to drive whether respondents actually increased saving.

Nevertheless, there are positive indicators that the CPF has an influence. There is strong agreement that the CPF is a useful source of information and acts as encouragement for retirement planning:

- Fifty-one per cent of recallers having undertaken planning activity said they were prompted by the CPF to do so, accounting for 40 per cent of recallers overall. Similarly, of those recallers who had increased provision for retirement and were prompted by the CPF, around four in ten (43 per cent) said they would not have taken this action by now without the CPF.
- CPF recallers were more likely to have started or increased retirement savings provision than non-recallers (42 per cent compared with 28 per cent).
- Those who had received more than one CPF were significantly more likely to recall the CPF and were consistently more likely to have carried out more than one retirement planning activity, further supporting a positive cumulative effect. Those who reported receiving a CPF most recently had higher spontaneous awareness and there is a positive link between spontaneous awareness and multiple retirement planning activities.



- In order to take account of other factors likely to influence retirement planning, multi-variate analysis was conducted to measure the impact of the CPF and its influence on retirement planning activity. Of known variables, CPF recall proved to be the strongest predictor of multiple planning activities, supporting the positive results indicated by bi-variate analysis.
- There was positive agreement among CPF recallers that the CPF '*would encourage me to review my retirement plans*', and the CPF '*will encourage people to save more for their retirement*'. Both recallers and non-recallers strongly agreed that '*the government should issue state pension forecasts with people's personal pension statements*'.

On the basis of an association between recall and retirement planning activity, results appear positive. However, this should be put in the context of the surveyed sample as a whole; 40 per cent of recallers were prompted by the CPF into taking any form of retirement planning, this equates to 15 per cent of all respondents. Again, 15 per cent of recallers said they were prompted by the CPF to increase retirement provision, this accounts for five per cent of all respondents. It should be pointed out that the vast majority (82 per cent of respondents) said they currently had an active pension already. Therefore many of them may be adequately providing for their retirement already, in which case taking no further action could be an appropriate response.

Since recall is higher among multiple CPF recipients/multiple provider recipients (indicating a cumulative effect), this suggests an improved future level of retirement planning activity as more CPFs are processed. However, if possible, priority to raising awareness should be given to personal provider and DC scheme members, single-provider scheme members and lower income groups, as they appear to show lower levels of recall.

Among the minority (18 per cent of recallers) who did not find the CPF useful, the most common single reason given relates to difficulty in understanding, being confusing or the use of jargon (33 per cent of those who did not find CPF useful). There was no difference in this finding by scheme type. This study did not explore whether this confusion was specific to the state pension element (which only consists of one page), personal/occupational pension information or both. DWP should work closely with participating employers/pension providers to identify improvements that can be made to increase understanding.



# 1 Introduction

## 1.1 Background

The Department for Work and Pension's (DWP) 2002 Green Paper 'Simplicity, security and choice: Working and saving for retirement'<sup>4</sup> sets out the challenges faced in addressing the issues posed by the UK's changing demographic structure. It outlines the roles the Government, individuals, employers and the financial services industry need to play to ensure the continued success of pensions and how each can meet their responsibilities.

A key element of the Green Paper's proposals was the Informed Choice strategy, which is based around three steps: activation, education and information:

- Activation – Enable people to make the most of pension provision and encourage availability of the right information on pensions products;
- Education – Raise people's awareness of their options and improve financial education;
- Information – Ensure that everyone has high-quality, accurate and timely information.

The DWP Command Paper<sup>5</sup> 'Simplicity Security and Choice: Informed Choices for work and saving' (February 2004) outlined a number of initiatives aimed at providing people with the right information. The desired outcome is to create an environment in which individuals are better informed and equipped to make choices and plan appropriately for retirement.

To help meet this objective, one of DWP's initiatives was Combined Pension Forecasts (CPF). The CPF combines information of an individual's current occupational or personal pension alongside information on their state pension entitlement, providing a forecast of their likely financial situation in retirement. This gives people personalised information to make them more aware of their financial situation in retirement and help them plan accordingly. Since 2001, DWP has been encouraging employers and pension providers to issue CPFs to their scheme members. By the end

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<sup>4</sup> Simplicity, security and choice: Working and saving for retirement. 2002. DWP. CM 5677.

<sup>5</sup> Simplicity security and choice: Informed choices for working and saving' 2004. DWP. CM 6111.

of August 2005, 4.4 million CPFs had been issued. Participation in the CPF initiative is voluntary. DWP are working in partnership with interested employers and pension providers to encourage them to participate. The aim is to issue over 6.3 million CPFs by 31 March 2006.

## 1.2 Research objectives

Previously conducted qualitative research<sup>6</sup> explored the experiences of those who both issue and receive CPFs. This provided findings on CPF providers' views of the scheme including; motivations and barriers to joining, administrative processes and the likelihood of continued participation. However, this research could not quantify the impact of CPFs on their recipients or provide estimates on the numbers who will take action as a result. Therefore DWP commissioned a quantitative research study with the objective of measuring the effectiveness of the CPF initiative and the extent to which it has had an impact on recipients.

Specific research objectives were to:

- measure recall of the CPF;
- understand whether recipients feel better informed about the volume of their pension and expected retirement income;
- identify if and what retirement planning activity has been undertaken recently;
- identify if and what future retirement planning activity is anticipated;
- measure the extent to which retirement planning activity has been prompted by the CPF;
- identify the timescales of actions;
- if no retirement planning activity has been undertaken or planned for the future, understand the reason why.

## 1.3 Sampling

The target group for participation in the study was known CPF recipients. At the time of the study, the only available sampling source able to meet this criteria was DWP's ATOS database. This database contains data on individuals who had a CPF processed by DWP between November 2003 and June 2004, and was used as the sampling source. **This means that respondents could have experienced a time lag of up to 18 months between having been issued with a CPF and completing an interview. It is likely some respondents will have received subsequent CPFs to those recorded in the ATOS database.**

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<sup>6</sup> Bunt, Adams and Mottram (2004); 'Combined Pension Forecasts. A report on the experiences and views of CPF providers and recipients', DWP Research Report No. 212.

A stratified random sample, representative of the ATOS universe was supplied by DWP, with sufficient detail to conduct interviewing in proportion to the ATOS profile of recipients by:

- CPF provider type – type of employer or personal pension providers having issued CPFs;
- scheme type;
- number of times CPF issued;
- number of providers from whom CPF had been issued;
- gender;
- age.

Further demographic information was confirmed through survey questioning including ethnicity, disability, individual/household income, employment status and marital status.

A number of stages were necessary to generate useable contact data. In the absence of telephone numbers, the British Market research Bureau (BMRB) ran a telephone number matching exercise for an extract of the database. For records where a telephone number was identified, a stratified random sample was selected. All target respondents were then pre-notified of the study in writing, offering them the opportunity to opt out of the study if they did not wish to participate. Ability to identify telephone numbers, and the proportion of respondents across the variables defined above who would choose to opt out of the study, could not be legislated for. However, useable contact sample for the study closely matched the ATOS profile by all known characteristics.

While the survey was designed to measure impact of the CPF on retirement planning, it was not feasible to identify a control group of CPF non-recipients which matched the ATOS profile. However, differences between those who did and did not recall the CPF among recipients, plus recallers reactions to the CPF, was sufficient to identify the influence of the CPF on retirement planning. **However, it is uncertain to what extent the CPF caused increased retirement planning actions taken by CPF recallers, or whether those people who had undertaken action are more likely to remember CPFs.**

It should be pointed out that survey findings are based on the profile and behaviour of individuals contained in the ATOS database, which does not necessarily match the profile of the general population or the population of pension scheme members<sup>7</sup>. Therefore, results should only be used as indicative of how the wider population may behave. Furthermore, given the absence of an accurate control group, i.e. as sample of respondents matching the ATOS profile but who were not issued a CPF, results should be treated as indicative, particularly when comparing differences between recallers and non-recallers.

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<sup>7</sup> See Section 2.6 for more details of pension provision among the wider population.

In total, 5,092 interviews were conducted. A response rate of 40 per cent was achieved<sup>8</sup>. Minor weighting of the data was conducted to account for deliberate over-sampling of some segments of the database with lower natural incidence of contacts in the ATOS population (namely the 16-24 year old age group, and individuals with Hybrid pension schemes). The efficiency of the final scaled weight was 89 per cent, resulting in a total effective sample size of 4,527. Further details of the sampling process can be found in the technical report (Section B.5 in Appendix B).

## 1.4 Questionnaire design

The framework for the study questionnaire was supplied by DWP and was refined in collaboration between researchers from BMRB and the DWP project team. The questionnaire was piloted in advance of the main stage fieldwork, with representatives from BMRB and DWP attending the pilot day in London. A copy of the questionnaire and further details of the questionnaire design process are included in the Appendices.

## 1.5 Fieldwork

All respondents were sent an advance letter two weeks before the start of fieldwork, which explained the purpose of the study, reasons for their inclusion in the research sample and the form the survey would take. No reference was made to CPFs specifically in the pre-notification letter, thereby avoiding any prior prompting of the CPF before participants were interviewed. Respondents were invited to call a freephone number if they wished to opt out of the research, or if they wanted further details of the research before deciding whether or not to participate. Contact details of those who opted out of the research were removed from the sample prior to commencement of fieldwork. A copy of the opt-out letter can be found in Appendix C.

Fieldwork took place between 22 March and 4 May 2005, with telephone calls being made at different times of day and on different days of the week, including weekends.

The average interview length was 17 minutes, with all interviews being conducted using CATI (Computer Assisted Telephone Interviewing) technology.

5,092 interviews were completed, allowing sufficiently robust samples for analysis by sub-groups of interest.

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<sup>8</sup> Details of response rate calculation can be found in Section B.5 in Appendix B.

## 1.6 Data analysis and weighting

Data analysis was conducted by The Operations Centre, BMRB's operational resource.

Low incidence groups (namely the 16-24 age group, and those with Hybrid pension scheme types) were over-sampled to ensure sufficient interviews for sub analysis of these particular segments of the ATOS population. The survey sample was closely representative of the ATOS universe profile overall, and only minimal weighting of the data was necessary to correct for this over-sampling. Details of the weighting used can be found in the technical report at Appendix B.





## 2 Respondent demographics and pension profile

This chapter examines the characteristics of individuals in the sample, both in terms of their demographics and their knowledge and use of pension schemes. The findings in this chapter therefore provide an understanding of the profile of the achieved weighted sample, and a context for later findings on individuals' perceptions of Combined Pension Forecasts (CPFs) and retirement planning.

### 2.1 Age and gender

A small minority of respondents were aged 16 to 24 (just two per cent), and only 15 per cent were aged 25 to 34. Just over half (53 per cent) of respondents were aged 35 to 49, about a quarter (27 per cent) were aged 50 to 59 and three per cent were aged 60 to 64. These proportions are reflective of the ATOS database profile.

There were a higher proportion of men than women in the sample: 59 per cent of respondents were men and 41 per cent were women. Despite this, there was a higher proportion of women than men aged 25 to 34 (17 per cent compared with 13 per cent). As a point of clarification, CPFs are not issued once state pension age has been reached.

**Table 2.1 Age**

	<i>Column percentages</i>		
	<b>All respondents</b>	<b>Men</b>	<b>Women</b>
16 to 24	2	2	2
25 to 34	15	13	17
35 to 49	53	52	54
50 to 59	27	27	26
60 to 64	3	6	0
<i>Base: All respondents</i>	<i>5,092</i>	<i>3,100</i>	<i>1,992</i>

## 2.2 Household composition

The majority of respondents (61 per cent) had between three and five people living in their household, and just under a third (29 per cent) lived in a two person household. Less than seven per cent of respondents lived alone, and two per cent lived in a household of six or more people.

Older respondents were more likely to live in a two person household: 55 per cent of those aged 50 to 59 and 72 per cent of those aged 60 to 64. Only 18 per cent of those aged under 50 lived in a two person household, reflecting the life stage profile one would expect.

Just over half (54 per cent) of respondents said they lived in a household where two people contributed to the household income, while around a third (30 per cent) said only one person contributed to their household income. In 11 per cent of cases, three or more people contributed to the household income, and four per cent of respondents said that nobody in the household had an income.

Men were more likely than women to say there was only one person contributing to the household income (32 per cent compared with 27 per cent), and women were more likely than men to say there were two people contributing to the household income (58 per cent compared with 52 per cent).

There were also differences according to age. Respondents aged between 60 and 64 were much more likely to say that no one contributed to household income: 18 per cent of 60 to 64 year olds said this, compared with between two per cent and six per cent in the other age groups. Respondents aged 16 to 24 were less likely to say that only one person contributed to the household income: 13 per cent compared with between 28 per cent and 36 per cent in the other age groups.

Those aged 16 to 24 were more likely than other age groups to say that between three and five people contributed to the household income: 47 per cent compared with between 5 per cent and 14 per cent in the other age groups, reflecting a relatively high proportion of households not conforming to a traditional 'nuclear family' structure among this group, e.g. house sharing.

**Table 2.2 Household composition and income contribution**

Column percentages			
Number in household		Number contributing to household income	
0	*	0	4
1	7	1	30
2	29	2	54
3 to 5	61	3-5	11
6 or more	2	6 or more	*
Base: All respondents		5,092	5,092

\*Less than one per cent.

## 2.3 Accommodation type

The majority of respondents (62 per cent) lived in a property that they were buying with the help of a mortgage or loan, nearly a quarter (23 per cent) owned their property outright, nine per cent were renting and a further two per cent of respondents lived with their parents. These results varied greatly with age, as can be seen in Table 2.3. Those aged 25 to 59 were most likely to be buying their property with the help of a mortgage or loan, 16 to 24 year olds were the most likely group to be living with their parents, and also the most likely group to be renting. Those aged 50 or more were more likely than younger respondents to own their property outright.

**Table 2.3 Accommodation type by age**

	<i>Column percentages</i>					
	<b>All</b>	<b>16-24</b>	<b>25-34</b>	<b>35-49</b>	<b>50-59</b>	<b>60-64</b>
Buying with the help of a mortgage or loan	62	27	67	72	46	28
Own it outright	23	7	8	15	46	56
Rent it	9	23	15	8	6	15
Living with parents/family	2	27	5	2	1	0
Other	4	16	5	3	1	1
<i>Base: All respondents</i>	<i>5,092</i>	<i>118</i>	<i>753</i>	<i>2,695</i>	<i>1,360</i>	<i>166</i>

## 2.4 Income

Respondents were asked for both their individual income and total household income. The results for both of these are shown in Table 2.4.

When looking at individual income, respondents aged 16 to 24 were more likely than other age groups to be earning £10,000 to £19,999 a year: just over half (54 per cent) of 16 to 24 year olds said this was their individual income compared with around a third in other age groups. Respondents aged 16 to 24 were less likely to say their individual income was £30,000 or more per year: seven per cent said this compared with 18 per cent of those aged 25 or more. There were also gender differences, with men generally earning more than women: 67 per cent of women were earning less than £20,000 a year compared with only 38 per cent of men, and only 24 per cent of women were earning £20,000 a year or more compared with 56 per cent of men.

For household income, there were no differences between men and women. There were some differences by age. Respondents aged 50 and over were more likely than younger age groups to have a household income of less than £10,000 a year: six per cent of those aged 50 and over compared with just three per cent of those aged under 50. Those aged 50 and over were also more likely to have a household income

of £10,000 to £19,999 per year than younger respondents: 22 per cent of those aged 50 and over compared with 15 per cent of those aged under 50. Respondents in the 16 to 24 age group were more likely than others to say their household income was £60,000 or more per year, 14 per cent said this compared with eight per cent amongst those aged 25 or more. Respondents aged 16 to 24 were also more likely to say they did not know what their household income was. These figures can be understood with reference to the larger number of adults sharing their households.

Table 2.4 Individual and household yearly income

Column percentages		
	Household income	Individual income
Less than £10,000	4	17
£10,000 to £19,999	17	33
£20,000 to £29,999	24	25
£30,000 to £39,999	21	10
£40,000 to £59,999	17	6
£60,000 or more	8	2
Refused	3	0
Don't know	5	7
Base: All respondents	5,092	5,092

Note: Household income does not add to 100 per cent due to rounding of figures.

The following table details individual income by age group.

Table 2.5 Individual income by age group

Column percentages						
	All	16-24	25-34	35-49	50-59	60-64
Less than £10,000	17	11	18	16	19	18
£10,000 to £19,999	33	54	32	31	35	35
£20,000 to £29,999	25	23	26	26	22	25
£30,000 to £39,999	10	4	11	11	9	10
£40,000 to £59,999	6	1	6	7	5	3
£60,000 or more	2	1	1	2	1	1
Refused	0	0	0	0	0	0
Don't know	7	7	5	7	9	9
Base: All respondents	5,092	401	729	2,539	1,265	158

The following table details individual income by gender.

**Table 2.6 Individual income by gender**

	<i>Column percentages</i>		
	<b>All</b>	<b>Male</b>	<b>Female</b>
Less than £10,000	17	9	29
£10,000 to £19,999	33	30	38
£20,000 to £29,999	25	30	17
£30,000 to £39,999	10	14	4
£40,000 to £59,999	6	9	2
£60,000 or more	2	2	1
Refused	0		
Don't know	7	6	10
<i>Base: All respondents</i>	<i>5,092</i>	<i>3,100</i>	<i>1,992</i>

Cross analysis of individual income and household income shows high correlation between the two values, indicating that in most cases the respondent was the main earner in their household, with the exception of the 16 to 24 year old age group. Due to individual and household income data having been collected in value bands, it is difficult to be precise, but the upper band in any of the income categories at least matches the lower band in the equivalent household income category in the vast majority of cases.

## 2.5 Ethnic origin

The vast majority (97 per cent) of respondents were White; only one per cent were Asian, and one per cent were Black. Less than one per cent of respondents said they were from an other ethnic group and less than one per cent said they were of mixed ethnic origin.

## 2.6 Pension scheme type

The sample from which respondents were selected was the ATOS database. This contained information relating to the type of pension scheme respondents held, whether it was a Defined Benefit (DB) scheme, a Defined Contribution (DC) scheme, or a Hybrid pension scheme. According to the sample, 30 per cent of respondents had a DB scheme, and just two per cent had a Hybrid scheme, but the majority (67 per cent) had a DC scheme.

This breakdown mirrors the profile of the ATOS database which is dominated by one large pensions provider issuing CPFs to DC personal pension scheme members. Of those with a DC scheme, 98 per cent were supplied by this one provider.

Nineteen per cent of respondents were associated with a public sector employer all of whom offered a DB scheme. Fourteen per cent of respondents were identified as being associated with a private sector employer provider, 84 per cent of whom offered a DB scheme, the remainder being Hybrid (11 per cent) or DC (5 per cent).

Throughout the report, data is analysed by scheme type as defined by the ATOS database, as this identifies the scheme type to which the issued CPFs relate.

Table 2.7 details scheme type by provider type as defined by ATOS.

Table 2.7     Scheme type by provider

Column percentages			
Scheme type	Private sector employer	Provider type Public sector employer	Personal pension provider
DB	84	100	0
DC	5	0	100
Hybrid	11	0	0
Base: All respondents	959	740	3,393

Personal pensions are DC schemes by definition. However it is worthwhile illustrating how this DB/DC split in ATOS compares to the wider population of scheme members. Mayhew (2003)<sup>9</sup> found 37 per cent of working age people had an occupational pension, 24 per cent personal pension, 3 per cent stakeholder and 47 per cent had no pension. Looking at employer’s pensions, the Government Actuary Department’s survey of occupational pension schemes (2004)<sup>10</sup> suggests that 75 per cent of private sector occupational scheme members are in DB schemes and 25 per cent DC. It found 100 per cent of public sector scheme members were in DB schemes. However, many private sector employees do not have an occupational pension at all. The New Earnings Survey<sup>11</sup> (NES) 2003 suggests 53 per cent of private sector employees were not a member of any employer-sponsored pension scheme, 26 per cent were in DB schemes, 12 per cent DC, eight per cent had group personal pensions and one per cent other types. The NES survey also shows a shifting trend of DB schemes closing in favour of DC schemes.

Within ATOS, women were more likely than men to have a DB scheme (34 per cent compared with 27 per cent), while men were more likely than women to have a DC scheme (70 per cent compared with 65 per cent) or a Hybrid scheme (three per cent compared with one per cent). This follows, since a greater proportion had their

<sup>9</sup> Mayhew, V. (2003); ‘Pensions 2002: Public attitudes to pensions and saving for retirement’, DWP Research Report No 193.

<sup>10</sup> Occupational Pension Schemes 2004. The Twelfth Survey by the Government Actuary. GAD London 2005.

<sup>11</sup> New Earnings Survey 2003. ONS 2003.

pension with a personal provider (61 per cent), than women (39 per cent). As discussed, in this survey 'DC schemes' primarily relate to the personal pensions provided by one large pension provider.

Younger respondents were much more likely than older ones to have a DB scheme: 93 per cent of respondents aged 16 to 24 compared with between 34 per cent and 17 per cent in the other age groups. Younger respondents were less likely than older ones to have a DC scheme: just two per cent of respondents aged 16 to 24 compared with 64 per cent aged 25 to 34, rising to 81 per cent of respondents aged 60 to 64.

**Table 2.8 Pension scheme by age group**

	<i>Column percentages</i>					
	<b>All</b>	<b>16-24</b>	<b>25-34</b>	<b>35-49</b>	<b>50-59</b>	<b>60-64</b>
DB	30	93	34	29	28	17
DC	68	2	64	69	70	81
Hybrid	2	4	3	2	2	2
<i>Base: All respondents</i>	<i>5,092</i>	<i>401</i>	<i>729</i>	<i>2,539</i>	<i>1,265</i>	<i>158</i>

Pension scheme type varied similarly by both household income and individual income. Respondents with higher income levels were more likely to have a DB scheme, while those with lower income levels were more likely to have a DC scheme. Respondents with higher incomes were also more likely to have a Hybrid pension scheme than those with lower incomes. These results can be seen in Table 2.9.

**Table 2.9 Pension scheme type by individual income**

	<i>Column percentages</i>						
	<b>All</b>	<b>Less than £10,000</b>	<b>£10,000 to £19,999</b>	<b>£20,000 to £29,999</b>	<b>£30,000 to £39,999</b>	<b>£40,000 to £59,999</b>	<b>£60,000 or more</b>
DB	30	18	29	33	42	44	59
DC	68	82	70	65	53	49	30
Hybrid	2	0	1	2	5	7	11
<i>Base: All respondents</i>	<i>5,092</i>	<i>793</i>	<i>1,659</i>	<i>1,248</i>	<i>563</i>	<i>363</i>	<i>110</i>

## 2.7 Confidence and knowledge of pensions

In the following section we will see that knowledge and confidence about pensions is highest among high earners, older respondents and DB and Hybrid pension groups, and lowest among those with DC pensions, younger respondents and lower earners. It should be noted that there is a strong overlap in membership of these groups.

### 2.7.1 Confidence

All respondents were asked how confident they felt in their ability to make decisions about pensions. Only 12 per cent of respondents said they were very confident, but 52 per cent said they were fairly confident in their ability to make decisions about pensions. Around a quarter (27 per cent) of respondents said they were not very confident, and nearly one in ten (nine per cent) said they were not at all confident in making pension decisions. Respondents with a Hybrid pension scheme were most likely to say they were very or fairly confident in their ability to make pension decisions (74 per cent). A statistically significant finding was that those with a DB pension were more likely to be confident (68 per cent) than those with a DC scheme (64 per cent). These results can be seen in Table 2.10.

Those with private employer providers also tended to have higher confidence in their ability to make decisions about pensions, 72 per cent saying they were confident compared to 62 per cent with public employer providers and 62 per cent with personal providers.

CPF recallers indicated higher levels of confidence than non-recallers, (70 per cent compared with 60 per cent saying they were very or fairly confident), although it cannot be determined whether the CPF itself influenced this increased confidence level.

**Table 2.10**      **Confidence in ability to make decisions about pensions**

	Column percentages			
	All	DB	DC	Hybrid
Very confident	12	13	11	14
Fairly confident	52	55	51	60
Not very confident	27	25	28	21
Not at all confident	9	6	10	6
Don't know	1	1	1	*
Base: All respondents	5,092	1,595	2,968	529

\*Less than one per cent.



Respondents with a higher individual income were more likely to be confident in their ability to make decisions about pensions and those with lower individual incomes were more likely to say they were not confident. These results are shown in Table 2.11.

Men were more likely than women to say they were confident about making pension decisions: 70 per cent of men said they were either very confident or fairly confident compared with 55 per cent of women. Older respondents were more likely than younger ones to say they were very confident in making pension decisions, 16 per cent of those aged 60 to 64 saying they were very confident compared to only nine per cent for those aged 16 to 24.

**Table 2.11 Confidence in ability to make decisions about pensions by individual income**

	<i>Column percentages</i>						
	<b>All</b>	<b>Less than £10,000</b>	<b>£10,000 to £19,999</b>	<b>£20,000 to £29,999</b>	<b>£30,000 to £39,999</b>	<b>£40,000 to £59,999</b>	<b>£60,000 or more</b>
Very confident	12	8	9	11	18	25	32
Fairly confident	52	42	53	56	56	55	60
Not very confident	27	36	28	25	20	16	5
Not at all confident	9	13	9	7	5	3	2
Don't know	1	1	1	*	0	0	0
<i>Base: All respondents</i>	<i>5,092</i>	<i>793</i>	<i>1,659</i>	<i>1,248</i>	<i>563</i>	<i>363</i>	<i>110</i>

\*Less than one per cent.

## 2.7.2 Knowledge of pension issues

All respondents were asked what level of knowledge they had about pension issues. Only nine per cent of respondents said they had a 'good knowledge' of pension issues, half (50 per cent) of respondents said they had a reasonable basic knowledge of pension issues, that they knew 'how pensions worked generally but did not understand the details'. Around a third (32 per cent) of respondents said their knowledge of pension issues was very patchy, that they knew 'a bit about what concerned them but no more', and nine per cent said of pension issues; they knew 'little or nothing'.

Overall, 59 per cent said they have either a reasonable or good knowledge of pension issues. This compares to 50% in previous research<sup>12</sup> on the general working age population, where the same question was asked. This suggests CPF recipients may be slightly more knowledgeable of pensions issues than the general population. We cannot tell whether this is a result of the CPF or the fact that CPF recipients are primarily pension scheme members.

<sup>12</sup> Mayhew, V. (2003); 'Pensions 2002: Public attitudes to pensions and saving for retirement', DWP Research Report No 193.

The pattern observed among subgroups for a level of knowledge is very similar to the pattern observed on confidence. Those with a higher individual income were more likely to say they had a good or reasonable knowledge of pension issues and men were more likely than women to say they had a good or reasonable knowledge of pension issues. Reported knowledge is highest among Hybrid and DB respondents, and lowest among those with a DC pension (as shown in Table 2.12).

CPF recallers appear to have better knowledge about pensions issues, 64 per cent saying they had good or reasonable knowledge compared to 55 per cent for non-recallers. Again however, it is difficult to determine the influence of the CPF in this increased level of knowledge.

**Table 2.12      Level of knowledge of pension issues**

	Column percentages			
	All	DB	DC	Hybrid
Good knowledge of pension issues	9	14	7	12
Reasonable, basic knowledge of pension issues	50	52	49	59
Knowledge of pension issues is patchy	32	27	34	23
Know little or nothing about pension issues	9	7	10	5
Don't know	*	0	*	*
Base: All respondents	5,092	1,595	2,968	529

\*Less than one per cent.

**2.7.3      Knowledge of retirement income**

All respondents were also asked to rate their level of knowledge of their likely retirement income. About one in six (17 per cent) of respondents said they had a good idea of what their retirement income would be, and nearly a third (30 per cent) said they had a reasonable idea of what their retirement income would be. Just over a quarter (27 per cent) of respondents said they knew vaguely whether they would have enough to live on in retirement, but no more, and a further quarter (25 per cent) said they had no idea of what their retirement income would be.

CPF recallers were significantly more likely than non-recallers to be knowledgeable about their retirement income, 58 per cent of recallers saying they had a good or reasonable idea of what their income would be compared to 41 per cent for non-recallers. **While it is difficult to estimate the influence the CPF may have had on higher levels of confidence and knowledge about pensions among recallers, 84 per cent agreed that the CPF ‘helped to improve the overall picture of what I can expect in retirement’.**

Respondents with a DB or Hybrid pension scheme were more likely than those with a DC scheme to say they had a good or reasonable idea of their retirement income: 59 per cent of those with a DB scheme, 58 per cent of those with a Hybrid scheme,

and only 41 per cent of respondents with a DC scheme. In the view of the authors, this may be because those with a DB scheme (or DB element in their Hybrid scheme) should have a much better idea of pension income, than those whose schemes are defined by contribution only – the way DB schemes are calculated means the return can be more accurately predicted in advance.

When comparing employer DC and DB schemes, those with an employer DC scheme have less knowledge of their likely retirement income than those with a DB scheme (32 per cent with a DC scheme said they had a good or reasonable idea of retirement income compared with 64 per cent with a DB scheme). This indicates that differences in levels of knowledge are more closely associated with scheme type rather than provider type. (Note: This finding should be used as indicative only due to the low base size of respondents with an employer DC scheme – 53 respondents).

These results are shown in Table 2.13.

**Table 2.13 Knowledge of retirement income by scheme type**

	<i>Column percentages</i>			
	<b>All</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
Have a good idea of what retirement income will be	17	27	12	23
Have a reasonable idea of what retirement income will be	30	32	29	36
Know vaguely whether will have enough to live on in retirement, but no more	27	22	29	23
Have no idea what retirement income will be	25	18	29	18
Don't know	1	1	1	*
<i>Base: All respondents</i>	<i>5,092</i>	<i>1,595</i>	<i>2,968</i>	<i>529</i>

\*Less than one per cent.

Again, respondents who were very or fairly confident about pension issues were more likely to say that they had a good/reasonable knowledge of their retirement income. Correspondingly, respondents with a higher individual income were more likely to say they had a good or reasonable idea of what their retirement income would be (as shown in Table 2.15). Men were slightly more likely than women to say they had a good idea (19 per cent compared with 14 per cent) or a reasonable idea (32 per cent compared with 28 per cent) of what their retirement income would be.

Perhaps unsurprisingly, older people were much more likely than younger people to have a good knowledge of what their retirement income would be: 40 per cent of those aged 60 to 64 had a good idea of what their retirement income would be – this figure decreased with age to 10 per cent for those aged under 35.

**Table 2.14 Knowledge of retirement income by age group**

	<i>Column percentages</i>					
	<b>All</b>	<b>16-24</b>	<b>25-34</b>	<b>35-49</b>	<b>50-59</b>	<b>60-64</b>
Have a good idea of what retirement income will be	17	10	11	15	22	40
Have a reasonable idea of what retirement income will be	30	20	29	30	34	26
Know vaguely whether will have enough to live on in retirement, but no more	27	25	27	28	25	19
Have no idea what retirement income will be	25	45	33	27	18	13
Don't know	1	0	0	1	1	1
Base: All respondents	5,092	401	729	2,539	1,265	158

**Table 2.15 Knowledge of retirement income by individual income**

	<i>Column percentages</i>						
	<b>All</b>	<b>Less than £10,000</b>	<b>£10,000 to £19,999</b>	<b>£20,000 to £29,999</b>	<b>£30,000 to £39,999</b>	<b>£40,000 to £59,999</b>	<b>£60,000 or more</b>
Have a good idea of what retirement income will be	17	10	13	19	23	31	33
Have a reasonable idea of what retirement income will be	30	24	30	33	35	37	44
Know vaguely whether will have enough to live on in retirement, but no more	27	30	28	26	27	21	14
Have no idea what retirement income will be	25	35	29	21	14	10	9
Don't know	1	1	1	1	1	1	0
Base: All respondents	5,092	793	1,659	1,248	563	363	110

In addition, those who had only a vague or no idea of what their retirement income would be were far more likely to think they would need to save more for comfortable retirement than those who had a good or reasonable idea of their likely retirement income (76 and 58 per cent respectively). Lack of knowledge, therefore, seems to be associated with the perceived probability that insufficient savings are currently in place.

## 2.8 Details of pension schemes

### 2.8.1 Pension schemes held

As previously iterated, up to 18 months could have elapsed between issuing of a CPF as recorded by the ATOS database and the time recipients were interviewed. It is feasible, therefore, that the type of scheme held as reported by respondents during the interview could be different from that recorded by ATOS. Indeed, it is possible that respondents could have had other pension schemes in addition to that identified in ATOS.

All respondents were asked what type of pension scheme they had ever been a member of. Over half (58 per cent) of respondents had an active pension arranged through a workplace, and 36 per cent had a deferred pension arranged through a workplace. (Questioning used to establish what type of pension scheme respondents believed they have can be found in Appendix A). Around a third (34 per cent) of respondents had an active pension that had been arranged without employer involvement, and a third (33 per cent) had a deferred pension that was arranged without employer involvement. It is possible that some respondents may have had more than one active and/or deferred scheme, but in total, 82 per cent said they had active schemes and 15 per cent said they had deferred schemes only. Thirty two per cent of all respondents have both active and deferred schemes

Three per cent of respondents said they had never had a pension scheme either arranged through an employer or by themselves. This can perhaps be explained by the fact that some employers issue a CPF to employees who are not members of the occupational pension scheme they provide. These people are provided with state pension information only.

Respondents with higher individual and household incomes were far more likely to have an active pension arranged through their workplace. Respondents with the lowest individual income (of less than £10,000) were more likely to have a deferred pension scheme arranged without employer involvement: 40 per cent compared with between 30 per cent and 34 per cent among respondents with higher income levels.

**Table 2.16 Types of pension scheme respondent has ever been a member of**

<i>Column percentages</i>				
Type of pension held as reported in interview	All	DB	DC	Hybrid
Active pension arranged through workplace	58	93	42	92
Deferred pension arranged through workplace	36	31	38	56
Active pension arranged without employer involvement	34	9	46	12
Deferred pension arranged without employer involvement	33	15	42	17
Never had pension scheme either through employer or self	3	1	4	1
Refused	*	*	0	*
Don't know	1	*	1	*
<i>Base: All respondents</i>	<i>5,092</i>	<i>1,595</i>	<i>2,968</i>	<i>529</i>

\*Less than one per cent.

There were many differences between men and women at this question (as shown in Table 2.17). Women were more likely than men to have an active pension arranged through their workplace, but men were more likely than women to have a deferred pension arranged through their workplace, and an active or deferred pension arranged without employer involvement.

**Table 2.17 Types of pension scheme respondent has ever been a member of by gender**

<i>Column percentages</i>			
	All respondents	Men	Women
Active pension arranged through workplace	58	56	62
Deferred pension arranged through workplace	36	39	32
Active pension arranged without employer involvement	34	39	27
Deferred pension arranged without employer involvement	33	35	31
Never had pension scheme either through employer or self	3	2	4
Refused	*	*	*
Don't know	1	1	1
<i>Base: All respondents</i>	<i>5,092</i>	<i>3,100</i>	<i>1,992</i>

\*Less than one per cent.

Younger respondents were most likely to have an active pension arranged through their workplace, while older respondents were more likely than younger ones to have a deferred pension scheme that had been arranged through their workplace. Older respondents were also more likely to have an active pension scheme that had been arranged without employer involvement. Those aged 16 to 24 were much less likely than older age groups to have a pension that had been arranged without employer involvement, whether it was active or deferred. These results can be seen in Table 2.18.

**Table 2.18 Types of pension scheme respondent has ever been a member of by age**

	<i>Column percentages</i>				
	<b>16-24</b>	<b>25-34</b>	<b>35-49</b>	<b>50-59</b>	<b>60-64</b>
Active pension arranged through workplace	85	61	61	52	35
Deferred pension arranged through workplace	18	32	35	40	44
Active pension arranged without employer involvement	3	28	34	39	47
Deferred pension arranged without employer involvement	1	31	35	33	36
Never had pension scheme either through employer or self	4	4	3	3	5
Refused	0	*	*	0	0
Don't know	1	*	1	1	1
<i>Base: All respondents</i>	<i>401</i>	<i>729</i>	<i>2,539</i>	<i>1,265</i>	<i>158</i>

\*Less than one per cent.

### 2.8.2 Number of active schemes held

Respondents who said they had an active pension scheme were asked how many active pension schemes they currently had. Around three-quarters (76 per cent) of respondents had just one active pension scheme, a further 17 per cent had two schemes, three per cent had three schemes and less than one per cent had more than three schemes. There were also a few respondents (three per cent) who said they had no active pension schemes. Again, this could be because some employers issue CPFs to deferred members, or possibly because they had left the scheme since the CPF was sent.

Those with employer pensions were more likely to have only one active scheme than those with personal a personal pension (85 and 70 per cent respectively).

Women were also more likely to have only one active pension scheme than men (83 per cent and 72 per cent respectively).

Also, among those with active pension schemes, the younger age groups were most likely to only have one active scheme. Among the 16-24 age group, 94 per cent had one active scheme. Among those aged 35-59, 75 per cent had only one active scheme, while 62 per cent of those aged 60-64 had only one active scheme. Similarly, those with lower incomes were most likely to have on active scheme only, 79 per cent of those with individual incomes of less then £20,000 had only one active scheme compared to 69 per cent for those with an income of £60,000 or more.

**Table 2.19** Number of active pension schemes – respondent reported

	<i>Column percentages</i>			
	All	DB	DC	Hybrid
0	3	1	5	2
1	76	86	71	83
2	17	11	21	14
3	3	2	3	1
4 or more	*	0	1	*
Refused	*	*	*	0
Don't know	*	*	*	0
<i>Base: All respondents who have current pension schemes</i>	4,175	1,485	2,197	493

\*Less than one per cent.

**2.8.3 Number of deferred schemes held**

Respondents with at least one deferred pension scheme (this was 55 per cent of respondents) were asked how many deferred schemes they had. Over half (55 per cent) had just one deferred scheme, nearly a quarter (22 per cent) had two deferred schemes, six per cent of respondents had three deferred schemes and two per cent had four deferred schemes.

Respondents with hybrid pension schemes tended to have the most deferred schemes, followed by those with DB schemes and then those with DC schemes. Table 2.20 details the number of deferred schemes held.

As for active schemes held, women were more likely than men to have only one dormant scheme (60 and 52 per cent respectively). The younger age groups were most likely to have only one dormant scheme, 64 per cent of 16 to 24 year olds having only one dormant scheme compared to 32 per cent of those aged 60 to 64. Those in the higher income groups were most likely to have multiple dormant schemes, 42 per cent having only one dormant scheme compared to 58 per cent of those with an income of below £30,000.

**Table 2.20** Number of deferred pension schemes

	<i>Column percentages</i>			
	All	DB	DC	Hybrid
0	13	16	13	10
1	55	58	55	51
2	22	19	23	27
3	6	5	6	10
Continued				



**Table 2.20 Continued**

	<i>Column percentages</i>			
	<b>All</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
4 or more	2	2	2	3
Refused	*	*	0	0
Don't know	1	.*	1	1
<i>Base: All respondents who have deferred pension schemes</i>	<i>2,719</i>	<i>561</i>	<i>1,835</i>	<i>323</i>

\*Less than one per cent

### 2.8.4 Type of occupational pension reported

Respondents who had an occupational pension were asked which of the following two statements applied to them:

- 'My pension will be related to my salary in my final year (or years) and the number of years I have been in the scheme'.
- 'My pension will be dependent on the value of the contributions paid to the scheme and the rate of return achieved on their investment'.

The first statement describes a DB pension scheme and the second statement describes a DC pension scheme. Respondents were also able to answer that a combination of the two statements best described the way their pension would be calculated – this corresponds to a Hybrid pension scheme.

Using this statement system, the majority of respondents (57 per cent) said they had a DB scheme, while just under a quarter (24 per cent) said they had a DC scheme and a further 11 per cent of respondents who stated they had an occupational pension said they had a Hybrid scheme. Seven per cent did not know what type of scheme they had. As can be seen in Table 2.21, the type of scheme respondents thought they had did not always corroborate the type of scheme they were listed as having in the ATOS database. A likely explanation for this is that either some respondents did not know, or did not understand the way their pension would be calculated and incorrectly guessed the answer, or given the time elapsed between issuing the CPF and interviewing, the circumstances for some respondents had changed. In addition, some may be scheme members with other providers not on the ATOS database and may have provided their response with this scheme in mind. Also, while eight in ten respondents said they had an active scheme, a high proportion also have deferred schemes. Analysis is unable to identify which of these schemes is recorded on the ATOS database.

There may be some confusion over what type of scheme people think they have. However we cannot be certain of this, due to ATOS coding issues, as previously discussed in Section 2.8.1. While all personal providers identified in ATOS by default

supply DC schemes, 41 per cent of these respondents said they had a current occupations scheme, although it is feasible this was a separate scheme to that identified in ATOS.

**Table 2.21 Occupational pension type – respondent reported**

<i>Column percentages by scheme coded in ATOS</i>				
<b>Type of scheme reported</b>	<b>All</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
Pension related to final salary (DB)	57	74	40	59
Pension dependent on value of contributions (DC)	24	10	38	28
Combination of two statements (Hybrid)	11	10	12	10
Don't know	7	6	9	2
Other answers	*	*	*	0
<i>Base: All respondents who said they currently have an occupational pension</i>	<i>3,192</i>	<i>1,467</i>	<i>1,239</i>	<i>486</i>

\*Less than one per cent.

## 2.9 Non-pension saving for retirement

All respondents were asked if they had any means of saving for retirement other than a pension. Around a third of respondents (34 per cent) said they did not, but two thirds did have some plan for non-pension saving for retirement. The most common means of saving for retirement were investments such as Individual Savings Accounts (ISAs), Personal Equity Plans (PEPs) and Tax Exempt Special Savings Accounts (TESSAs) (36 per cent), building society savings accounts (34 per cent), stocks and shares (18 per cent) and income from property (14 per cent). At this question, 14 per cent of respondents answered that they were expecting to do some paid work after retirement and receive an income from that. There were some other means of saving for retirement mentioned at this question, such as savings accounts, bank accounts, bonds, insurance policies and inheritance, but they were all mentioned by less than one per cent of respondents.

Respondents with DC schemes were more likely than those with DB schemes to use income from property as a means of saving for retirement (15 per cent compared with 11 per cent). Those with DB schemes were more likely than those with DC schemes to use a building society savings account to save for retirement (37 per cent compared with 33 per cent). Respondents with DB schemes and Hybrid schemes were more likely than those with DC schemes to use investments such as ISAs, PEPs and TESSAs to save for retirement (41 per cent and 42 per cent respectively compared with 34 per cent). Respondents with Hybrid schemes were most likely to use stocks and shares to save for retirement (34 per cent). Those with DB schemes were less likely (24 per cent) and those with DC schemes were least likely (15 per cent) to cite stocks and shares.

People who were very/fairly confident in their ability to make pension decisions were more likely than people who were less confident to be using most means of non-pension saving for retirement: investments such as ISAs, PEPs and TESSAs (40 per cent compared with 29 per cent), stocks and shares (21 per cent compared with 12 per cent respectively); building society savings account (38 per cent compared with 27 per cent); business assets (six per cent compared with three per cent); and expected income from paid work after retirement (16 per cent compared with 11 per cent). People who were very/fairly confident were more likely to say they were saving: 71 per cent compared with 58 per cent of those who were not very/not at all confident in their ability to make pension decisions. Similar differences were apparent between respondents who had a good/reasonable idea of their retirement income (75 per cent saving) and those who had only a vague/no idea (58 per cent saving).

When looking at differences by income, respondents with higher incomes (both individual and household incomes) were more likely to be using various other means of non-pension saving for retirement in addition to their pension schemes, while those with lower incomes were more likely not to be saving for retirement other than through their pension schemes. There were a few differences between men and women; men were more likely than women to be saving for retirement using stocks and shares (20 per cent compared with 15 per cent), business assets (six per cent compared with three per cent) and men were more likely to expect to earn an income from paid work after they retire (15 per cent compared with 12 per cent of women). Older respondents were also more likely to be using most means of saving for retirement and younger respondents were more likely not to be saving through any other means.

Those who said they expect to receive paid income from work after retirement were more likely to be among the older age groups (17 per cent for those aged 50 or above, compared to 11 per cent of those aged under 35). The higher the individual income, the more likely earnings from work after retirement is expected (19 per cent of those earning £60,000 or more compared with 11 per cent for those earning under £20,000).

**Table 2.22 Non-pension means of saving for retirement**

	<i>Column percentages</i>			
	<b>All</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
Income from property	14	11	15	12
Non-pension investments – ISA, PEP, TESSA etc.	36	41	34	42
Stocks and shares	18	24	15	34
Building society savings account	34	37	33	35
Business assets	5	2	6	2
Expected income from paid work earned after retirement	14	13	14	15
No alternative means of saving	34	33	34	30
<i>Base: All respondents</i>	<i>5,092</i>	<i>1,595</i>	<i>2,968</i>	<i>529</i>

Respondents who said they were saving for retirement by using the income from property were asked whether their saving took the form of a buy to let income, equity release from their current home or something else. Just over half (54 per cent) of respondents said they were intending to use equity release from their current home and around a quarter (27 per cent) were intending to use a buy to let income. Just under a quarter (22 per cent) of respondents were intending to use some other means of getting income from their property and four per cent did not know what means they were intending to use. There were no significant differences between respondents with DC schemes, those with DB schemes and those with Hybrid schemes, due to the small number of respondents who answered this question. Results can be seen in Table 2.23.

Respondents with higher household incomes tended to be more likely than those with lower incomes to use a buy to let income, while those with lower household incomes were more likely than those with higher household incomes to use equity release from their current home.

**Table 2.23      Type of property investment**

	Column percentages			
	All	DB	DC	Hybrid
Buy to let income	27	23	28	30
Equity release from current home	54	61	52	45
Other	22	18	23	25
Don't know	4	3	4	2
<i>Base: All respondents who are saving for retirement through income from property</i>	659	152	447	60

### 2.10      Chapter summary

- The profile of respondents closely matched that defined by the ATOS database. The survey sample was biased towards DC scheme members, although this reflects the fact that the ATOS database is heavily dominated by a single personal pensions provider.
- Eighty per cent of respondents said they currently had active pensions, 15 per cent said they only had a deferred scheme and just three per cent claimed to never have had a pension. Among those with an active pension, 36 per cent said they also had a deferred pension arranged through the workplace and 33 per cent said they had a deferred scheme arranged personally. Thirty two per cent of all respondents have both active and deferred schemes.
- Sixty-four per cent of respondents said they were fairly or very confident in making decisions about pensions.

- Fifty-nine per cent had a reasonable or good knowledge of pensions issues – which is higher than previous research on the general working age population (50 per cent).
- Just over half (52 per cent) said they had only vague or no idea what their likely retirement income would be.
- CPF recallers indicated they were more confident and more knowledgeable about pensions issues, although it is difficult to determine the positive influence the CPF may have had. However, CPF recallers also indicated they had better knowledge of what their expected retirement income would be, while also strongly agreeing that the CPF ‘helped to improve the overall picture of what I can expect in retirement’.
- Those with a Hybrid or DB scheme tended to exhibit the most confidence and knowledge about pensions. Those in higher age and individual income groups also had the greatest knowledge and confidence, these groups also tending to be more likely to have a DB element to their pension.
- Two thirds (66 per cent) of respondents had alternative means of saving for retirement in addition to their pension. Types of additional saving were most likely to be investments such as ISAs or building society savings.



## 3 CPF recall

This chapter examines whether respondents remember receiving a Combined Pension Forecast (CPF) and, for respondents who do remember receiving one, what was done with it.

### 3.1 Whether remember receiving CPF

Respondents were asked if they remembered receiving anything about state pensions from their employer or pensions provider in the last 18 months, and if so, what they remembered receiving. Those who mentioned 'a forecast of the pension you will receive from the government as well as from your employer or personal pension provider' and/or 'a state pension forecast/statement only' were recorded as spontaneous CPF recallers. Those who did not recall this spontaneously were prompted with a statement describing this information and explaining that they may have received it. Those who remembered the CPF at this stage were recorded as a prompted recaller. Those failing to remember the CPF at any stage were recorded as a non-recaller. See Section B.7 in Appendix B for details.

A quarter (25 per cent) of respondents spontaneously remembered receiving a CPF, and a further 13 per cent remembered receiving a CPF once they had been prompted with a description of what a CPF is, so total CPF recall was 38 per cent. The remaining 62 per cent of respondents did not recall receiving a CPF. Such levels of recall may have been expected, given the time elapsed between issuing of CPFs and the fieldwork period, as well as the relatively low interest subject matter.

Those who recalled receiving a CPF were asked how many they remembered receiving and from how many different providers. Naturally, those who said they did not remember the CPF were precluded from these questions. Therefore, the impact of multiple CPF issuing on overall levels of recall can only be determined from information contained in the ATOS database. However, there appears to be positive cumulative effect since those known to have been issued with more than one CPF by their provider (as defined by ATOS) were more likely to recall the CPF (45 per cent) than those having been issued one only (36 per cent).

Similarly, those known to have been issued a CPF by more than one provider were more likely to recall the CPF (60 per cent) than those known to have been issued a CPF by one provider only (38 per cent).

Respondents with a Defined Benefit (DB) pension scheme were the most likely group to recall their CPF (52 per cent), followed by those with a Hybrid pension scheme (42 per cent). Respondents with a Defined Contribution (DC) scheme were least likely to recall their CPF (32 per cent).

Respondents whose pension scheme was from a personal provider, as coded in ATOS, were less likely to recall their CPF than respondents whose pension scheme was provided through their employer: recall was at 32 per cent among those with personal providers compared with 51 per cent among those with private employer provided schemes, and 50 per cent amongst public employer provided schemes. When looking at differences in recall between employer DC and DB pensions, those with an employer DC scheme were far less likely to recall the CPF than those with DB scheme (recall was 25 per cent and 52 per cent respectively). This would indicate that differences in levels of recall are more associated with scheme rather than provider type. (Note: This finding should be used as indicative only due to the low base size of respondents with an employer DC scheme – 53 respondents).

Respondents who were very/fairly confident about their ability to make pension decisions were more likely to recall receiving a CPF than those who were not very/not at all confident (42 per cent compared with 32 per cent). Respondents who said they have good/reasonable knowledge of their retirement income were much more likely than those with a vague/no idea to recall receiving a CPF (47 per cent compared with 31 per cent).

Respondents who were making contributions to a pension scheme at the time of their interview were most likely to recall their CPF (41 per cent), followed by those with a deferred scheme only (29 per cent). A statistically significant finding was that respondents who said they had never had a pension were least likely to recall their CPF (13 per cent).

**Table 3.1    Whether recall CPF**

	<i>Column percentages</i>			
	<b>All</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
Spontaneous recall	25	37	20	27
Prompted recall	13	14	12	14
No recall	62	48	68	59
Don't know	*	*	0	0
<i>Base: All respondents</i>	<i>5,092</i>	<i>1,595</i>	<i>2,968</i>	<i>529</i>

\*Less than one per cent.



There was little difference in levels of recall between males and females, or between age groups, although recall, particularly spontaneous recall, tended to be higher among those with higher individual income. Only 21 per cent of those with individual income of less than £10,000 spontaneously recalled the CPF, rising to 33 per cent among those with individual income of £60,000 or more. This pattern is similar when looking at recall by household income, the lowest levels of recall being recorded for the lower household income categories.

With regard to levels of recall, there does appear to be a correlation between scheme type and income. The lowest levels of recall were among those with DC schemes, this group being more likely to be made up of the lower income categories.

**Table 3.2 CPF recall by individual income**

<i>Column percentages</i>							
	<b>All</b>	<b>Less than £10,000</b>	<b>£10,000 to £19,999</b>	<b>£20,000 to £29,999</b>	<b>£30,000 to £39,999</b>	<b>£40,000 to £59,999</b>	<b>£60,000 or more</b>
Spontaneous recall	25	21	25	27	30	30	33
Prompted recall	13	12	13	14	16	13	7
No recall	62	68	62	58	54	57	59
Don't know	*	0	0	0	*	0	0
<i>Base: All respondents</i>	<i>5,092</i>	<i>793</i>	<i>1,659</i>	<i>1,248</i>	<i>563</i>	<i>363</i>	<i>110</i>

\*Less than one per cent.

### 3.2 Number of CPFs received

ATOS held data for all individual's who had a CPF processed between November 2003 and June 2004. CPFs are generally issued once a year, but it is likely some respondents received other CPFs before and after those coded in the ATOS. Given this point, it is not possible to verify the number of CPFs respondents claimed to have received against the number known to have been issued within ATOS.

Respondents who recalled receiving a CPF were also asked how many CPFs they had ever received. While the ATOS database indicates only one per cent of individuals had been issued with two or more CPFs, around a quarter (27 per cent) of respondents said they remembered receiving one CPF and 43 per cent recalled receiving multiple CPFs. Proportions reporting multiple CPFs are shown in Table 3.3. Just under a quarter (22 per cent) of respondents did not know how many CPFs they had received. The average number of CPFs that respondents remembered receiving was two per person.

Respondents who were known to have been issued with two or more CPFs, as defined by the ATOS database, were more likely to recall having received a CPF (45 per cent compared with 36 per cent known to have been issued one CPF),

demonstrating a positive cumulative effect. Positive cumulative effect is further exhibited in that among respondents who reported receiving more than one CPF, spontaneous awareness was higher than for those who reported receiving one only (72 per cent and 64 per cent respectively).

Respondents with a DB pension scheme were more likely than those with a DC scheme to recall receiving only one CPF (33 per cent compared with 23 per cent). Respondents with a DC scheme were less likely than those with a DB or Hybrid scheme to recall receiving more than one CPF (40 per cent compared with 46 per cent and 48 per cent respectively). Those with a DC scheme were more likely than those with a DB or Hybrid scheme not to know how many CPFs they had been sent (28 per cent compared with 14 per cent and 17 per cent respectively). These results are shown in Table 3.2. Respondents with employer pension schemes were more likely than those with personal provider schemes to recall receiving more than one CPF (46 per cent compared with 40 per cent). Findings suggest those with DB/ employer schemes are more likely to recall CPFs, regardless of whether they have received just one or multiple CPFs. However, as previously discussed, lower levels of recall among those with DC schemes from either employer or personal providers indicate that scheme type appears to be a driver of higher recall, although this cannot be demonstrated with statistical confidence.

Respondents who were very/fairly confident about their ability to make pension decisions recalled receiving higher numbers of CPFs than those who were not very/not at all confident: 45 per cent of respondents who were confident in their ability to make pension decisions recalled receiving more than one CPF compared with 36 per cent of those who were not very/not at all confident.

A similar difference was apparent between those who had a good/reasonable idea of their retirement income, and those who had a vague/no idea: 47 per cent of those with a good/reasonable idea of their retirement income recalled receiving more than one CPF compared with 36 per cent of those with a vague/no idea of their retirement income. These findings suggest that the more knowledgeable and confident respondents were more able to recognise CPFs, since there is no apparent reason why they should have been sent more than others. In general, those who appeared to have a firmer grasp of financial matters were most likely to be aware of the CPF and the most active with regard to pension planning activity. While it is difficult to draw conclusions on the influence of cause and effect, it could be argued that the cumulative effect of receiving multiple CPFs is a factor in heightening knowledge, especially in respect to individuals' personal circumstances.

Men were more likely than women to say that they had received more than one CPF (46 per cent compared with 37 per cent), while women were more likely than men to say they did not know how many CPFs they had received (25 per cent compared with 20 per cent). There was a trend for younger respondents to recall receiving fewer CPFs than older ones, which may relate to the fact that younger people have been scheme members for less time, and are less likely to have multiple providers. Again, it could further suggest those groups less interested in pensions are less likely to accurately recall how many CPFs they have been sent.

**Table 3.3 Number of CPFs ever received (respondent reported)**

	<i>Column percentages</i>			
	<b>All</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
1	27	33	23	28
2	13	12	13	14
3	5	6	5	6
4	3	4	3	2
5	2	2	2	2
6 or more	19	21	17	25
Refused	*	*	0	0
Don't know	22	14	28	17
<i>Base: All respondents who recall receiving a CPF</i>	<i>1,971</i>	<i>793</i>	<i>961</i>	<i>217</i>

\*Less than one per cent.

All respondents who recalled being sent a CPF were asked how many different employers or pension providers had sent them a CPF. Again, for the reasons stated above, it is not possible to verify the number of providers from whom respondents said they had received a CPF against that known from ATOS. However, two thirds (66 per cent) of CPF recallers said that one provider had sent them a CPF, a further 16 per cent said two providers had sent them a CPF, three per cent of respondents said three providers and one per cent said four or more providers had sent them a CPF.

Respondents who had a DB pension scheme were the group most likely to have received a CPF from just one provider (79 per cent), followed by those with a Hybrid pension scheme (70 per cent), while those with a DC scheme were least likely to have received a CPF from just one provider (57 per cent). Correspondingly, respondents with a DC scheme or Hybrid scheme were more likely than those with a DB scheme to have received a CPF from more than one provider (25 per cent and 19 per cent respectively, compared with 12 per cent). These results can be seen in Table 3.4.

Respondents with a good/reasonable idea of what their retirement income would be were more likely than those with a vague/no idea of their retirement income to say that only one provider had sent them a CPF (68 per cent compared with 63 per cent). A likely explanation for this is that respondents with DB schemes were more likely than others to have a good idea of their retirement income, and those with DB schemes were also more likely to have only one pension provider. Those with a vague/no idea of their retirement income were more likely to say they did not know how many providers had sent them a CPF: six per cent compared with three per cent of those with a good/reasonable idea of their retirement income.

Respondents whose pension was provided through their employer were more likely to have received a CPF from just one provider than those who had a personal pension provider: 76 per cent of respondents with a private employer and 81 per cent with a public employer, compared with 56 per cent with a personal provider.

Those who had a personal provider were most likely to have received a CPF from more than one provider (25 per cent). These respondents could also have received a CPF from an employer. The next most likely to have received a CPF from more than one provider were those with private employer pensions (15 per cent), with those having a public employer pensions being the least likely (nine per cent).

**Table 3.4    Number of employers/providers who have sent a CPF (respondent reported)**

	Column percentages			
	All	DB	DC	Hybrid
0	10	7	13	7
1	66	79	57	70
2	16	9	21	13
3	3	2	3	5
4 or more	1	1	1	*
Refused	*	*	0	0
Don't know	4	2	6	4
Base: All respondents who recall receiving a CPF	1,971	793	961	217

\*Less than one per cent.

### 3.3    When received last CPF

Respondents who recalled receiving a CPF were asked how long ago they last received one. Accuracy of these self-reported timescales cannot be confirmed since there is no record of when individual providers despatched CPFs after they had been processed.

However, one person in eight (12 per cent) said they had received a CPF in the month before their interview, a further 20 per cent had received their latest CPF within the last three months, and 28 per cent of respondents reported receiving a CPF within the last six months. For around 26 per cent of respondents it had been up to a year ago that they had last received a CPF.

Five per cent said they had not received a CPF in the last year: three per cent in the last 18 months, one per cent in the last two years and one per cent longer ago than two years ago. It is possible that some respondents may have left employment or a specific pension scheme between receiving a CPF and being interviewed, accounting for why a proportion said they received a CPF longer than a year ago (as CPFs are generally issued annually). In addition, the CPF initiative pre-dates the ATOS database from which the survey sample was compiled, making it feasible for respondents to say they received a CPF two years ago or longer. Furthermore, as previously discussed, respondents could have received CPFs subsequent to their coding in ATOS.

Respondents with a DC pension scheme reported receiving their latest CPF more recently than those with a DB pension scheme: 35 per cent of those with a DC scheme said they had received a CPF within the last month or the last three months, compared with 30 per cent of respondents with a DB pension scheme. Correspondingly, those with DB schemes were more likely than those with DC schemes to have last received a CPF up to six months or up to one year ago (59 per cent compared with 50 per cent). A possible explanation for this is that respondents with DC schemes tended to have a higher number of providers and so would receive more CPFs. This could however be coincidental because of the timing the main personal pension provider issued these respondents with CPFs.

**Table 3.5 When last received a CPF**

	<i>Column percentages</i>			
	<b>All</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
1 month ago	12	11	13	10
3 months ago	20	19	22	21
6 months ago	28	30	27	31
1 year ago	26	29	23	26
18 months ago	3	3	3	2
2 years ago	1	2	1	1
Longer	1	*	2	3
Refused	*	1	*	0
Don't know	8	5	9	6
<i>Base: All respondents who recall receiving a CPF</i>	<i>1,971</i>	<i>793</i>	<i>961</i>	<i>217</i>

\*Less than one per cent.

There is a link between recency of receiving a CPF and recall. Overall, 25 per cent of respondent spontaneously recalled the CPF. Among **recallers** who said they received a CPF within the last three months, 74 per cent spontaneously recalled the CPF. Among those who received a CPF six months to a year ago, 65 per cent had spontaneous recollection and 47 per cent of those receiving a CPF 18 months ago or longer had spontaneous recollection. Given the age of the ATOS database and the amount of time elapsed between the date of CPF processing and the time fieldwork for this study was carried out, it is reasonable to expect that overall levels of CPF recall would have been higher if the research was conducted closer to the time CPFs were processed and issued.

### 3.4 Whether read CPF

All respondents who recalled being sent a CPF were asked which parts of it they had ever read. Around two thirds (64 per cent) of respondents said they had read the occupational or personal pension forecast section of the CPF, and 61 per cent said they had read the state pension forecast section. This equates to 23 per cent of the total sample having read the state pension forecast section.

Among those having read the pension forecast elements of the CPF, 50 per cent said they read both the state pension and the occupational/personal pension forecast sections. This equates to 19 per cent of all respondents interviewed.

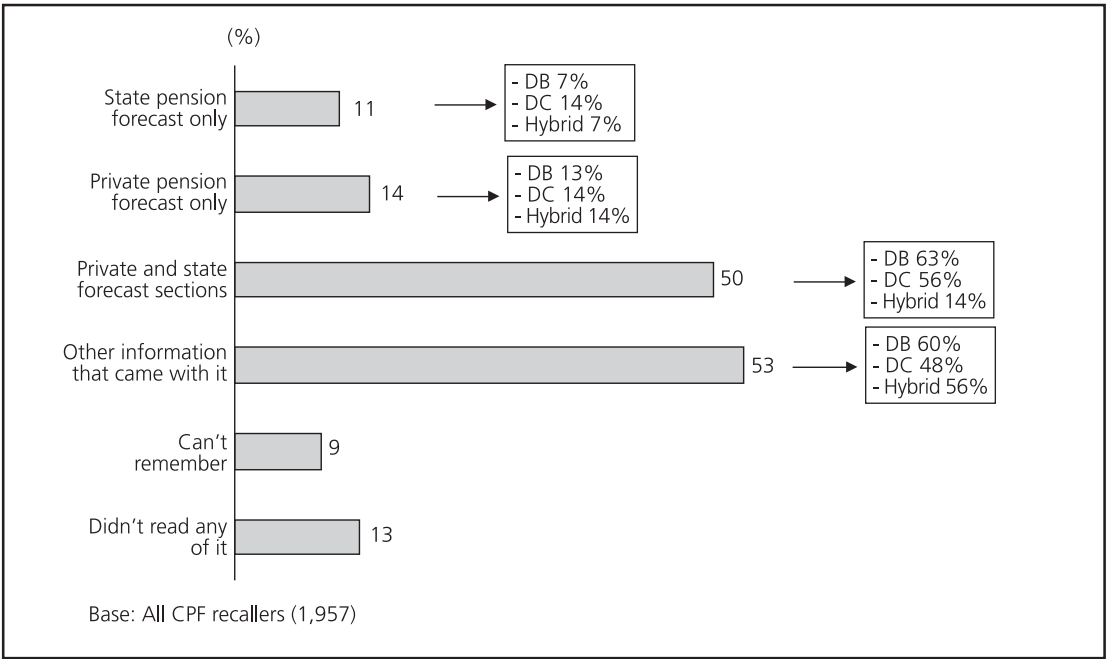
Eleven per cent of recallers say they **only** read the state pension forecast section.

Just over half (53 per cent) of respondents said they had read other information that came with the CPF and one in eight (13 per cent) respondents said they had not read any of the CPF. A further nine per cent did not know which parts they had read.

Respondents with DB schemes were more likely than those with DC schemes to have read each section of the CPF, as shown in Figure 3.1.

Excluding those who could not remember which parts of the CPF they had read, those who did not read the state pension forecast section amounts to 15 per cent of recallers.

**Figure 3.1 Which parts of CPF have ever been read**



### 3.5 Why CPF was not read

CPF recallers who had not read any of the CPF were asked why that was the case. The most common reason was that they had not got round to reading the CPF yet, but they still had it (25 per cent), while 15 per cent of respondents said they didn't read the CPF because they didn't understand what it was. The next most common reason was lack of interest in pensions (13 per cent) and a further eight per cent of respondents said they did not think the CPF was relevant to them. Some respondents (eight per cent) said they gave the CPF to their partner or someone else, and six per cent said they had not read the CPF because they were too busy. Other answers were given by five per cent of respondents or less. These results are shown in Table 3.6.

There were few notable differences between sub groups at this question. However, those less confident/knowledgeable about pensions were particularly likely to say they did not understand what the CPF was (nine per cent compared with 24 per cent among more confident). Also, women were more likely than men to say that they did not read the CPF because they didn't understand what it was.

**Table 3.6 Why have not read CPF**

	<i>Column percentages</i>		
	<b>All</b>	<b>DB</b>	<b>DC</b>
Haven't got round to it yet (but still have it)	25	21	27
Didn't understand what it was	15	16	15
Not interested in pensions	13	16	12
Not relevant to me	8	7	8
Gave it to partner/someone else	8	5	10
Didn't have time/too busy	6	4	7
Scared about pension/too depressing to think about	2	2	2
Retirement is a long way off/still young	2	6	1
Not important (at the moment)	2	0	3
Only interested in forecast/end figure/how much I will be getting	2	2	2
Just skimmed through it/didn't read in depth	2	3	2
Too complicated	2	0	3
Couldn't be bothered	1	1	1
Lost it	1	3	1
Have received them before	1	0	1
Too long	1	0	1
Other answers	7	8	8
Don't know	3	4	3
<i>Base: All respondents who recall receiving a CPF but did not read it</i>	<i>256</i>	<i>79</i>	<i>148</i>

Note: Figures for respondents with Hybrid pension schemes have been omitted as only 29 respondents from this group answered this question.

### 3.6 What has been done with most recent CPF

All respondents who recalled receiving a CPF were asked what they had done with the one they had received most recently. The majority of respondents (81 per cent) said they had kept the CPF either to read it later, or for future financial planning. In total, 83 per cent of respondents had kept their CPF, while seven per cent had either lost it or thrown it away. Other respondents had passed the CPF on to someone else (one per cent) or taken it to someone for advice (one per cent). A small proportion (five per cent) of respondents did not know what they had done with the CPF.

Respondents with a DC scheme were less likely than those with a DB or Hybrid scheme to have kept their CPF: 89 per cent of those with a DB scheme and 90 per

cent of those with a Hybrid scheme had kept their CPF compared with 79 per cent of those with a DC scheme. Correspondingly, those with a DC scheme were more likely to have lost/thrown away their CPF: nine per cent compared with five per cent of those with a DB scheme and four per cent of those with a Hybrid scheme. These results are shown in Table 3.7.

Respondents with a personal pension provider were less likely to have kept their CPF than those in employer schemes: 76 per cent of those with personal providers kept their CPF for reference compared to 86 per cent with employer providers. This corresponds with the result above as the majority of those with personal pension providers had DC schemes (98 per cent).

Women were slightly more likely than men to have kept their CPF (86 per cent compared with 82 per cent).

**Table 3.7 What was done with most recent CPF**

	<i>Column percentages</i>			
	<b>All</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
Kept it to read at a later date or for future financial planning	81	86	76	84
Thrown it away	4	3	6	3
Lost/mislaid it	3	2	3	1
Filed it/put in drawer/desk	2	2	2	1
Passed it on to someone else	1	1	2	1
Took it to someone for advice	1	1	2	1
Kept it	1	1	1	2
Other answers	*	*	1	*
Refused	*	*	*	*
Don't know	5	4	6	5
Not stated	*	0	*	0
<i>Base: All respondents who recall receiving a CPF</i>	<i>1,971</i>	<i>793</i>	<i>961</i>	<i>217</i>

\*Less than one per cent.



### 3.7 Chapter summary

- Almost four in ten respondents recalled the CPF, which is higher than may have been expected given the relatively low interest subject matter and time elapsed between the period in which CPFs were recorded as having been issued and the interview fieldwork period.
- CPF recall was highest among those with DB schemes. Given that the ATOS database is heavily biased towards one personal provider with DC schemes, we could have expected recall to be higher if there was a more even split between employer or DB schemes.
- Respondents who appeared to be more in tune with financial related matters tended to have higher levels of recall. Those who said they were very or fairly confident about pensions issues and in their ability to make decisions about pensions were more likely to recall the CPF than those who lacked confidence.
- There was little difference in levels of recall by age or gender.
- Levels of recall, particularly spontaneous recall, increased among the higher individual income categories.
- There is a link however in that those with higher degrees of confidence and higher income were more likely to have a DB scheme, this group in turn having a greater proportion of higher income earners.
- Respondents whose provider had issued more than one CPF and those who were issued a CPF by more than one provider (as identified by the ATOS database) were more likely to recall the CPF. **This supports a positive cumulative effect, which we could expect to continually improve as the CPF initiative becomes further embedded in the future.**
- Among those who reported receiving a CPF within the last three months, 74 per cent spontaneously recalled the CPF, falling to 47 per cent of those who reported receiving a CPF 18 months ago or longer. **Given the time elapsed between issuing of CPFs as recorded by ATOS and when fieldwork was conducted, we could expect levels of spontaneous recall to have been higher if fieldwork were to have been conducted closer to the time of CPF issue.**
- The vast majority of recallers (87 per cent) said they had read some or all elements of the CPF. Just under two thirds read the state pension forecast section, with half reading both state and private pension forecast sections, accounting for 19 per cent of all respondents.
- Again, the vast majority of recallers (83 per cent) had kept their CPF, suggesting that recipients regard it as being a sufficiently important reference document.



## 4 Usefulness of CPF

### 4.1 Usefulness of CPF

Respondents who recalled receiving a Combined Pension Forecast (CPF) (38 per cent of respondents) were asked how useful they found it. Twenty per cent said they found the CPF very useful, and a further 53 per cent found the CPF fairly useful; so nearly three quarters (73 per cent) of respondents found the CPF useful. Only five per cent of respondents said the CPF was not useful at all, and a further 13 per cent said it was not very useful.

Respondents with Defined Benefit (DB) schemes were the most likely group to find the CPF useful: 82 per cent compared with 67 per cent of those with Defined Contribution (DC) schemes and 73 per cent of those with Hybrid schemes. These results are shown in Table 4.1.

Respondents who were very/fairly confident about their ability to make pension decisions were more likely to find the CPF useful than the less confident (80 per cent compared with 57 per cent respectively). Similarly, those with a good/reasonable idea of their retirement income were more likely to find the CPF useful than those with a vague/no idea (84 per cent compared with 58 per cent).

Respondents whose pension scheme was provided through their employer were more likely to find the CPF useful than those with a personal pension provider: 79 per cent with private employer pension schemes and 82 per cent with public employer pension schemes, compared with 68 per cent with personal provider pension schemes.

**Table 4.1 Usefulness of CPF**

	<i>Column percentages</i>			
	<b>All</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
Very useful	20	30	13	25
Fairly useful	53	51	54	48
Not very useful	13	9	15	14
Not very useful at all	5	3	7	4
Don't know	9	7	10	9
<i>Base: All respondents who recall receiving a CPF</i>	<i>1,971</i>	<i>793</i>	<i>961</i>	<i>217</i>

Older respondents were more likely than younger ones to find the CPF useful: 75 per cent among 60 to 64 year olds, falling to 68 per cent of 16 to 24 year olds. However, this gap might be considered surprisingly narrow given the enormous difference in the relative imminence of retirement.

**Table 4.2 Usefulness of CPF by age group**

	<i>Column percentages</i>					
	<b>All</b>	<b>16-24</b>	<b>25-34</b>	<b>35-49</b>	<b>50-59</b>	<b>60-64</b>
Very useful	20	8	13	17	29	28
Fairly useful	53	60	55	57	46	47
Not very useful	13	19	15	13	10	7
Not very useful at all	5	8	6	5	5	5
Don't know	9	5	11	8	9	13
<i>Base: All respondents who recall receiving a CPF</i>	<i>1,971</i>	<i>158</i>	<i>247</i>	<i>944</i>	<i>555</i>	<i>67</i>

#### 4.1.1 Usefulness by income

Respondents with higher individual incomes were more likely to find the CPF useful: 66 per cent of those earning less than £10,000 a year, rising to 84 per cent of those with an individual income of £60,000 or more. Men were more likely than women to find the CPF useful (75 per cent compared with 70 per cent).

**Table 4.3 Usefulness of CPF knowledge by individual income**

<i>Column percentages</i>							
	<b>All</b>	<b>Less than £10,000</b>	<b>£10,000 to £19,999</b>	<b>£20,000 to £29,999</b>	<b>£30,000 to £39,999</b>	<b>£40,000 to £59,999</b>	<b>£60,000 or more</b>
Have a good idea of what retirement income will be	20	13	16	22	26	36	32
Have a reasonable idea of what retirement income will be	53	53	55	55	50	49	52
Know vaguely whether will have enough to live on in retirement, but no more	13	17	14	11	11	10	1
Have no idea what retirement income will be	5	7	6	4	4	1	4
Don't know	9	11	9	7	9	4	11
<i>Base: All respondents who recall receiving a CPF</i>	<i>1,971</i>	<i>259</i>	<i>629</i>	<i>523</i>	<i>249</i>	<i>153</i>	<i>45</i>

## 4.2 Why CPF not useful

Recallers who did not find the CPF useful (only 18% of total recallers) were asked why that was the case. The most common reason, mentioned by a third (33 per cent) of these respondents, was that they found it difficult to understand. For 14 per cent the CPF was not useful because it only gave a forecast. Seven per cent said they thought that government policies might change before they retired, and another seven per cent said that their circumstances were likely to change before they retired. For six per cent of respondents, the CPF was not considered useful because they felt it was not written in plain English, but was full of jargon. Note: The state pension forecast is only a page long (see Appendix D for an example) but providers/employers have some flexibility over the content and style of their statements. It is unclear which parts of the CPF respondents found confusing.

Other answers were given by five per cent of respondents or less. These results can be seen in Table 4.4.

Due to the relatively small number of respondents who were asked this question, there are not many sub group differences. However, there were some significant differences between respondents who were very/fairly confident in their ability to make pension decisions and those who were not very/not at all confident: those with lower confidence were more likely to say they did not understand the CPF (39 per cent compared with 27 per cent), those with lower confidence were also more likely to say they had no interest in pensions (seven per cent compared with two per cent).

Women were more likely than men to say they did not understand the CPF (41 per cent compared with 26 per cent). People with lower individual incomes were also more likely to give this answer.

**Table 4.4 Why CPF was not useful**

	<i>Column percentages</i>		
	<b>All</b>	<b>DB</b>	<b>DC</b>
Difficult to understand/confusing/complicated	33	36	32
It's only a forecast rather than actual figures	14	17	13
Have not/did not read it	10	5	12
My circumstances are likely to change before I retire	7	7	7
Government policies may change before I retire	7	12	6
Not in plain English/it's all jargon	6	5	6
No interest in it/not interested in pensions	5	5	5
Not enough information/detail/too generalised	4	6	3
I am only young/retirement is a long way off	3	5	2
Does not include all my pension schemes	2	4	2
My financial adviser/partner/someone else deals with pension/finances	2	1	2
No help/advice/guidance given/don't know how to use the information	2	3	1
Lots of untruths/misinformation/unrealistic figures	2	0	3
Cannot afford to pay into pension anyway	2	0	2
Can't remember what it said/what I read	2	4	1
Not useful/no use to me (no detail)	2	2	2
I will not get as much pension as expected	1	3	1
Too long/too much in it to read	1	*	1
Other answers	6	5	5
<i>Base: All respondents who did not find the CPF useful</i>	<i>362</i>	<i>106</i>	<i>216</i>

Note: A separate column for respondents with Hybrid pension schemes have been omitted as only 40 respondents from this group answered this question. However, these individuals are included within the **All** column.

### 4.3 Attitudes towards the CPF – respondents who recall receiving a CPF

All respondents who recalled receiving a CPF were asked to say how much they agreed or disagreed with seven statements to help us understand their general attitude towards CPFs.

- **'I feel the information is relevant to my individual circumstances'**: Three-quarters (75 per cent) of respondents agreed with the statement and only seven per cent disagreed with it. Those with a DB or Hybrid scheme were more likely than those with DC schemes to agree with this statement. Those with higher confidence in their ability to make pension decisions, those with a better idea of

what their retirement income would be and those with higher individual incomes were more likely to agree with this statement. Men were more likely than women to agree with this statement.

- ***'I feel better informed about the value of my expected pension'***: Three-quarters (75 per cent) of respondents agreed with the statement, while 12 per cent of respondents disagreed with it. Those with a DB or Hybrid scheme were more likely than those with DC schemes to agree with this statement. Those with higher confidence in their ability to make pension decisions, those with a better idea of what their retirement income would be and those with higher individual incomes were more likely to agree with this statement. Men were more likely than women to agree with this statement.
- ***'I think the government should issue state pension forecasts along with people's personal pension statements'***: this statement was agreed with by the vast majority (90 per cent of respondents). Only four per cent disagreed.
- ***'Including the state pension forecast together with my personal/workplace pension forecast, helped to improve the overall picture of what I can expect in retirement'***: The majority (84 per cent) of respondents agreed with this statement and only five per cent of respondents disagreed with it. Those with DB schemes were more likely than those with DC schemes to agree with this statement. Those with higher confidence in their ability to make pension decisions, those with a better idea of what their retirement income would be and those with higher individual incomes were more likely to agree with this statement.
- ***'The state pension forecast was in line with my expectations'***: Around half (52 per cent) of respondents agreed with this statement, 19 per cent of respondents disagreed with this statement and a further 20 per cent neither agreed nor disagreed. Those with DB schemes were more likely than those with DC or Hybrid schemes to agree with this statement. Those with higher confidence in their ability to make pension decisions, those with a better idea of what their retirement income would be and those with higher individual incomes were more likely to agree with this statement. Men were more likely than women to agree with this statement. Older respondents were more likely than younger ones to agree with this statement.
- ***'A forecast of my retirement income together with any State Pension entitlement would encourage me to review my retirement plans'***: Just under three-quarters (74 per cent) of respondents agreed with the statement, while 14 per cent of respondents disagreed with this statement. Men were more likely than women to agree with this statement.
- ***'Sending out CPFs will encourage people to save more for their retirement'***: Around three-quarters (73 per cent) of respondents agreed with this statement and a further 14 per cent of respondents said they did not agree with it. Younger respondents were more likely than older ones to agree with this statement.

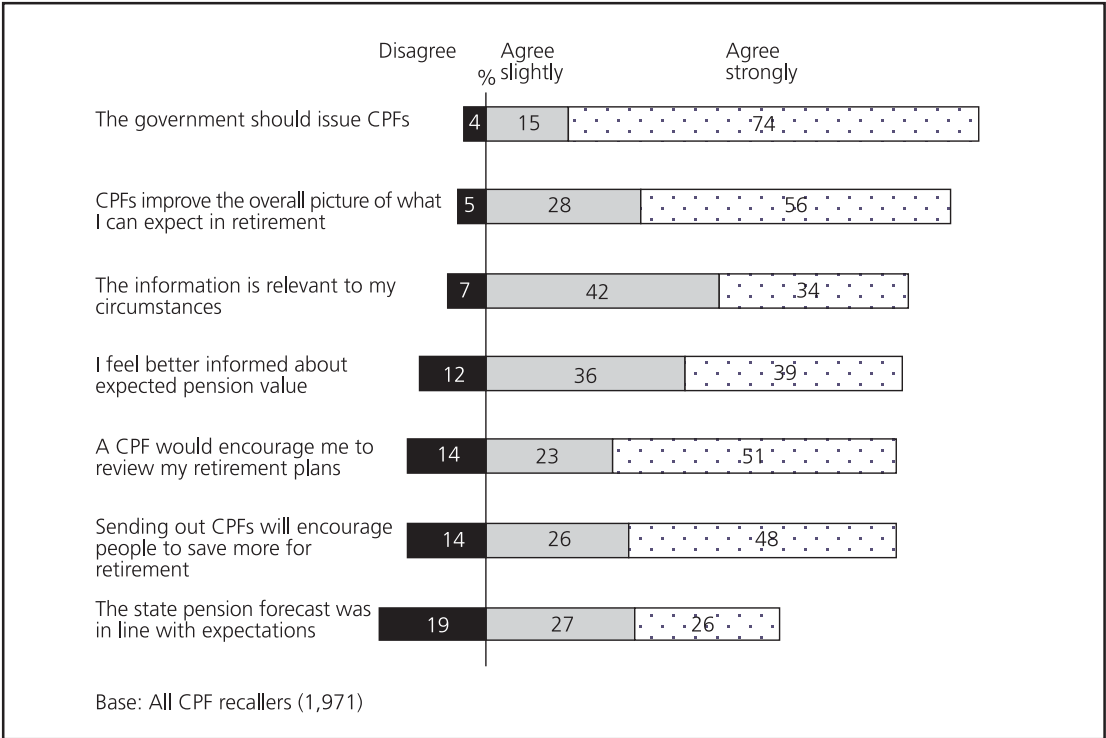
The high level of agreement with these statements suggest recallers value the CPF as an information tool for retirement planning.

**Table 4.5    Agreement with statements about CPF – CPF recallers**  
(this table shows the percentage of respondents who agreed with each statement)

	Column percentages			
	All	DB	DC	Hybrid
I think the government should issue state pension forecasts along with people’s personal pension statements	90	90	89	92
Including the state pension forecast together with my personal/workplace pension forecast, helped to improve the overall picture of what I can expect in retirement	84	88	82	87
I feel the information is relevant to my individual circumstances	75	83	70	78
I feel better informed about the value of my expected pension	75	82	70	82
A forecast of my retirement income together with any state pension entitlement would encourage me to review my retirement plans	74	75	73	79
Sending out CPFs will encourage people to save more for their retirement	73	71	75	74
The state pension forecast was in line with my expectations	52	57	49	46
Base: All respondents who recall receiving a CPF	1,971	793	961	217

Figure 4.1 details more specific levels of agreement and disagreement with statements about the CPF among recallers.

**Figure 4.1    General attitudes towards CPF among recallers**





Levels of agreement were similar among both men and women. Although levels of agreement were high in general, there were some differences of opinion between age groups for particular statements. The older age groups agreed more strongly with the statement ***'I feel the information is relevant to my individual circumstances'***. This was notably the case among 60-64 years, 83 per cent agreeing with this statement compared to 71 per cent for those under 35.

Older age groups were also likely to agree more strongly with the statement ***'The state pension forecast was in line with my expectations'***, 61 per cent of those aged 50 or above agreeing compared to 48 per cent below the age of 50. Conversely, those in older age groups were less likely to agree that ***'a forecast of my retirement income together with any state pension entitlement would encourage me to review my retirement plans'***. This was most notably the case among those aged 60-64, 54 per cent of whom agreed with this statement compared with 78 per cent among those below the age of 50.

A similar pattern of agreement levels was exhibited for the statement ***'Sending out CPFs will encourage people to save more for retirement'***. 65 per cent of 60-64 year olds agreed with this statement, compared with 72 per cent among 35-59 year olds and 82 per cent among 16-34 year olds.

#### 4.4 Agreement with statements about CPF – respondents who did not recall receiving a CPF

All respondents who did not recall receiving a CPF (62 per cent of respondents) were also asked how much they agreed or disagreed with some statements, although this group of respondents were only asked about the following three statements.

- ***'I would value being better informed about the value of my expected pension'***: Eighty six per cent said they agreed with the statement, and four per cent disagreed. Respondents with a good/reasonable idea of what their retirement income would be were less likely than those with a vague/no idea of their retirement income to agree with this statement.
- ***'I think the government should issue State Pension forecasts along with people's personal pension statements'<sup>13</sup>***: Eighty five per cent of respondents said they did agree, and only three per cent said they disagreed with this statement. Respondents with DB schemes were more likely than those with DC schemes to agree with this statement (88 per cent compared with 84 per cent).
- ***'A forecast of my retirement income together with any state pension entitlement would encourage me to review my current retirement income plans'***: This statement was agreed with by 81 per cent of respondents, and eight per cent disagreed. Respondents with a good/reasonable idea of what

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<sup>13</sup> It should be noted that while DWP issues the state pension forecast to employers/providers, it is the employers/providers who then go on to issue the combined forecast to their members.

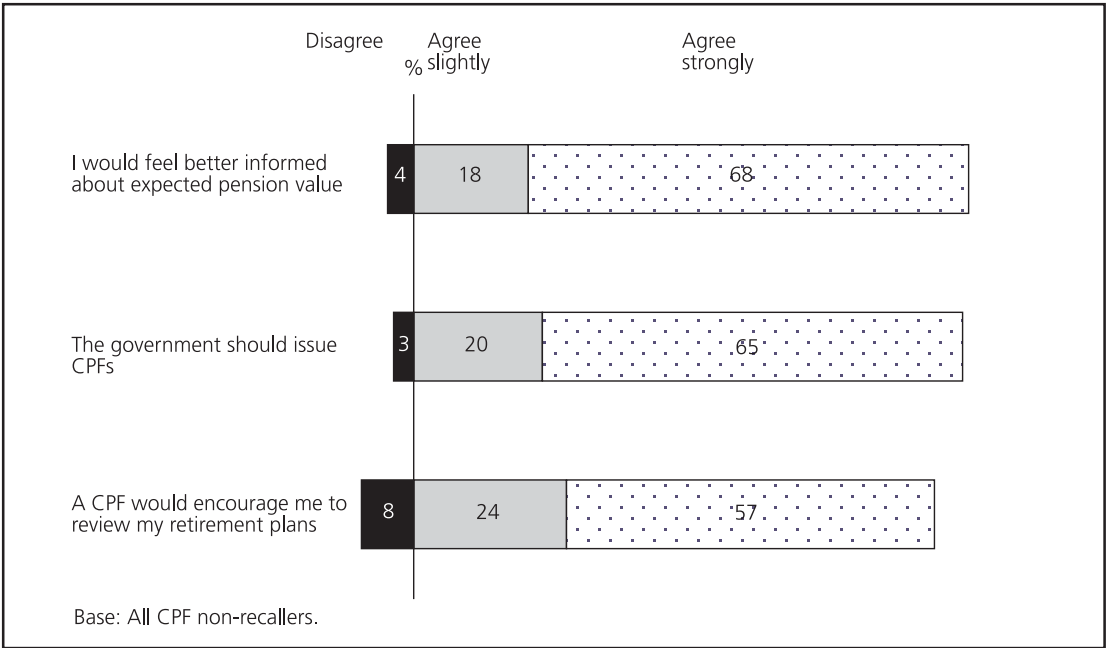
their retirement income would be were less likely than those with a vague/no idea of their retirement income to agree with this statement. Respondents with higher household incomes and women were more likely to agree with this statement.

**Table 4.6    Agreement with statements about CPF – CPF non-recallers**  
(this table shows the percentage of respondents who agreed with each statement)

	Column percentages			
	All	DB	DC	Hybrid
I would value being better informed about the value of my expected pension	86	85	87	84
I think the government should issue state pension forecasts along with people’s personal pension statements <sup>14</sup>	85	88	84	86
A forecast of my retirement income together with any state pension entitlement would encourage me to review my current retirement income plans	81	81	81	79
Base: All respondents who do not recall receiving a CPF	3,120	801	2,007	312

Figure 4.2 details more specific levels of agreement and disagreement with statements about the CPF among non-recallers.

**Figure 4.2    General attitudes towards CPF among non-recallers**



<sup>14</sup> As previously stated, it should be noted that while DWP issues the state pension forecast to employers/providers, it is the employers/providers who then go on to issue the combined forecast to their members.

Levels of non-recaller agreement with these statements were similar among both men and women, and age groups, although tended to be higher among those in the higher individual and household income categories.

Regardless of whether or not they recalled the CPF, 87 per cent of all respondents agreed that the government should send state pension forecasts along with people's personal pension statements, and 78 per cent agreed that a CPF would encourage a review of retirement plans.

## 4.5 Chapter summary

- Among recallers there were high levels of agreement with CPFs being informative and a prompt for encouraging a review of retirement provision and encouraging increased saving. Non-recallers also strongly agreed with these attributes as being a potential benefit of receiving CPFs.
- Both recallers and non-recallers strongly agreed the government should issue state pension forecasts along with private pension statements.
- Three quarters of recallers said they found the CPF very or fairly useful.
- The most common reasons given among those who did not find the CPF useful related to the content being difficult to understand or the use of jargon. Improvement in this area would serve to help those with lower confidence with pensions-related issues, this group being less active in retirement planning.



## 5 Retirement planning

The chapter explores whether respondents had taken any actions with regard to planning for retirement. Those who had taken some actions were probed for more details in relation to those actions.

### 5.1 Retirement planning in the last 18 months

Respondents were read out a list of types of retirement planning and asked whether they had undertaken each of them in the last 18 months. These ranged from 'softer' actions such as discussing the Combined pension Forecast (CPF) with others, to 'harder' actions of increasing saving (see Table 5.4 for the list of actions). Table 5.1 shows the proportions of people who had taken at least one action, who had not taken any actions at all, and who said 'don't know' or 'refused'.

**Table 5.1 Whether had taken any actions in the last 18 months**

	<i>Column percentages</i>					
	<b>All</b>	<b>Recaller</b>	<b>Non-recaller</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
Yes	66	78	59	65	66	74
No	31	19	38	30	31	25
Don't know/refused	3	3	3	2	3	1
<i>Base: All respondents</i>	<i>5,092</i>	<i>1,971</i>	<i>3,120</i>	<i>1,595</i>	<i>2,968</i>	<i>529</i>

Two-thirds had taken action in the last 18 months. Those who remembered receiving a CPF were significantly more likely to have taken action than those who did not recall receiving a CPF (78% compared to 59%).

Among those who said they had only received one CPF, 77 per cent had taken action compared with 82 per cent who said they had received two or more.

Of those who read both personal/occupational and state forecast sections of the CPF, 84 per cent took action in the last 18 months. This compares to 78 per cent who read the personal/occupational forecast section only and, similarly, 78 per cent

among those who read the state pension forecast only. **It is uncertain, however, whether the combination of state and occupational/personal pension information increases the likelihood of retirement planning activity, or whether those who were more likely to take action anyway were more likely to have read all of the CPF.** However, having read both sections is more likely to have provided a fuller picture on which to base planning activity decisions.

Retirement planning activity was greater among men (69 per cent) than women (63 per cent). As one might expect, older people were more active in pension planning than younger people (75 per cent among those aged 50-64, lowering to 51 per cent among those aged 16-24).

**Table 5.2    Whether had taken any actions in the last 18 months by age group**

	Column percentages					
	All	16-24	25-34	35-49	50-59	60-64
Yes	66	51	52	54	75	74
No	31	46	35	34	22	22
Don't know/refused	3	3	3	2	3	4
Base: All respondents	5,092	118	753	2,695	1,360	166

Similarly, the level of activity rises with individual income from 57 per cent of those with and income of less than £10,000 to 84 per cent of those with £40,000 or over.

**Table 5.3    Whether had taken any actions in the last 18 months by individual income**

	Column percentages						
	All	Less than £10,000	£10,000 to £19,999	£20,000 to £29,999	£30,000 to £39,999	£40,000 to £59,999	£60,000 or more
Yes	66	57	64	70	79	84	85
No	31	40	33	28	20	14	12
Don't know/refused	3	3	3	2	1	2	3
Base: All respondents	5,092	867	1,672	1,268	520	312	81

In addition, activity tended to be higher among those who were very or fairly confident in making decisions about pensions, 64 per cent having taken action in the last 18 months compared to 53 per cent among those who were not very or not at all confident.

There is a higher propensity among those with two or more active schemes to have undertaken retirement planning in the last 18 months than those with one active scheme only (79 per cent and 66 per cent respectively). The same is true of those with two or more deferred schemes (79 per cent took action compared with 68 per cent for those with one deferred scheme only).

These findings indicate that retirement planning activity is influenced by income level (perceived affordability) and increasing age, perhaps due to increasing consciousness as one draws closer to retirement age, and increased levels of confidence relating to pensions issues. While recall of the CPF is a factor, it clearly cannot change an individual's personal circumstances.

Among the three per cent (144 respondents) who said they have never had a pension<sup>15</sup>, 88 per cent did not recall the CPF. Only 34 per cent of those with no pension provision undertook retirement planning in the last 18 months, well below the average for the sample as a whole. Of the type of planning activities that could have been undertaken, only 10 per cent of those who have never had a pension increased savings of any type, compared to 34 per cent of those with a pension scheme.

The types of planning activity undertaken are distinguishable between 'soft events', such as discussing arrangements with others or requesting pensions information, and more tangible 'hard events' such as increasing pension contributions or non-pension investments. Table 5.4 presents the proportions of respondents who had undertaken each of the actions read out to them. The **Any increase/start** figure includes any actions to increase or start contributions to a new pension or saving through non-pension investment. The **Any decrease/stop** figure includes any actions to decrease or stop contributions to a new pension or saving through non-pension investment. Note: Some respondents had both increased/started and decreased/stopped activities (18 per cent).

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<sup>15</sup> Note: It is possible for those who have never had a pension to receive a CPF as employers can still send the state pension forecast element to a CPF regardless of whether or not an employee is a member of the occupational pension scheme.

**Table 5.4 Types of retirement planning undertaken**

<i>Column percentages</i>						
<b>Actions taken</b>	<b>All</b>	<b>Recaller</b>	<b>Non-recaller</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
<b>Soft event</b>						
Discussed retirement arrangements with others	33	42	27	36	31	39
Requested information on pensions/retirement planning	15	22	11	16	15	22
Actively reviewed/checked plans for retirement income but nothing further	13	16	12	17	12	14
Requested a state pension forecast from The Pension Service	11	16	8	11	11	8
Looked for more information on the Internet	9	12	7	14	6	16
<b>Hard event</b>						
Increased retirement saving through non-pension investment	17	23	13	19	16	22
Increased contributions to an existing pension	14	19	11	14	14	21
Started retirement saving through non-pension investment	8	12	6	9	8	8
Started contributing to a new pension	5	6	5	4	6	5
<b>Decreased savings</b>						
Decreased contributions to an existing pension	3	3	3	2	3	1
Stopped contributing to an existing pension	10	10	10	6	12	8
Stopped retirement saving through non-pension investment	2	4	2	2	3	3
Decreased retirement saving through non-pension investment	2	2	1	2	2	1
<b>Any increase/start</b>	33	42	28	33	33	42
<b>Any decrease/stop</b>	14	15	13	10	16	12
<i>Base: All respondents</i>	<i>5,092</i>	<i>1,971</i>	<i>3,120</i>	<i>1,595</i>	<i>2,968</i>	<i>529</i>

In general, increased levels of retirement planning activity are linked with higher levels of income, older age and greater confidence in the ability to make decisions about pensions. Income accounts for the largest sub-group difference in increased savings activity. There is also a significant difference in increased savings activity between CPF recallers and non-recallers. However, in the absence of a control group, i.e. a sample of respondents with a similar profile not having been issued a CPF, it is difficult to estimate the influence of 'cause and effect'. The influence of the CPF is explored in more detail in Chapters 7 and 9.



### 5.1.1 Soft event (information seeking)

The general tendency was for older age groups to be more active. Among those aged 50 or above, 38 per cent had discussed retirement arrangements with others, compared to 18 per cent among those aged 16-24 and 28 per cent among those aged 25-34. Those aged 50 or above were also more likely to have requested information on retirement planning: 23 per cent compared with five per cent among those aged 16-24 and 12 per cent among those aged 25-49.

Fifteen per cent had requested information on pensions or retirement planning and those who could recall a CPF were more likely to have done so (22 per cent of recallers compared with 11 per cent of non-recallers). This level rises with income from 14 per cent of those with less than £10,000 household income up to 22 per cent of those with £60,000 or over.

Eleven per cent had requested a state pension forecast from The Pension Service. Recallers were more likely to have done so (16 per cent compared with eight per cent of non-recallers).

Close to one in ten (nine per cent) had looked for more information on the Internet. Looking at Table 5.4, those who could recall receiving a CPF or with a Defined Benefit (DB) or Hybrid pension were more likely to have done so.

One in three respondents (33 per cent) had discussed their retirement arrangements with others and those who could recall receiving a CPF (42 per cent) were more likely to have done so than those who could not (27 per cent). Those with a DB (36 per cent) or Hybrid (39 per cent) pension were also more likely to have done so than Defined Contribution (DC) members (31 per cent).

Thirteen per cent of respondents had actively reviewed or checked their plans for retirement income but decided to do nothing. Recallers (16 per cent) were more likely to have done so than non-recallers (12 per cent).

Those with lower household income were less likely to have sought information on the subject. Men were also slightly more likely than women to have undertaken most actions.

### 5.1.2 Hard event (increased retirement provision)

A third of respondents (33 per cent) had increased or started contributions to a new pension or saving through non-pension investment in the last 18 months. Fourteen per cent increased and five per cent started contributions to an existing pension; 17 per cent increased saving and eight per cent started retirement saving through non-pension investment.

Again, those aged 50 or above were most likely to have started or increased non-pension savings or investments: 25 per cent compared with 14 per cent for those aged 16-24 and 18 per cent among those aged 25-49. Conversely, those aged 50 or above were least likely to have started or increased pension contributions: 15 per cent compared with 21 per cent of those aged 16-34.

**Respondents who recalled receiving a CPF were significantly more likely than those who did not to have increased contributions to an existing pension and increased a non-pension investment.** Respondents with a Hybrid pension were more likely than those with a DB or DC scheme to have increased contributions to an existing pension.

Those who recalled receiving more than one CPF were more likely than those who only received one to have increased contributions to an existing pension (22 per cent compared with 16 per cent) and a non-pension investment (28 per cent compared with 20 per cent). **As with levels of CPF recall, this suggests a positive cumulative effect.** They were also more likely to have started saving for retirement through a new non-pension investment (16 per cent with more than one compared with 10 per cent with one).

Men were more likely than women to have increased contributions to an existing pension (17 per cent compared with 10 per cent) and retirement savings through non-pension investment (18 per cent compared with 15 per cent).

Not surprisingly, those with higher individual incomes were more likely to have increased contributions to an existing pension (seven per cent of those with less than £10,000 household income compared with 32 per cent of those with £60,000 or over) and retirement savings through non-pension investment (11 per cent of those with less than £10,000 household income compared with 34 per cent of those with £60,000 or over).

### 5.1.3 Decreased savings

Fourteen per cent of respondents said they had decreased or stopped contributions to an existing pension or retirement saving through non-pension investment. Ten per cent stopped and three per cent lowered their contributions to an existing pension. Two per cent stopped and the same proportion decreased a non-pension investment. Those with a DC scheme (12 per cent) were more likely to have stopped contributing to an existing pension than those with a DB scheme (six per cent).

While some had stopped or decreased pension contributions or non-pension investments, a proportion had replaced this decrease with an alternative increase in savings via other means. Of the 14 per cent of respondents who had decreased savings or investments, CPF recallers were more likely than non-recallers to have started or increased something else (52 per cent and 36 per cent respectively). Those who had stopped or reduced pension contributions were most likely to have replaced with non-pensions investments. Similarly, those who had stopped or reduced one type of non-pension investment were most likely to have replaced this with another non-pension investment.

### 5.1.4 Number of actions taken

Multivariate Analysis (see Chapter 9 and Appendix A) does show a relationship between recall of the CPF and retirement planning being undertaken. In particular, this analysis showed that CPF recall had the strongest correlation with multiple planning activity. Furthermore, spontaneous awareness is associated with the single biggest rise in the average number of actions taken per person.

Overall, **respondents who recalled a CPF were consistently more likely than those who did not to have undertaken any positive actions. Not only were they more likely to have taken an action, but they were also more likely to have taken a higher number of the actions as detailed in Table 5.4.** This is demonstrated as in Table 5.5.

**Table 5.5 Number of actions taken**

	<i>Percentaged across</i>		
	<b>Non-recall of CPF</b>	<b>Recall after prompting</b>	<b>Spontaneous recall of CPF</b>
<b>Number of actions taken</b>	<b>%</b>	<b>%</b>	<b>%</b>
Total weighted sample (N=5089)	62	13	<b>25</b>
None	75	11	14
1	63	13	24
2	56	15	29
3	49	17	34
4	42	14	44
5	36	15	49
6	27	7	67
7+	14	10	76
5 or more actions	33	13	55

## 5.2 Percentage increase in pension contributions

Respondents who had increased pension contributions were asked whether it was a one-off extra contribution or increase in regular payments. Over nine in ten (92 per cent) said it was an increase in regular payments and around one in ten (11 per cent) said it was a one-off extra contribution. Note: There was a small proportion doing both, accounting for percentages adding to more than 100 in Table 5.5. They were also asked the level by which contributions had been increased. Since only 78 people said it was a one-off payment, the base size is too small to provide reliable and representative data on the scale of contributions. The results for those who said it was an increase in regular contributions are shown in Table 5.6.

**Table 5.6 Percentage increase in pension contributions as a proportion of annual salary**

	<i>Column percentages</i>					
	<b>All</b>	<b>Recaller</b>	<b>Non-recaller</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
Less than 1 per cent	64	67	62	53	70	52
1 per cent to 2 per cent	15	14	16	26	9	23
3 per cent to 4 per cent	7	7	6	8	6	15
5 per cent to 6 per cent	7	5	10	3	9	6
7 per cent to 8 per cent	2	2	1	3	1	-
9 per cent to 10 per cent	2	3	2	2	3	2
11 per cent to 12 per cent	*	*	-	-	*	-
Over 13 per cent	3	3	3	4	3	2
<i>Base: All respondents who increased regular payments to their pension</i>	684	339	345	195	394	95

\*Less than one percent.

Among respondents who increased regular payments to their pension, for close to two-thirds (64 per cent) these extra payments constituted less than one per cent of their annual salary and for 15 per cent extra payments were one to two per cent. This suggests that increments in pension tend to be small for the majority, and it was a consistent picture across all groups. The overall average monthly increase was just under two per cent of their annual salary. The average individual income of respondents was £22,000.

Unsurprisingly those with higher individual income are more likely to have increased their pension contributions by regular payments, nine per cent of those with less than £20,000, 17 per cent of those with incomes of £20,000 to £39,999 and 26 per cent of those with £40,000 or more. The level of contributions increase was similar between CPF recallers and non-recallers, 81 per cent of recallers having increased contributions by less than two per cent, compared with 78 per cent for non-recallers.

Note: In order to elicit response to this question, respondents were offered the opportunity to answer in a number of ways – an increase in pounds, or a monthly/annual percentage increase. In order to provide context, calculations were attempted based on responses to this question and income band recorded. As income was given in bands, the calculations were based on the mid point of each band. Since it was difficult for respondents to provide precise information at this question, **the calculations used to compute actual increase should be used as indicative rather than factual.**

### 5.3 With whom retirement arrangements discussed

Respondents who had discussions on their retirement arrangements with others were asked with whom. Their responses are shown in Table 5.7.

**Table 5.7 With whom retirement arrangements discussed**

	<i>Column percentages</i>					
	All	Recaller	Non-recaller	DB	DC	Hybrid
Family or friends	68	68	68	72	67	67
Your employer	17	21	13	24	13	28
Direct with a pension or investment company	15	16	13	11	17	15
An independent financial advisor	35	36	34	27	39	37
Work colleague	3	4	3	6	2	4
Financial or pension advice or through the workplace	1	1	1	1	*	*
Bank or building society	1	1	1	1	1	-
Accountant	1	1	*	-	1	-
<i>Base: All respondents who had discussed their retirement arrangements with others</i>	<i>1,644</i>	<i>809</i>	<i>834</i>	<i>521</i>	<i>919</i>	<i>204</i>

\*Less than one per cent.

The majority of respondents (68 per cent), and a higher percentage of women (74 per cent) than men (65 per cent) who had talked to others about retirement arrangements, said it was with their family or friends. Over one third (35 per cent) said it was with an independent financial advisor and this was higher among those with a DC (39 per cent) or Hybrid pension (37 per cent). This may be because those with a DB scheme have more certainty about retirement income so there is less need to consult an advisor outside the company. Older respondents (37 per cent of those aged 50-64 as opposed to 28 per cent of those aged 16-34) were more likely to have spoken to an independent financial advisor, but there was no significant difference across the income bands.

Some respondents had discussed their plan directly with a pension or investment company (15 per cent). Again, those with a DC or Hybrid pension were more likely to have used this source compared with those with a DB scheme, as demonstrated in Table 5.7. This is consistent with the fact that most DC members had taken out their pension directly from a personal pension provider.

Seventeen per cent had spoken to their employers about their retirement arrangements. Not surprisingly, those with a DB (24 per cent) or Hybrid (28 per cent) pension were more likely to have done so compared with DC members (13 per cent). The difference observed here seems likely to be due to the higher proportion of DC members who have no employer involvement in their pension.

## 5.4 From whom information requested

Respondents who said they had requested information about pensions and retirement provisions were asked to identify their source of this additional information. The results are shown in Table 5.8.

**Table 5.8 From whom information requested**

	<i>Column percentages</i>					
	All	Recaller	Non-recaller	DB	DC	Hybrid
Your employer	39	46	31	65	26	56
Direct with pensions or investment company	33	34	33	24	38	28
An independent financial advisor	32	32	31	26	35	28
DWP/The Pension Service	34	38	30	41	32	23
Past employer	*	1	*	-	1	2
Bank/building society	1	-	3	*	2	-
Internet	1	1	1	1	1	1
Newspaper/magazine article	1	1	1	*	1	-
Don't know/refused/not stated	2	2	2	1	3	2
<i>Base: All respondents who had requested information about pensions or retirement provision</i>	782	417	364	224	441	117

\* Less than one per cent.

The most common types of sources used by respondents who had requested information about pensions or retirement provisions were employers (39 per cent), the Department for Work and Pensions (DWP) or The Pension Service (34 per cent), pensions or investment companies (33 per cent) and independent financial advisors (32 per cent).

Those able to recall a CPF were more likely to have requested information from their employer (46 per cent of recallers compared with 31 per cent of non-recallers). They were also more likely to have requested information from the DWP or The Pension Service (38 per cent of recallers compared with 30 per cent of non-recallers).

Those with higher household income were more likely to have requested information from an independent financial advisor (36 per cent of those with a household income of £40,000 or over compared with 25 per cent of those with less than £20,000).

The sources of information respondents chose varied with the type of pension they held. People with a DB or Hybrid pension were more likely to have sought information from their employer than those with a DC scheme. However, those with

a DC scheme were more likely to have sought information from pensions/investment companies or an independent financial advisor. This is likely to be because the DC schemes are run by personal pension providers rather than via an employer. For exact figures, see Table 5.8.

In terms of gender, men were more likely to have requested information directly from a pensions or investment company (37 per cent of men compared with 28 per cent women) while women (44 per cent) were more likely to have requested information from the DWP or The Pension Service than men (28 per cent).

## 5.5 Types of non-pension investment started/increased

Respondents who had increased savings for retirement through an existing non-pension investment in the last 18 months were asked what type of investment it was. Their responses are shown in Table 5.9.

**Table 5.9 Types of non-pension investment increased**

	<i>Column percentages</i>					
	All	Recaller	Non-recaller	DB	DC	Hybrid
Other financial products such as ISA	67	69	65	66	68	70
Building society savings accounts	44	46	42	51	41	43
Stocks and shares	23	25	21	29	19	36
Property	19	18	20	17	20	12
Business assets	7	8	7	3	10	4
Bond(s)	1	1	*	-	1	1
Don't know	1	1	*	1	1	-
<i>Base: All respondents who increased retirement saving through non-pension investment</i>	<i>856</i>	<i>460</i>	<i>396</i>	<i>282</i>	<i>460</i>	<i>114</i>

\*Less than one per cent.

Respondents who had increased savings were most likely to have put their money in other financial products (67 per cent), building society savings accounts (44 per cent) and stocks and shares (23 per cent). About one in five (19 per cent) had invested in property.

Those with a DB or Hybrid pension were more likely than those with a DC scheme to have invested in stocks and shares (29 per cent of those with a DB scheme and 36 per cent with a Hybrid pension, compared with 19 per cent with a DC scheme). There was no significant difference by other subgroups.

Respondents who had started new retirement savings through non-pension investment were asked what types of saving it was and their responses are shown in Table 5.10.

**Table 5.10** Types of non-pension investment started

	Column percentages				
	All	Recaller	Non-recaller	DB	DC
Other financial products such as ISA	62	63	61	65	60
Building society savings	47	52	42	51	46
Stocks and shares	25	25	24	27	23
Property	19	17	21	14	21
Business assets	7	8	5	5	7
Don't know/not stated	2	5	*	-	4
<i>Base: All respondents who started retirement saving through non-pension investment</i>	420	241	178	148	229

Hybrid bases were too small to draw confident conclusions for this question, therefore they are not included in this table.

Responses given by those who started new retirement saving in this way were very similar to responses given by those who increased existing saving (see Section 5.4). Respondents who had started saving recently were most likely to have put their money in financial products such as an Individual Savings Account (ISA) (62 per cent), building society savings accounts (47 per cent) and stocks and shares (25 per cent). There was little difference by recall of CPFs and types of pension. Base sizes for other subgroups are too small for analysis.

## 5.6 Types of non-pension investment stopped or decreased

Respondents who said they had stopped or decreased non-pension investment in the last 18 months were asked what type of investment was involved. Their responses are listed in Table 5.11.

**Table 5.11** Types of non-pension investment stopped or decreased

	Column percentages			
	All	Recaller	Non-recaller	DC
Other financial products such as ISA	35	31	40	38
Building society savings	28	26	30	29
Stocks and shares	17	22	13	18
Property	11	16	6	9
Business assets	3	2	4	3
Bonds	1	1	0	0

Continued



**Table 5.11** Continued

	<i>Column percentages</i>			
	<b>All</b>	<b>Recaller</b>	<b>Non-recaller</b>	<b>DC</b>
Other answers	10	13	6	8
Don't know/not stated	14	15	12	16
<i>Base: All respondents who stopped or decreased retirement saving through non-pension investment</i>	<i>185</i>	<i>92</i>	<i>93</i>	<i>117</i>

DB and Hybrid bases were too low to draw confident conclusions for this question, therefore they are not included in this table.

Respondents who stopped or decreased retirement saving through non-pension investment said that the types of investments affected were financial products such as ISA (35 per cent), building society savings (28 per cent) and stocks and shares (17 per cent). Base sizes are too small for subgroup analysis.

## 5.7 Why no further action taken

Respondents who had actively reviewed or checked their plans for retirement income but decided to do nothing further were asked to state spontaneously why they had not taken further actions. Their responses are shown in Table 5.12.

**Table 5.12** Why no further action taken

	<i>Column percentages</i>					
	<b>All</b>	<b>Recaller</b>	<b>Non-recaller</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
You don't feel you can afford to do anything about it	49	49	49	33	60	4
You feel you have sufficient provision already in place	24	24	24	37	16	6
You feel there is sufficient time in the future to think about it again	12	13	12	16	9	3
You feel it's too late to do anything about it	5	4	5	5	4	1
You are already retired	1	1	*	2	*	*
<i>Base: All respondents who had not taken any hard action after reviewing retirement plans</i>	<i>674</i>	<i>308</i>	<i>366</i>	<i>240</i>	<i>358</i>	<i>76<sup>▲</sup></i>

<sup>▲</sup> Base size too small to draw confident conclusions

Among respondents who had not taken any hard action after reviewing their retirement plans, just under half said it was because they did not feel they could afford to do anything about it (49 per cent), around a quarter (24 per cent) said it was because they felt they had sufficient provision in place, 12 per cent said they felt there was sufficient time in the future to think about it and five per cent felt it was too late to do anything about it. Given that CPF recipients in the main already have some form of pension provision in place, they are less likely to need to take action with regard to retirement income provision than the general working population.

As one would expect, the higher the household income, the more confident respondents tend to feel about having sufficient provision in place (10 per cent of those with less than £20,000 household income, 23 per cent of those with £20,000 to £39,999, 38 per cent of those with £40,000 or over).

Those with a DC scheme were more likely than those with a DB scheme to feel they could not afford to do anything about it (60 per cent of those with a DC scheme compared with 33 per cent of those with a DB scheme). As one may expect, this varied greatly with household income and individual income, as people with lower income were more likely to be deterred by affordability (70 per cent of those with less than £20,000 household income compared with 28 per cent of those with £40,000 or over and 62 per cent of those with less than £20,000 individual income compared with 17 per cent of those with £40,000 or over).

About a quarter (24 per cent) said they did not make any changes because they felt they had sufficient provision in place. Those with a DB pension were more likely to feel that existing provision was sufficient (37 per cent of those with a DB scheme compared with 16 per cent of those with a DC scheme).

## 5.8 Chapter summary

Just over two thirds of respondents had conducted any type of retirement planning activity in the last 18 months. Those who appeared to be most interested and knowledgeable about pensions were more likely to recall the CPF and to have undertaken retirement planning activity. In the absence of a control group, i.e. a similar profile of respondents who have not been issued a CPF, it is difficult to estimate the influence of cause and effect, i.e. whether or not those who recall the CPF are more likely to have undertaken retirement planning activity anyway. Later sections explore the impact of the CPF in more detail.

- Those who took action were most likely to be those with greater confidence in making decisions about pensions issues, and those from the higher income groups, these two dimensions being interlinked.
- The most common reason for not having taken any concrete action was perceived lack of affordability.

- Those who recalled the CPF were significantly more likely to have taken any action than non-recallers. Most significantly, recallers were more likely than non-recallers to have taken concrete action such as increasing pension contributions or non-pension investments.
- Not only were recallers more likely to have taken any planning action, they were more likely to have taken a greater number of different actions than non-recallers.
- Recallers who remembered receiving more than one CPF were again more likely to have taken action than recallers who remembered receiving one CPF only, further supporting a positive cumulative effect.
- Among those who had increased pension contributions, the average level of increase was just under two per cent as a proportion of annual individual income. The proportional increase was similar among CPF recallers and non-recallers, although recallers were significantly more likely to have taken this action.
- However, three quarters of recallers said they had found the CPF useful, and subsequent questioning identified that half of recallers having undertaken retirement planning were prompted by the CPF to do so.



## 6 Future retirement planning

This chapter looks at what respondents intended to do in the future with regard to retirement planning. If respondents said they plan to start or increase contributions or a non-pension savings, they were probed for further details. Those with no retirement planning in the last 18 months, or in the future, were asked why this was the case.

### 6.1 Intended future pension planning

All respondents apart from those who had already retired were read out a list of types of retirement planning actions (see Table 6.1) and asked which ones they intended to undertake in the future. Respondents who said they were retired were asked about their past actions but not about future planning<sup>16</sup>.

The majority of respondents, regardless of sub-group, appeared sufficiently conscious of the need to be considering retirement planning in the future.

**Table 6.1 Whether intend to take future retirement planning action**

	<i>Column percentages</i>					
	<b>All</b>	<b>Recaller</b>	<b>Non-recaller</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
Yes	89	91	88	88	90	91
No	11	9	12	12	10	9
<i>Base: All respondents</i>	<i>4,971</i>	<i>1,901</i>	<i>3,065</i>	<i>1,572</i>	<i>2,884</i>	<i>515</i>

Table 6.2 presents the proportions of respondents who planned to undertake each of the specified actions in the future. The **Any increase/start** figure includes any actions to increase or start contributions to a new pension or saving through non-pension investment. The **Any decrease/stop** figure includes any actions to decrease or stop contributions to a new pension or saving through non-pension investment.

<sup>16</sup> The circumstances in which a retired person may have received a CPF are that they took early retirement (as CPFs are not issued after State Pension Age) or that they retired recently and prior to them doing so, they received a CPF.

**Table 6.2** Planned future actions

<i>Column percentages</i>						
<b>Actions taken</b>	<b>All</b>	<b>Recaller</b>	<b>Non-recaller</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
<b>Soft event</b>						
Discuss retirement arrangements with others	58	60	56	59	57	66
Request information on pensions/retirement planning	50	51	49	50	50	57
Request a state pension forecast from The Pension Service	49	48	49	45	50	46
Look for more information on the Internet	32	32	32	39	28	43
Review retirement plans once receive another CPF	23	61	-	32	19	26
Do not intend to take any action with regards to retirement planning	11	9	12	12	10	9
<b>Hard event</b>						
Increase retirement saving through non-pension investment	37	42	34	41	35	42
Increase contributions to an existing pension	34	37	32	27	37	32
Start non-pension investment	28	29	27	29	27	26
Start contributing to a new pension	13	12	13	12	13	17
<b>Decrease/stop saving</b>						
Stop contributing to an existing pension	4	4	3	2	4	6
Decrease contributions to an existing pension	3	3	3	2	3	3
Stop retirement saving through non-pension investment	2	3	2	1	3	2
Decrease retirement saving through non-pension investment	1	2	1	1	2	2
Don't know/refused	1	*	1	*	1	*
<b>Any increase/start</b>	60	63	59	58	61	63
<b>Any decrease/stop</b>	8	9	7	5	9	9
<i>Base: All respondents excluding those who have retired</i>	4,971	1,915	3,055	1,572	2,884	515

\*Less than one per cent.

Close to 9 in 10 respondents who were not retired (88 per cent) said they intend to take some action with regard to future retirement planning. The intention to plan for the future varied with household and individual income as those with lower income were less likely to plan compared with those with higher income (from 81 per cent of those with less than £10,000 household income to 93 per cent of those with more than £60,000 and from 87 per cent of those with less than £10,000 individual income to 97 per cent of those with more than £60,000).

Recallers of a Combined Pension Forecast (CPF) were asked if they planned to review retirement plans once they receive another CPF, and three-fifths of them (61 per cent) said they would do so.

When considering retirement planning action already taken (as detailed in Chapter 5) 31 per cent of respondents said they had not done anything in the last 18 months. Among those, 20 per cent said they were not planning any activity in the future. This proportion is similar for both CPF recallers and non-recallers.

### 6.1.1 Soft event (information seeking)

In terms of information seeking, half of respondents who were not retired (50 per cent) said they would request information on pensions or retirement planning. A similar proportion (49 per cent) would request a state pension forecast from The Pension Service and just under a third (32 per cent) would look for more information on the Internet. Those who had received more than one CPF (52 per cent) were more likely to say they would request a state pension forecast than those who only received one (39 per cent), **again indicative of a positive cumulative effect not only in raising recall but prompting action.**

The intention to seek more information tends to decrease with age. Fifty-five per cent of 16-24 year olds intended to request information on pensions or retirement planning compared with 47 per cent of 50-64 year olds.

Those with higher individual income were more inclined to request more information than those with lower income. For instance, 29 per cent with less than £10,000 income said they would look for more information on the Internet, compared with 42 per cent of those with over £60,000 individual income. Respondents with a Defined Benefit (DB) pension were more likely than those with a Defined Contribution (DC) pension to say they plan to look for information on the Internet (see Table 6.1).

Close to three-fifths of working people (58 per cent) said they would discuss their retirement arrangements with others. The level rises with individual income from half of those with less than £10,000 household income (54 per cent) to eight in ten of those with over £60,000 (76 per cent).

### 6.1.2 Hard event (increased savings)

Turning now to the intention to put aside money for retirement, three-fifths of respondents (60 per cent) said they intend to increase contributions or start contributing to a pension or non-pension investment. They were most likely to plan to increase retirement saving through non-pension investment (37 per cent) and contributions to an existing pension (34 per cent). Close to three in ten (28 per cent) intended to start retirement saving through non-pension investment and one in eight (13 per cent) intended to start contributing to a new pension.

The proportion of respondents who intended to start or increase pensions or savings tend to fall as age rises (see Table 6.4 for more details). This is not surprising as older people are more likely to have savings arrangements already in place.

**Those who recalled a CPF were more likely than those who did not to say they planned to increase retirement saving through other forms of investment (42 per cent of recallers compared with 34 per cent of non-recallers).**

Again, as with actions taken, the same caveats apply here regarding uncertainty over whether the CPF caused this increased intention or whether those who recall the CPF are people more likely to be active retirement planners anyway.

**The future intentions of respondents were also related to the type of pension they have.** Those with a DC or Hybrid pension were more likely to increase contributions to an existing pension (37 per cent of those with a DC pension and 32 per cent of those with a Hybrid pension compared with 27 per cent of those with a DB pension). Those with a DC pension were less likely to increase saving through non-pension investment (35 per cent of those with a DC pension compared with 41 per cent of those with a DB pension and 42 per cent of those with a Hybrid pension).

6.1.3 Decreased savings

Only eight per cent of those who were working said they would stop contributing or decrease contributions to pension or non-pension investment in the future. Older people were more likely to stop contributing to an existing pension than young people (eight per cent of those aged 60-64 compared with two per cent of those aged 16-24).

6.2 When intend to start/increase pension contributions or savings

All those who intended to start contributing or increase contributions to a pension or non-pension investment were asked when they intended to start taking this action. The results are shown in Table 6.3.

Table 6.3 When intended to start/increase saving

	Column percentages					
	All	Recaller	Non-recaller	DB	DC	Hybrid
In the next couple of weeks	2	3	2	4	2	3
In the next month	4	5	4	4	4	5
In the next few months	13	15	12	11	14	12
In the next 6 months	14	14	14	11	15	14
In the next year	22	21	23	19	23	20
In the next few years	28	25	30	34	26	28
Longer	8	8	7	11	6	8
Don't know	5	5	5	4	5	7
Base: All respondents starting or increasing pension contributions or savings						
	3,034	1,224	1,809	941	1,770	323



Among those who intended to start contributing or increase contributions to pensions or any other forms of investment, over half (55 per cent) said they would take action in the next year, and close to three in ten (28 per cent) said they would do so in the next few years. Those with a DB pension were more likely to say they would do so in the next few years than those with a DC or hybrid pension, as demonstrated in Table 6.3.

Thirty seven per cent of CPF recallers stated they plan these increases within the next six months, compared with 31 per cent of non-recallers, which is statistically significant at the 99 per cent confidence interval, i.e. if the study were repeated among a similar profile of respondents we could be 99 per cent confident of a similar result, the difference being associated with CPF recall rather than being coincidental.

The age profile of respondents intending this action is similar for both CPF recallers and non-recallers. However, the speed of action tends to rise with age. Older people were more likely to say they would take action within the next six months (45 per cent of those aged 50-59 compared with 18 per cent of those aged 16-24) or in the next year (25 per cent of 50-59 year olds compared with 14 per cent of 16-24 year olds) compared with young people.

**Table 6.4 When intended to start/increase saving by age**

	<i>Column percentages</i>					
	<b>All</b>	<b>16-24</b>	<b>25-34</b>	<b>35-49</b>	<b>50-59</b>	<b>60-64</b>
In the next couple of weeks	2	1	1	2	5	4
In the next month	4	2	3	4	6	14
In the next few months	13	6	12	11	18	17
In the next 6 months	14	9	15	13	16	9
In the next year	22	14	18	22	25	23
In the next few years	28	36	34	32	14	3
Longer	8	27	11	8	2	1
Don't know	5	3	3	4	8	12
Other answers	4	2	3	4	6	17
<i>Base: All respondents starting or increasing pension contributions or savings</i>	<i>3,034</i>	<i>276</i>	<i>507</i>	<i>1,619</i>	<i>589</i>	<i>43</i>

Apart from the lowest income group who appear to be the most likely to delay, speed of action is similar across income groups.

**Table 6.5 When intended to start/increase saving by individual income**

<i>Column percentages</i>							
	All	Less than £10,000	£10,000 to £19,999	£20,000 to £29,999	£30,000 to £39,999	£40,000 to £59,999	£60,000 or more
In the next couple of weeks	2	1	2	3	4	4	0
In the next month	4	3	4	5	4	4	4
In the next few months	13	10	13	14	12	13	16
In the next 6 months	14	13	15	14	13	14	14
In the next year	22	19	21	23	24	24	23
In the next few years	28	36	26	29	29	24	31
Longer	8	6	8	6	7	10	4
Don't know	5	7	5	3	3	3	4
Other answers	4	5	6	3	4	4	4
<i>Base: All respondents starting or increasing pension contributions or savings</i>	<i>3,034</i>	<i>405</i>	<i>976</i>	<i>790</i>	<i>384</i>	<i>259</i>	<i>78</i>

Respondents who did not intend to take action within the next year were asked why they did not plan to take action earlier and the results are shown in Table 6.6.

**Table 6.6 Why action not being undertaken earlier**

<i>Column percentages</i>						
	All	Recaller	Non-recaller	DB	DC	Hybrid
Don't earn enough	30	30	30	27	32	22
Have other immediate debts to pay first	14	14	14	12	15	13
Feel I have enough time to take action later	10	11	10	15	8	13
Financial circumstances/financial constraints	8	8	8	7	8	7
Waiting for a pay increase first	7	8	6	7	7	6
Family circumstances	7	7	7	6	7	10
Have a mortgage/moving house/improving house	3	4	3	4	3	4
Unemployed/not working/depends on job situation	3	2	4	2	3	*
Too busy/not got round to it	2	1	3	2	2	3

Continued

**Table 6.6 Continued**

	<i>Column percentages</i>					
	<b>All</b>	<b>Recaller</b>	<b>Non-recaller</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
Need to find out more information	2	1	3	3	2	3
Lack of confidence in pensions	2	1	2	1	2	1
Happy with provision	2	2	2	2	2	1
Other answers	10	11	8	12	9	17
<i>Base: All respondents starting or increasing pension contributions or savings but not within next year</i>	<i>1,770</i>	<i>672</i>	<i>1,098</i>	<i>612</i>	<i>978</i>	<i>180</i>

Financial constraints were the most common reason deterring respondents from taking actions earlier. Three in ten of those who did not intend to take action within the next year (30 per cent) said it was because they did not earn enough and, not surprisingly, this level falls with income from 41 per cent of those with less than £20,000 household income to 18 per cent of those with £60,000 or over. The proportion thinking they were not earning enough increases with age from 23 per cent of those aged 16 to 24 to 31 per cent of those aged 50 or above. One in seven (14 per cent) said they had other immediate debts to pay first, and eight per cent said it was due to financial constraints.

One in ten thought they would not take action in the next year because they would have time to take action later. As one would expect, younger respondents were more likely to think this way (26 per cent of those aged 16-24 compared with only six per cent of those over 50).

It is noticeable there were relatively low numbers of people (two per cent) saying they do not intend to take action due to lack of confidence or information in pensions and being happy with current provision.

There is little difference between recallers and non-recallers in stated reasons for not taking action earlier. While the CPF can advise of projected retirement income, it cannot necessarily impact perceptions of affordability in relation to increased savings.

### 6.3 Types of non-pension investment increases planned

All those who intended to start contributing or increase contributions to a non-pension investment were asked what types of investment they had in mind and the results are shown in Table 6.7.

**Table 6.7** Types of non-pension investment increases planned

	<i>Column percentages</i>					
	<b>All</b>	<b>16-24</b>	<b>25-34</b>	<b>35-49</b>	<b>50-59</b>	<b>60-64</b>
Other financial products such as ISA	61	66	58	66	58	67
Building society saving account	49	52	47	51	49	44
Property	32	30	33	27	35	31
Stocks and shares	21	24	19	26	18	40
Business assets	8	8	8	6	9	7
Don't know/refused	6	5	7	5	6	3
<i>Base: All respondents starting or increasing other form of investment</i>	<i>2,263</i>	<i>935</i>	<i>1,327</i>	<i>765</i>	<i>1,245</i>	<i>253</i>

Respondents who said they would use some other form of investment for retirement were most likely to choose financial products such as an Individual Savings Account (ISA), Personal Equity Plan (PEP), Tax Exempt Special Savings Account (TESSA), etc. (61 per cent) and building society savings accounts (49 per cent). Nearly one-third (32 per cent) said they would invest in property and over a fifth (21 per cent) in stocks and shares.

Those who recalled a CPF were more likely than those who did not to plan to invest in financial products, building society savings accounts and stocks and shares, as seen in Table 6.4. Compared with those with a DC pension, those with a DB pension were more likely to invest in financial products and stocks and shares, as evidenced in Table 6.7.

The type of investment preferred by respondents varied with individual income. Those with higher income were more likely to invest in stocks and shares (41 per cent of those with £60,000 compared with 17 per cent of those with less than £20,000). Those with higher individual income were also less likely to invest in building society savings accounts (35 per cent of those with more than £60,000 compared with 54 per cent of those with less than £20,000).

Those who felt very/fairly confident about their pension (24 per cent) were more likely to say they would invest in stocks and shares than those who were not very or not at all confident (16 per cent), but less likely to invest in building society savings accounts (46 per cent of those very/fairly confident compared with 55 per cent of those not very/not at all confident).

The pattern is similar when we look at respondents' knowledge of pension. Those with a good/reasonable knowledge of their pension (24 per cent) were more likely to invest in stocks and shares than those with vague/no idea (19 per cent) and less likely to invest in building society savings accounts (46 per cent of those with good/reasonable knowledge compared with 52 per cent of those with a vague/no idea).

In general, those who were more comfortable and confident financially were more likely to go for higher risk options such as stocks and shares and less likely to choose those lower risk options such as building society savings accounts.

## 6.4 Reasons for not planning retirement during the last 18 months or in the future

Respondents who took no action in the last 18 months and did not intend to take any in the future were asked why they had not done any retirement planning. Those who said they were retired were included in this question as they may have retired recently, and could still have taken action within the last 18 months before retiring; therefore we could not assume their reason for not taking action was because they were retired. It is also possible that they took early retirement and could still take further saving action or another job.

The results are shown in Table 6.8

**Table 6.8 Why no retirement planning**

	<i>Column percentages</i>				
	<b>All</b>	<b>Recaller</b>	<b>Non-recaller</b>	<b>DB</b>	<b>DC</b>
Not able to save more/can't afford	27	23	29	18	32
Happy with current pension arrangements	20	34	16	32	14
Not ready to start planning	13	12	14	22	8
Not interested in pensions	9	5	10	9	9
Already retired	5	4	6	1	8
Live one day at a time	3	7	2	2	4
Happy that other savings will provide for retirement	3	4	3	6	2
Negative references to pension schemes	3	4	3	-	5
Haven't been bothered	3	3	4	4	3
Ill health	3	1	4	2	4
Don't know what to do	3	*	4	*	4
Not had time to look into it	3	*	4	2	4
It's too late to start retirement planning	2	3	2	2	2
Haven't thought about it	2	1	2	1	3
Don't understand what's available	2	-	2	1	2
<i>Base: All respondents took no action or not intended to take any</i>	<i>348</i>	<i>90</i>	<i>258</i>	<i>125</i>	<i>200</i>

*Hybrid scheme base sizes were too small to report.*

No single response dominates but the most common reason for absence of retirement planning was affordability (27 per cent), which was particularly cited by DC members (32 per cent).

There were also some who felt they were already well provided for as a fifth (20 per cent) said they were happy with their current arrangements, mentioned particularly by DB members (32 per cent).

Apathy was also a factor as close to one in ten (nine per cent) said they were not interested in pension, and three per cent said they had not been bothered to plan for retirement.

## 6.5 Chapter summary

- The majority of respondents were sufficiently conscious of the need to undertake future retirement planning activity.
- While CPF recallers and non-recallers were equally likely to be intending to make increased savings in the future, recallers were more likely to be considering increased savings through non-pensions investments. **It is, however, difficult to measure the extent to which CPF recall influenced this increased intended action.**
- Among those who were planning to start or increase any type of savings, only a third were intending to do this within the next six months, although CPF recallers were more likely to be planning increases within this time frame than non-recallers. Those most likely to be planning increases in this time period were in the older age groups, CPF recall also being slightly higher among older respondents.
- Those with a DC pension scheme were significantly more likely to be planning increased contributions to an exiting pension scheme. This could be due to lower certainty among DC scheme members than DB scheme members that their pension yield will meet their expectations.
- **Almost two thirds of CPF recallers said they planned to review their retirement arrangements once they received another CPF, supporting the finding that the CPF is perceived to be a useful source of information** and again, evidence of a positive cumulative effect.
- Reasons for delaying increases to retirement saving were similar for both CPF recallers and non-recallers. The most common reasons stated by almost two thirds of respondents related to perceived lack of affordability, although this was more likely to be the case among those with DC pension schemes, which have greater representation among those with lower incomes.
- Similarly, perceived lack of affordability was the most common reason given among those who had neither taken planning action in the last 18 months nor intended to do so in future. This, however, was again most likely to be cited by those with DC schemes; tending to be made up of those from lower income groups.

- Fewer than one in ten of all respondents were 'planning inactive'. This level of inactivity was the same regardless of pension scheme type, although those with DB or Hybrid schemes were significantly more likely to have been inactive due to being satisfied with their current pension arrangements.



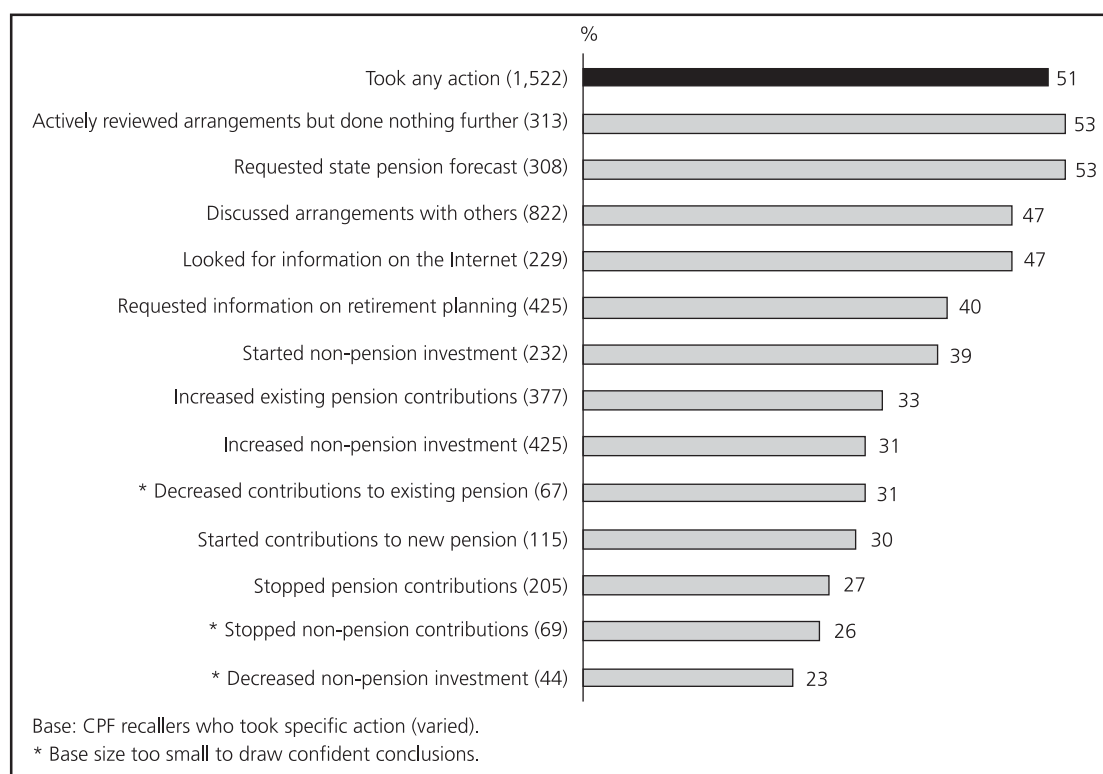


## 7 Impact of the CPF

### 7.1 Impact of CPFs

All those who remembered receiving a CPF and had undertaken some action towards retirement planning in the last 18 months were asked whether their action was motivated by the CPF. Figure 7.1 details the extent to which actions taken were prompted by the CPF. The numbers in brackets represent the proportion of CPF recallers who undertook each specific action. The bars represent the percentage of respondents undertaking specific actions who said they were prompted by the CPF to do so. **Of all CPF recallers who conducted retirement planning of any type, 51 per cent were prompted by the CPF (accounting for 40 per cent of CPF recallers overall and 15 per cent of all respondents).**

**Figure 7.1 Which past actions were prompted by the CPF?**



CPF's appear to have been effective in prompting respondents to take soft actions, such as seeking more information or discussing arrangements with others. Over half of those who recalled a CPF and requested a state pension forecast from The Pension Service (53 per cent) said they were influenced by the CPF. Nearly half of recallers who looked for information on the Internet (47 per cent) said they were prompted by a CPF. Forty-seven per cent of recallers who had discussed their retirement arrangements with others and 40 per cent who requested information on pensions or retirement planning said they were influenced by a CPF.

In terms of harder actions, a third of recallers who had increased contributions to an existing pension (33 per cent) and three in ten recallers who had started contributing to a new pension (30 per cent) were prompted by a CPF. Just under four in ten recallers who started retirement saving through non-pension investment (39 per cent) and around three in ten recallers who increased retirement saving through non-pension investment (31 per cent) said a CPF had influenced them.

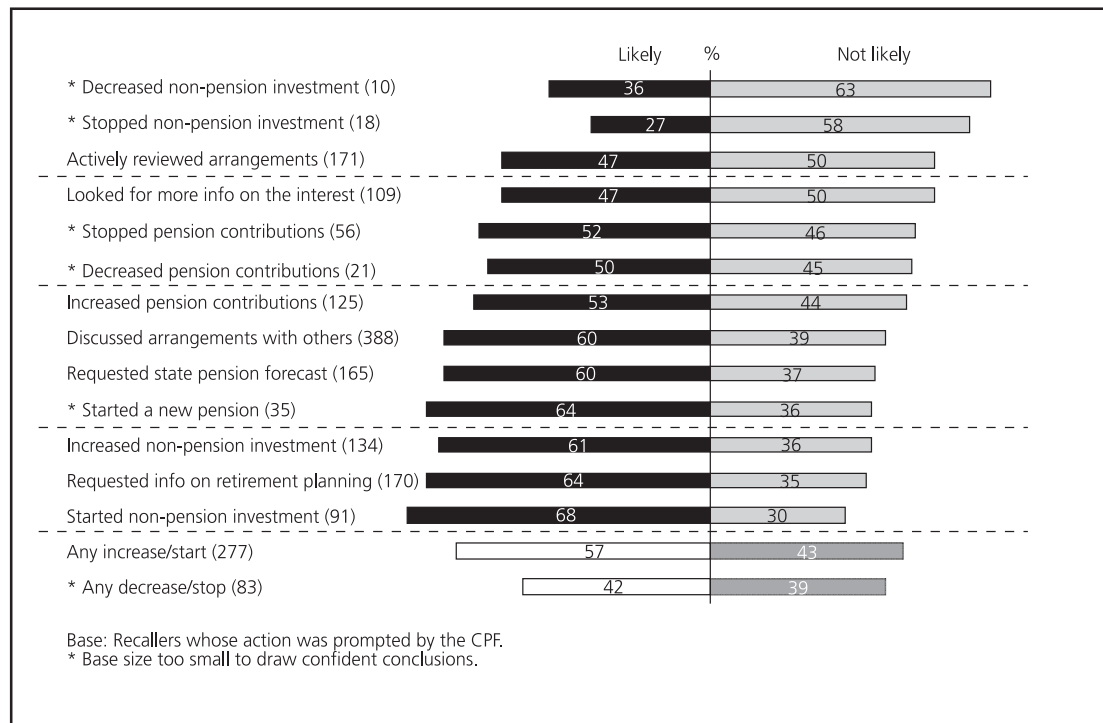
Taking into account all CPF recallers, regardless of the type of planning activity they may have undertaken, 15 per cent said they were prompted by the CPF to start or increase retirement provision in one form or another. **This equates to six per cent of the total sample.**

7.2 Whether planning activity would have been undertaken by now without a CPF

All those who took some action which was prompted by CPF in the last 18 months were asked how likely it is they would have taken such action had they not received a CPF. Figure 7.2 details whether those who took any action and were prompted to do so by the CPF would have done so by now without receiving it. The numbers in brackets represent the proportion of CPF recallers who undertook each specific action and were prompted by the CPF to do so. The bars represent the percentage of these recallers who would have either been likely or unlikely to have undertaken each action.

The **Any increase/start** figure includes any actions to increase or start contributions to a new pension or saving through non-pension investment. The **Any decrease/stop** figure includes any actions to decrease or stop contributions to a new pension or saving through non-pension investment. Those who chose 'yes – definitely' or 'yes – likely' were grouped under likely and those who chose 'no – not likely' and 'definitely not' were grouped under 'Not likely'. (Note: The percentage who said 'don't know' is not shown).

**Figure 7.2 Would action have been taken by now without the CPF**



CPFs appear to have had a strong impact on information seeking or exchanging. Half of those who said they were influenced by a CPF when they looked for information on the Internet (50 per cent) said they were unlikely to have done so without receiving a CPF. Among those who were influenced by a CPF when they actively reviewed their pension plan but had done nothing further, half (50 per cent) said they were unlikely to have done so without receiving a CPF. Two-fifths of those who discussed their retirement arrangements with others under the influence of CPFs (39 per cent) said they would not have done so without receiving a CPF.

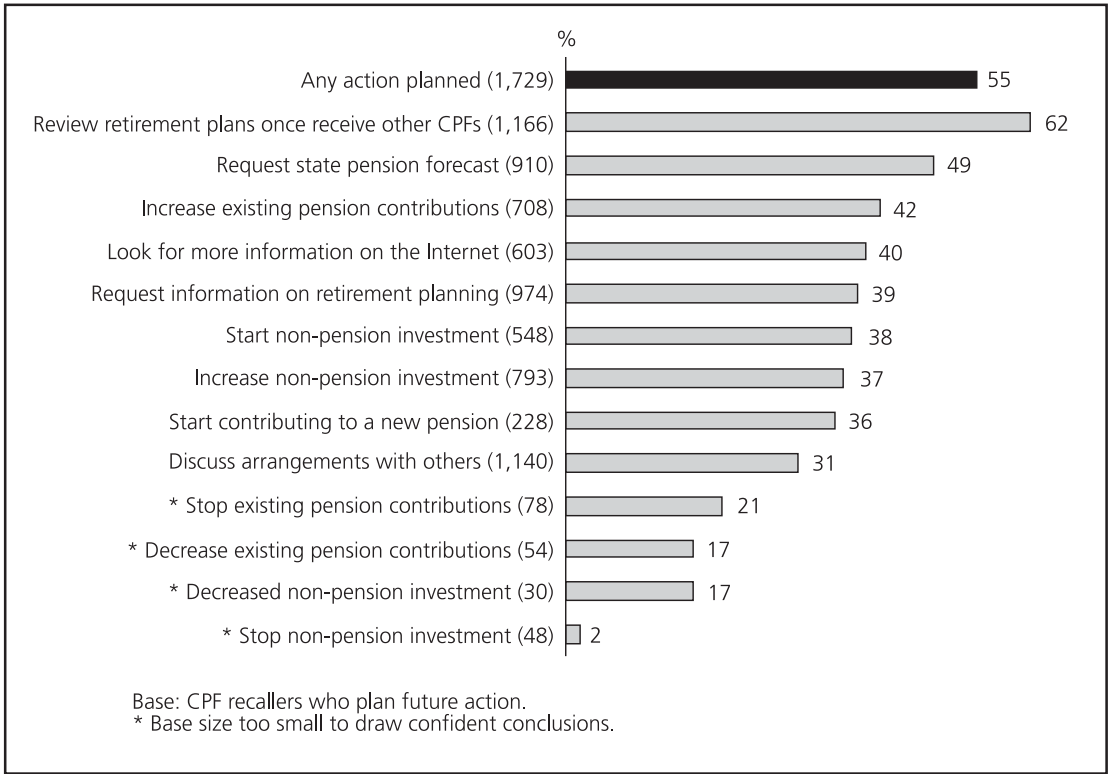
Some respondents said the CPF had motivated them to take concrete actions. Forty-four per cent who said they were motivated by a CPF when they increased contributions to an existing pension said they would not have done so without receiving a CPF. **Thirty-six per cent who were influenced by CPFs when increasing retirement saving through non-pension investment said they were unlikely to have done so without receiving a CPF.** This equates to one per cent of all respondents

### 7.3 Whether intended activity was influenced by CPFs

Those people who could recall a CPF, were not retired and intended to undertake some action with regard to future retirement planning were asked whether their action was influenced by the CPF. Figure 7.3 details the extent to which action planned for the future was prompted by the CPF. The numbers in brackets represent the proportion of CPF recallers who were planning each specific action. The bars

represent the percentage of recallers planning specific actions who said they were prompted by the CPF to do so. Of all CPF recallers who were considering retirement planning of any type, 55 per cent were prompted by the CPF (accounting for 48 per cent of CPF recallers overall).

**Figure 7.3      Future action prompted by the CPF**



Over three-fifths of recallers who planned to review retirement plans once they receive another CPF (62 per cent) said this intention was influenced by the CPF already received. CPFs had influenced half of those who intended to request a state pension forecast from The Pension Service (49 per cent).

Two-fifths of those who intend to look for more information on the Internet (40 per cent) said a CPF influenced them. A similar proportion of those who planned to request information on pensions or retirement planning (39 per cent) said they were influenced by a CPF.

Thirty-six per cent of those who planned to start contributing to a new pension and 37 per cent of those who intended to increase non-pension retirement saving reported CPF as an influence.

## 7.4 Chapter summary

- Half of those who recalled the CPF and took any retirement planning action in the last 18 months said the CPF had prompted this action. This equates to 40 per cent of recallers and 15 per cent of all respondents being prompted by the CPF into taking some form of action.
- Three quarters of CPF recallers said they found the CPF useful. Eight in ten who said they had been prompted by the CPF to take action found the CPF useful.
- Of CPF recallers who had gone at least as far as discussing their retirement arrangements with others, just under half said the CPF had prompted them to do so.
- CPF recallers were significantly more likely than non-recallers to have started or increased savings or investments. One third of CPF recallers who had undertaken this type of activity said the CPF had prompted this action. This equates to 15 per cent of all recallers, although only six per cent of the sample overall.
- Thirty-six per cent of recallers who were influenced by CPFs when increasing retirement saving through non-pension investment said they were unlikely to have done so without receiving a CPF. Among recallers who increased pension contributions, 44 per cent said they would not have done so by now without the CPF.
- Among CPF recallers who were intending any future planning activity, over half said this was prompted by the CPF. This accounts for just under half of all CPF recallers (48 per cent) and around one in five of all respondents (19 per cent).
- These results show a positive link between CPF recall and retirement planning activity, and suggest a direct link between activity and the CPF being an influence on prompting action to be taken.
- The proportion having been directly prompted by the CPF to take action is relatively low (15 per cent) as a proportion of all respondents having been issued a CPF. However, the positive differential in the level of activity between recallers and non-recallers suggest the CPF is having the desired effect of encouraging retirement planning activity among those who are aware or remember receiving it.

While there is a link between CPF recall and retirement planning activity, as well as being the most likely to have recalled the CPF, those with greater confidence in pensions-related issues, and the higher income and age groups also tended to be more likely to have engaged in retirement planning activity. This makes it difficult to determine whether it is CPF recall or other personal characteristics that are the main drivers of retirement planning action.

In the absence of a control group, i.e. a sample of respondents who had not been issued a CPF, it is difficult to determine the influence of cause and effect. Of all known variables, however, multivariate analysis showed the CPF to be the strongest

predictor of retirement planning activity (see Chapter 9 and Appendix A). It also showed that spontaneous awareness of the CPF was associated with the single biggest rise in the average number of actions taken per person, further supporting a positive link between the CPF and retirement planning.

Multivariate analysis shows that, among CPF recallers, CPF recall was more likely to drive soft actions than hard actions, which is not surprising since initial information seeking would be the natural sequence of events before committing additional financial resources. CPF recall does account for some variation in 'hard' increased saving actions, although there was a higher association between increased saving and other variables such as respondent's income and existing savings provision (see Chapters 9 and Appendix A for more details).

## 8 Retirement expectations

This chapter explores what respondents expected to happen after retirement. They were asked at what age they expected to retire, whether they needed to make alterations to save for retirement and the proportion of household income required for retirement.

### 8.1 Age at which expect to retire

Respondents were asked at which age they expected to retire. If they were retiring gradually, they were asked to give the age at which they would start to reduce their workload.

**Table 8.1 What age expected to retire**

	<i>Column percentages</i>					
	<b>All</b>	<b>Recaller</b>	<b>Non-recaller</b>	<b>DB</b>	<b>DC</b>	<b>Hybrid</b>
45 to 54	3	2	3	3	2	4
55 to 64	49	52	48	60	44	53
65	35	35	36	29	39	34
66 to 70	2	2	2	1	2	2
71 or over	1	1	*	*	1	-
Don't know	10	8	10	7	11	6
<i>Base: All respondents who were not retired</i>	<i>4,971</i>	<i>1,906</i>	<i>3,071</i>	<i>1,520</i>	<i>3,358</i>	<i>101</i>

\*Less than one per cent.

Expectations of retirement between the ages of 55 and 64 is greater among the following groups: higher household incomes (65 per cent of those with over £60,000 compared with 28 per cent of those with less than £10,000), confident about pension (52 per cent of very/fairly confident compared with 44 per cent of not very/not at all confident), good/reasonable knowledge on retirement income (55 per cent with good/reasonable knowledge compared with 44 per cent with a

vague/no idea). Women (60 per cent) were also more likely to expect to retire between 55 and 64 than men (42 per cent), reflecting their earlier entitlement to the state pension. **Combined Pension Forecast (CPF) recall appears to have no influence on whether extension of working life beyond the traditional retirement age is expected. Similarly, CPF recall appears to have no influence on whether paid income from work is expected after retirement.**

Those who said they expect to receive paid income from work after retirement were more likely to be among the older age groups (17 per cent for those aged 50 or above, compared to 11 per cent of those aged under 35). The higher the individual income, the more likely earnings from work after retirement is expected (19 per cent of those earning £60,000 or more compared with 11 per cent for those earning under £20,000).

## 8.2 Necessary change in saving levels for retirement

Respondents were asked to assess whether they needed to alter their level of saving if they want to attain a comfortable retirement and the results were shown in Table 8.2.

**Table 8.2    Whether level of saving needed to be altered to achieve comfortable retirement**

	Column percentages					
	All	Recaller	Non-recaller	DB	DC	Hybrid
Save more	67	65	69	57	72	61
Save less	1	1	1	1	1	1
Save the same	27	30	24	37	22	34
Don't know	5	4	6	5	5	5
Base: All respondents who were not retired	4,971	1,915	3,055	1,572	2,884	515

Two-thirds of respondents (67 per cent) said they needed to save more in order to have a comfortable retirement and over a quarter (27 per cent) said they should save the same.

Those who could recall a CPF were more likely than those who could not to say they would save the same (30 per cent of recallers compared with 24 per cent of non-recallers).

Those with a Defined Contribution (DC) scheme were more likely than those with a Defined Benefit (DB) scheme to say they should save more (see Table 8.2 for details). Those with a DB pension were more likely to say they would save the same, possibly reflecting the simpler relationship between contributions and benefits, or an expected higher level of pension from DB schemes.



Those who felt very/fairly confident about their pension (63 per cent) were less likely to believe they should save more than those not very/not at all confident (75 per cent). Similarly, those with a good knowledge were less likely to think they should save more (58 per cent of those with good/reasonable knowledge compared with 76 per cent of those with a vague/no idea).

The level of confidence rises with household income, as only 18 per cent of those with less than £10,000 household income said they should save the same, compared with 39 per cent of those with over £60,000. Those with lower income were more likely to feel unsure about how much they should save, as just over one in ten of those with £10,000 household income (11 per cent) said 'don't know' compared with three per cent of those with over £60,000.

Men were slightly more likely to say 'the same' (28 per cent) compared with women (24 per cent), 66 per cent of men saying they should save more compared with 70 per cent among women.

As older respondents tended to save a higher proportion of their income, it is not surprising that they were less likely than young people to think they should save more (70 per cent of those aged 16-24 compared with 43 per cent of those aged 60-64). However, it is interesting to note that the proportion saying 'don't know' also rises with age from 4 per cent of 16-24 year olds to 13 per cent of 60-64 year olds.

### 8.3 Proportion of household income required for retirement

Respondents were asked to assess whether they needed to alter their level of saving if they wanted to attain a comfortable retirement and the results were shown in Table 8.3.

**Table 8.3 Proportion of current household income required to be comfortable when retired**

	<i>Column percentages</i>					
	All	Recaller	Non-recaller	DB	DC	Hybrid
Less than 50 per cent	10	10	10	11	9	16
50 to 74 per cent	53	56	51	56	51	61
75 to 100 per cent	22	21	23	21	23	15
More than 100 per cent (more than current income)	6	5	7	5	7	2
Don't know	8	7	9	7	9	6
<i>Base: All respondents who were not retired</i>	<i>4,971</i>	<i>1,915</i>	<i>3,055</i>	<i>1,572</i>	<i>2,884</i>	<i>515</i>

Respondents were most likely to think that 50 to 74 per cent of their current household income would be required to be comfortable when retired, and over one-fifth (22 per cent) said they would need 75 to 100 per cent.

Three-fifths of those with a good/reasonable knowledge of their retirement income (59 per cent) thought they would need 50 to 74 per cent, compared with less than half of those with a vague/no idea (48 per cent). As one would expect, those with a vague/no idea (five per cent) were more likely to say 'don't know' (11 per cent).

Respondents with lower household incomes tended to require a higher proportion of current income after retirement. Thirty-three per cent of those with less than £10,000 household income thought they needed 50 to 74 per cent, compared with 61 per cent of those earning £60,000 or over. Twenty-seven per cent of those with less than £10,000 household income said they would need more than 100 per cent of their current salary, compared with three per cent of those earning more than £60,000, reflecting the dissatisfaction of the level of income among respondents with lower income.

There is no significant difference between CPF recallers and non-recallers in perceptions of the proportion of current income required for comfortable retirement.

There appears to be no correlation between the proportion of income respondents expect to require for comfortable retirement, nor the level of savings required for retirement and whether they expect paid income from work after retirement.

## 8.4 Chapter summary

- Half of respondents said they expect to retire when they are aged 55-65, although this was more likely among women reflecting earlier entitlement to the state pension.
- Those with DB schemes were significantly more likely to expect to retire below the age of 65 than those with DC schemes.
- Fourteen per cent said they expect paid income from work after retirement, among whom respondents tended to be in the older and higher individual income groups.
- **CPF recall, however, appears to have little influence on whether extension to working life beyond official retirement is expected.**
- The majority of respondents (67 per cent) acknowledged they may need to save more for comfortable retirement.
- CPF recallers were more likely to feel the need to save the same amount as they did now than non-recallers. Those with DB schemes, among which the highest levels of CPF recall were recorded, were also more likely than those with DC schemes to believe this.

## 9 Multivariate Analysis

### 9.1 Background

Bi-variate analysis indicated that Combined Pension Forecast (CPF) recall appeared to be strongly related to retirement planning behaviour, as is illustrated in Table 9.1.

**Table 9.1 Bivariate relationship between CPF recall and actions taken**

	CPF non-recall %	Recall after prompting %	Spontaneous recall of CPF %
<b>Soft action</b>			
Looked for more information on the Internet	7	8	<b>14</b>
Discussed your retirement arrangements with others	27	35	<b>46</b>
Requested information on pensions or retirement planning	11	16	<b>25</b>
Requested a state pension forecast from The Pension Service	8	11	<b>18</b>
<b>Hard action</b>			
Any savings/investment increase	28	37	<b>44</b>
Any action taken	60	72	<b>81</b>

Those who were spontaneously aware of the CPF were more likely to have taken any of the principal follow-up actions, especially in asking for advice or otherwise seeking more information, while those unaware of it were the least active group.

As other factors could also have had relationships with actions taken, we conducted multivariate analysis to establish if CPF recall was still among the main predictors of increased retirement planning activity when controlling for other known influencing variables.

## 9.2 Key findings

- We aimed to use multi-variate analysis to show the relative effect of awareness of the CPF on taking retirement planning action compared to other factors.
- Our first finding was that, taking other factors into consideration, those spontaneously aware of the CPF were twice as likely to have taken financial action as those unaware of the CPF. This was of the same order of magnitude as those with a good knowledge of pensions issues (compared to those with poor knowledge), a good (versus poor) understanding of their retirement income, and those with individual incomes over £40,000 versus those with incomes under £10,000.
- We deduced that recall of the CPF was one of the leading factors in predicting subsequent retirement planning action.
- When we repeated this analysis on taking any soft action, we saw a similar pattern, the key predictors being spontaneously aware of the CPF, good knowledge of retirement income and high (over £40,000) household income.
- The evidence was not as strong for taking any hard action. Here, being spontaneously aware of the CPF meant being 1.6 times as likely to have taken a hard action as those unaware. In contrast, those on high household and individual incomes were more than twice as likely as those on the lowest income level, as was the case for high versus low knowledge of pensions issues, having investments like Individual Savings Accounts (ISAs) or Personal Equity Plans (PEPs), and having a building society account.
- We deduced that awareness of the CPF was a major factor in taking soft action, but less important than other factors concerned with disposable income and level of financial sophistication as regards taking hard action like increasing one's savings.
- On the other hand, our models (trying to explain whether a person had taken any one of 14 actions or not) did not explain much of the variation, and these results need to be treated with caution.
- Number of actions taken provided a more sensitive measure.
- Taking the effects of other factors into consideration, non-recallers averaged just over one action taken (1.2) on average, while CPF recallers were likely to have taken nearer two actions (1.7) for all aware, rising to 1.8 among those spontaneously aware of the CPF.
- This range (1.2-1.8) was one of the highest for any of the variables, along with knowledge about pension issues, knowledge about retirement income and having investments like ISAs and PEPs.
- We repeated this analysis by number of soft actions (awareness of the CPF emerging as one of the two leading factors along with age over/under 50), and among number of hard actions (CPF awareness was the second most impactful factor, but well behind having an investment like an ISA or PEP).

- Thus, recall of the CPF was confirmed as one of the leading factors in predicting the number of subsequent retirement planning actions, particularly for soft actions like seeking advice, and less so for hard actions like increasing one's savings, although it was still a factor of some importance here also.

### 9.3 Penalty-Reward Analysis

This analysis can also be displayed via **Penalty-Reward Analysis**<sup>17</sup>.

This shows the average deviation caused by each answer uniquely, after controlling for the effects of all the others.

Our dependent variable is the number of actions taken. The procedure calculates the deviation from the mean number of actions that would result if everyone chose that particular answer.

The mean number of actions, 1.41 per person, equates to the line down the middle of the chart shown as Figure 9.1. (Negative deviations represent possible penalties, positive ones possible Rewards – hence the name).

As Figure 9.1 demonstrates, if everyone were to become unaware of the CPF, the mean score of actions done would go down by 0.19, hence to 1.22. If everyone were to become spontaneously aware of the CPF, this would go up by 0.39, hence to 1.80, while for those aware after prompting there would only be a small increase, of 0.11.

In short, taking the effect of other variables into consideration:

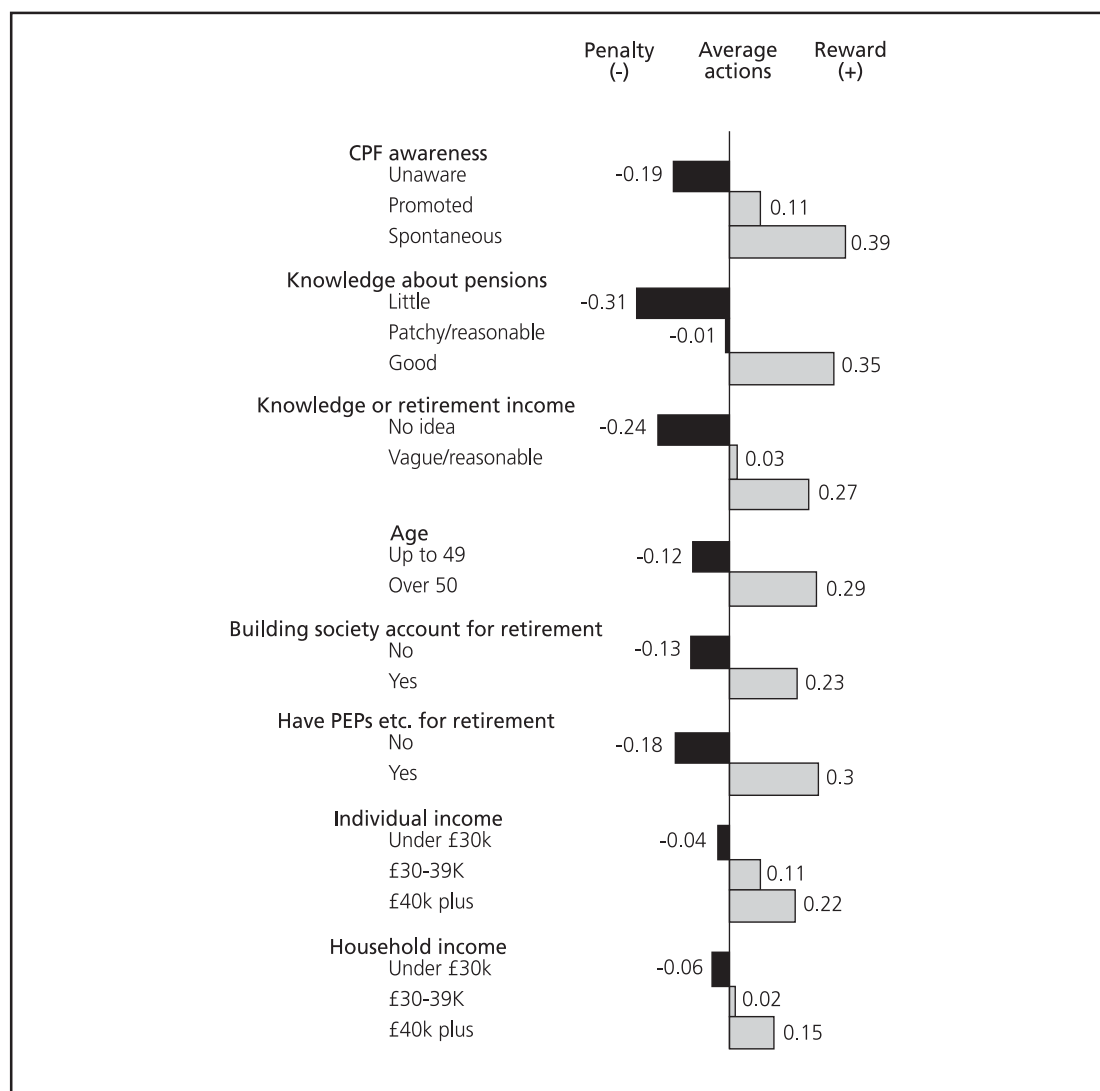
- if no one was aware of the CPF, we'd expect 1.22 actions per person;
- if everyone was aware of the CPF, after prompting we'd get 1.52;
- if everyone was spontaneously aware of the CPF, we'd get 1.80.

(Combining spontaneous and prompted into *all aware* we'd get 1.70.)

Spontaneous awareness of the CPF is associated with the single biggest rise in the value of the average number of actions taken per person, but it is only slightly larger than that for good knowledge about pensions, having ISAs or PEPs, being over 50 and having good knowledge of retirement income.

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<sup>17</sup> The statistical technique, a variant of Analysis of Variance, is better known as Multiple Classification Analysis.

**Figure 9.1** Penalty-reward on number of actions taken

Further details of the multivariate analysis undertaken can be found in Appendix A.

## 10 Overall conclusions

### 10.1 Confidence and knowledge of pensions-related issues

- A significant proportion of all respondents have limited knowledge of pension-related issues. A third said they are not confident in making decisions about pensions and four in ten said they had limited knowledge of their likely retirement income. Clearly, therefore, there is a case for improving people's knowledge, which the Combined Pension forecast (CPF) initiative is helping to address.
- Those who recalled receiving a CPF were more knowledgeable of what their likely retirement income would be, almost six in ten saying they had at least reasonable knowledge, compared to four in ten among non-recallers. Furthermore, those who recalled receiving more than one CPF had even better knowledge (65 per cent who said they received two or more CPFs said they had good or reasonable knowledge compared to 59 per cent recalling having received only one, and 41 per cent who could not recall the CPF at all). However it is difficult to determine cause and effect here, i.e. whether multiple CPFs increase pensions knowledge or whether those who recall more CPFs were more knowledgeable beforehand.

### 10.2 Level of CPF recall

- Just under four in ten respondents recalled the CPF, which is perhaps higher than may have been expected particularly given the time elapsed between the date CPFs were known to have been processed and the time the research was conducted<sup>18</sup> (respondents may have received CPFs at any time within 18 months prior to interview).

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<sup>18</sup> All respondents are known to have had a CPF issued within 18 months prior to interview. Respondents were asked when they received the CPF but accuracy of these self-reported timescales cannot be confirmed since there is no record of when individual employers and providers despatched CPFs after they had been processed by the Department for Work and Pensions (DWP).

- Recall was notably higher among respondents **known** to have been issued more than one CPF, indicating that overall levels of recall increase as more CPFs are received.
- Levels of recall, particularly spontaneous recall, were highest among those who reported receiving a CPF within the last three months. It is reasonable to expect overall levels of recall would have been higher if research was carried out closer to the CPF issue date.

### 10.3 Impact of CPF on retirement planning activity

- Those who remember receiving a CPF were significantly more likely to have undertaken retirement planning activity in the last 18 months than non-recallers. However, those who undertook this activity were most likely to be among the higher income and age groups, as well as those with greater confidence and knowledge about pensions. These groups also tended to demonstrate higher levels of CPF recall. Analysis shows that when controlling for other known influencing variables, CPF recall is a significant predictor of 'soft' (Information seeking) retirement planning actions and, to a lesser extent, hard increased saving actions, but other variables, such as income and current savings provision are more likely to determine whether respondents increased saving.
- In the absence of an accurate control group, i.e. a sample of respondents with similar profile to that of ATOS who had not been issued a CPF, it is difficult to determine the influence of cause and effect – would those most likely to have taken action done so anyway? However, **there are a number of indicators that suggest the CPF does play an influencing role:**
  - There was strong agreement among recallers that CPFs are useful for retirement planning, three quarters agreeing it acts as encouragement to review retirement plans. There was also strong agreement from all respondents that CPFs should be issued.
  - Half of recallers having undertaken planning activity said they had been prompted by the CPF to do so (accounting for 40 per cent of all recallers).
  - Of recallers who said they had been prompted by the CPF to increase saving for retirement, over four in ten (43 per cent) said they were unlikely to have done so by now if they had not received a CPF.
  - Those who had received more than one CPF were significantly more likely to recall the CPF, particularly spontaneously, and were consistently more likely to have carried out more than one retirement planning activity, indicative of a positive cumulative effect.
  - Spontaneous awareness of the CPF is associated with the single biggest rise in the value of the average number of actions taken per person. Indeed, while only 25 per cent of the sample were spontaneously aware of the CPF, they made up 55 per cent of those taking five or more actions.



- Among recallers, those who read all information contained in the CPF were more likely to have undertaken planning action in the last 18 months (84 per cent) than those who read the state pension forecast only (79 per cent) or the occupational/personal pension section only (78 per cent).
- Among CPF recallers, just under two thirds (61 per cent) said they intend to review their retirement income arrangements when they receive their next CPF.
- Multivariate analysis shows CPF awareness is the greatest predictor of multiple actions taken, although pensions knowledge, savings provision and income account for more variation in increased saving.
- Bi-variate analysis shows a high correlation between CPF recall and planning activity in general, which is supported by multivariate analysis. Multivariate analysis suggests that, among CPF recallers, the CPF was more likely to drive soft actions than hard actions, which is not surprising since initial information seeking would be the natural sequence of events before committing additional financial resources.
- Among those who increased pension contributions specifically, the level of contributions increase was similar between CPF recallers and non-recallers (just under 2 per cent as a proportion of annual income on average). However, CPF recallers, again, were more likely to have taken this course of action.
- Given the characteristics of CPF recallers and those who undertook planning, activity is similar, i.e. those with greater confidence and in higher age and income groups, it is possible these groups may have greater propensity to be interested in the CPF and may have been better disposed to carrying out pension planning activity anyway.
- Nevertheless, results suggest a positive link between CPF recall and multiple planning activities. In particular, the significant difference in levels of retirement planning activity between recallers and non-recallers, and the extent to which recallers who took action said they were prompted to do so by the CPF.
- Putting this into perspective of the overall sample; the proportion of respondents who were prompted by the CPF to take any planning action accounts for 15 per cent of the overall sample (compared with 40 per cent of recallers overall). The proportion of respondents who were prompted by the CPF to start or increase retirement savings accounts for only five per cent of the sample overall (compared with 15 per cent of recallers overall).

## 10.4 Recommendations

While the CPF cannot change an individual's circumstance with regard to current affordability, it can clearly inform an individual of their present situation and, for some, can encourage retirement planning in the longer term if current circumstances prevent any more immediate action. Given the apparent positive impact among recallers, and the potential motivation it may instil, it appears the challenge lies in raising overall levels of awareness and recall as a whole.

Among the minority of recallers who did not find the CPF useful, the most common single reason given relates to difficulty in understanding, being confusing or the use of jargon. Where possible, simplification of the presentation of CPFs may serve to enhance recall, particularly among the lower income and less confident/knowledgeable groups, i.e. help them identify and understand what it is.

## 10.5 Final remarks

As part of DWP's Informed Choice strategy, the CPF initiative was designed to make people more aware of their likely financial situation in retirement and to help them plan accordingly. The purpose of the research study was to measure the effectiveness of the initiative, particularly with regard to the extent the CPF has prompted retirement planning activity.

Survey results are encouraging. While personal circumstances inevitably play a role in an individual's propensity to engage in retirement planning, there are clear indicators that the CPF played an influencing role on those who took recent action and among those who plan to do so in the future. Even if personal circumstances mean that an individual is better disposed to engage in retirement planning, either as a result of financial astuteness or through having the financial means, some respondents do suggest the CPF acted as a prompt for them to take action. There is certainly positive reaction among respondents to the concept of CPFs, even among recipients who do not remember having received one in the past. Planning activity is associated with CPF recall, and increases in both levels of recall and planning activity are associated with increased numbers of CPFs received.

# Appendix A

## Multivariate Analysis

### Using Multivariate Analysis

We wanted to evaluate the relative effects of awareness of the Combined Pension Forecast (CPF) in producing subsequent actions, in comparison with the effects of other factors. First we define our outcome: 'yes' is to undertake any of the 14 positive activities following receipt of the CPF; 'no' is not to undertake any of them. In other words, we have a dichotomous variable, for which the most suitable analysis technique is **Logistic Regression**.

Traditional output from Logistic Regression is in the form of Odds Ratios. All variables likely to have some bearing on predicting the dependent variable (if any action has been taken or not) are entered into the equation. As an example, one of the variables will be awareness of the CPF (three categories: unaware, aware only after prompting, and spontaneously aware). One of the categories is chosen as the reference category and odds ratios are supplied for all the others in respect of how much more or less likely they are to produce an action. An odds ratio of 1.5 for prompted awareness would suggest that those aware after prompting are 1.5 times as likely (in other words: 50% more likely) to take action as the reference category, those unaware of the CPF.

First we carry out an initial screening to rule out those variables with no chance of exerting any measurable influence and to look for possible collinear variables. A useful first step is to look at the correlation coefficients between the other variables and taking action.

**Table A.1 Correlations with taking any action**

CPF awareness (spontaneous/prompted/unaware)	0.20
Level of knowledge about pensions	0.20
Degree of knowledge of retirement income	0.24
Confidence in making decision about pensions	0.14
Age group <sup>19</sup>	0.11
Scheme type DB	0.02
Scheme type DC	-0.03
Hybrid scheme	0.02
Have building society account for retirement	0.19
Have other investments for retirement	0.21
Household income	0.16
Individual income	0.17
Tenure type (bought outright to dependent renter)	0.11
Number of schemes a member of	0.07

In passing, we note that the highest correlations only reach 0.20-0.24 – fairly moderate levels of association – suggesting that we are unlikely to obtain models able to explain a high proportion of the variation in the dependent variable. They are, however, large enough to observe patterns in the data.

We removed variables with correlations under 0.10 and inserted the others into a logistic regression<sup>20</sup>. Some variables (confidence in making decision, tenure type) emerged as having virtually no impact in the presence of others and were removed, leaving:

**Table A.2 Logistic regression on taking/not taking any of 14 actions**

<i>Cox &amp; Snell <math>R^2 = 0.134</math>, Nagelkerke <math>R^2 = 0.189</math></i>	<i>Wald statistic (relative strength of variable as a whole)</i>	<i>Odds ratio [Exp (B)]</i>
<b>CPF awareness level</b>	78.5	
Unaware		Reference category
Aware after prompting		1.46
Spontaneously aware		2.20
		Continued

<sup>19</sup> Works fractionally better as under/over 50: 0.112 versus 0.107.

<sup>20</sup> There were three pairs of variables that had the potential to create multi-collinearity: degree of knowledge of pensions and of retirement income, individual and household incomes, and ownership of investments like Individual Savings Accounts (ISAs) and building society accounts. In fact we were able to achieve sensible results in the equation without having to remove one from each pair.

Table A.2 Continued

<i>Cox &amp; Snell <math>R^2 = 0.134</math>, Nagelkerke <math>R^2 = 0.189</math></i>	<i>Wald statistic (relative strength of variable as a whole)</i>	<i>Odds ratio [Exp (B)]</i>
<b>Age</b>	35.3	
Under 50		Reference category
Over 50		1.66
<b>Degree of knowledge about pensions</b>	23.6	
Little/none		Reference category
A bit		1.37
Reasonable		1.70
Good		2.20
<b>Degree of knowledge of retirement income</b>	53.7	
No idea		Reference category
Vague idea		1.59
Reasonable		1.92
Good		2.04
<b>Have building society account</b>	41.0	
Yes		Reference category
No		1.69
<b>Have other investments (ISAs, PEPs etc.)</b>	42.2	
Yes		Reference category
No		1.70
<b>Household income</b>	11.2	
Under 10k		Reference category
£10-19k		1.16
£20-29k		1.22
£30-39k		1.65
£40-59k		1.92
Over £60k		2.03
<b>Individual income</b>	16.2	
Under 10k		Reference category
£10-19k		1.18
£20-29k		1.19
£30-39k		1.48
£40-59k		1.62
Over £60k		1.43

All variables indicated in the analysis were statistically significant at the 95 per cent confidence level.

As we anticipated, the estimates of the power of the model are fairly low (e.g. the Cox & Snell  $R^2$  is 0.134 and the Nagelkerke  $R^2$  0.189). Nevertheless, there are some clear patterns in the results.

Those spontaneously aware of the CPF are 2.2 times as likely to have made an action as the reference group, unaware people.

This is one of the largest odds ratios for any of the variables, along with good knowledge of pensions (2.2), good knowledge of retirement income (2.0), and household incomes over £60,000 and £40-59,000 (1.9-2.0).

Another way of looking at the effect of variables as a whole is to look at the Wald Statistics: the larger, the more powerful. Awareness of the CPF is the largest one.

***Evidently, awareness of the CPF appears to be one of the main factors relating to taking any action.***

Also of interest was the type of action taken: whether it was a 'hard' action – increasing one's savings, or a 'soft' action (asking for advice, seeking more information). We therefore repeated the logistic regression, making any hard action and any soft action as dependent variables, with the following results:

**Table A.3 Logistic regressions on hard/soft actions**

<i>Cox &amp; Snell <math>R^2 = 0.136</math>, 0.136</i> <i>Nagelkerke <math>R^2 = 0.188</math>, 0.132</i>	<i>Odds ratios on hard actions</i>	<i>Odds ratios on soft options</i>
<b>CPF awareness level</b>	<i>Wald: 41.6</i>	<i>Wald: 95.8</i>
Unaware	Reference category	Reference category
Aware after prompting	1.41	1.32
Spontaneously aware	1.63	<b>2.12</b>
<b>Age</b>	<i>Wald: 0.3</i>	<i>Wald: 70.2</i>
Under 50	Reference category	Reference category
Over 50	0.96	1.87
<b>Degree of knowledge about pensions</b>	<i>Wald: 21.8</i>	<i>Wald: 13.2</i>
Little/none	Reference category	Reference category
A bit	1.58	1.29
Reasonable	<b>1.98</b>	1.50
Good	<b>2.09</b>	1.79
<b>Degree of knowledge of retirement income</b>	<i>Wald: 17.1</i>	<i>Wald: 71.0</i>
No idea	Reference category	Reference category
Vague idea	1.39	1.88
Reasonable	1.51	<b>2.00</b>
Good	1.28	<b>2.50</b>
<b>Have building society account</b>	<i>Wald: 67.3</i>	<i>Wald: 16.5</i>
Yes	Reference category	Reference category
No	1.81	1.34
<b>Have other investments (ISAs, PEPs etc.)</b>	<i>Wald: 141.9</i>	<i>Wald: 43.9</i>
Yes	Reference category	Reference category
No	<b>2.38</b>	1.60

Continued

**Table A.3 Continued**

<i>Cox &amp; Snell <math>R^2 = 0.136</math>, 0.136</i> <i>Nagelkerke <math>R^2 = 0.188</math>, 0.132</i>	<i>Odds ratios on hard actions</i>	<i>Odds ratios on soft options</i>
<b>Household income</b>	<i>Wald: 14.8</i>	<i>Wald: 33.3</i>
Under 10k	Reference category	Reference category
£10-19k	1.46	1.34
£20-29k	1.64	1.22
£30-39k	1.89	1.74
£40-59k	<b>2.04</b>	<b>2.19</b>
Over £60k	<b>2.21</b>	<b>2.50</b>
<b>Individual income</b>	<i>Wald: 20.3</i>	<i>Wald: 4.4</i>
Under 10k	Reference category	Reference category
£10-19k	1.20	1.19
£20-29k	1.27	1.04
£30-39k	1.63	1.07
£40-59k	<b>1.81</b>	0.87
Over £60k	<b>2.73</b>	1.32

For **soft** actions the largest odds ratios are spontaneous awareness of the CPF, good (and reasonable) knowledge of retirement income, and household income over £40,000. These variables are generally also the ones with the highest Wald statistics (awareness of the CPF has the highest one).

For **hard** actions the story is different. The highest odds ratios are having investments like ISAs, household and individual incomes over £40,000, and good/reasonable knowledge about pension issues. Spontaneous awareness of the CPF is only 1.6 times as likely to have produced a hard action as those unaware of the CPF – five of the other variables have at least one category higher than this. When we look at the Wald statistics, the 41.6 for CPF awareness is rather lower than the 141.9 for having ISAs and Personal Equity Plans (PEPs).

**Evidently awareness of the CPF plays a stronger role in determining soft actions than it does hard actions.**

Bearing in mind that the overall powers of explanation of the models were low, we decided to test the hypothesis that the number of actions done would produce a more sensitive dependent variable. A scale was created, wherein it was possible to sum up the number of actions taken per person. The following picture was arrived at.

**Table A.4** Number of actions undertaken

Total sample: 5092	
%	
None	33
1	28
2	18
3	11
4	6
5	3
6	0.9
7+	0.4

This new variable seemed worth exploring. Compared to the previous one (taken action/not taken action), the 'nones' (the 33% who had taken no action in the last 18 months) are the same, but instead of just having 'yes', we now have a graduated scale with regard to planning activity. We calculated its correlation coefficients as follows:

**Table A.5** Correlations with number of actions taken

CPF awareness (spontaneous/prompted/unaware)	0.26
Level of knowledge about pensions	0.24
Degree of knowledge of retirement income	0.29
Confidence in making decision about pensions	0.16
Gender	-0.07
Age group	0.17
Scheme type DB	0.04
Scheme type DC	-0.05
Scheme type Hybrid	0.03
Have building society account for retirement	0.23
Have other investments for retirement (PEPs etc.)	0.28
Household income	0.17
Individual income	0.18
Tenure type (bought outright to dependent renter)	0.18
Number of schemes a member of	0.11

<sup>21</sup> The correlations are somewhat higher for all the main factors, and particularly for CPF awareness (up to 0.26). It is clearly one of the top three factors.

<sup>21</sup> Note: Usefulness of CPF, which might seem a variable of interest, is based on those *aware only*, not the total sample, and is therefore less useful [correlation of 0.16].



We can show the enhanced correlations by producing a similar cross-tabulation as the one we used at the beginning of this section: cross-tabulating the number of actions taken by CPF awareness. We get the following picture:

**Table A.6 Number of actions taken by CPF awareness**

<b>Number of actions taken</b>			
Base: Total weighted sample answering both questions (N=5089): <i>Percentaged across</i>	<b>Unaware of CPF</b> %	<b>Aware after prompting</b> %	<b>Spontaneously aware of CPF</b> %
<b>Awareness of the CPF</b>	62	13	25
<b>Number of actions</b>			
None	75	11	14
1	63	13	24
2	56	15	29
3	49	17	34
4	42	14	44
5	36	15	49
6	27	7	67
7+	14	10	76
5 or more actions	33	13	55

Table A.6 has been percentaged horizontally. Thus (top row of data) 62 per cent of the total sample were unaware of the CPF and only 25 per cent spontaneously aware.

Moving down to those who had taken no actions, some 75 per cent of this group were unaware of the CPF and only 14 per cent spontaneously aware. Thus those not taking any action were much less aware about the CPF than average.

If we then look down the column showing the proportion of unaware people in each line, we see that it *decreases* as the number of actions taken *increases*. In other words, very few of those who took multiple actions were unaware of the CPF.

Looking now at the column on the right, we see how the proportion of those spontaneously aware increases as the number of actions taken increases.

Thus, while only 25 per cent of the sample were spontaneously aware of the CPF, they made up 55 per cent of those taking five or more actions.

As we have a graduated dependent variable rather than just a yes-no, multiple linear relationship becomes the technique of choice.

**Table A.7 Multiple linear regression on number of actions taken**

<i>Adjusted R<sup>2</sup> =0.22 Total weighted base N=5092</i>	<i>Standardised regression coefficients: ('betas')</i>	<i>Significance probability (p&lt;0.01)</i>
CPF awareness level	<b>0.18</b>	0.0000
Level of knowledge about pensions	0.11	0.0000
Degree of knowledge of retirement income	0.10	0.0000
Household income	0.05	0.0015
Individual income	0.06	0.0008
Age over/under 50	0.11	0.0022
Have building society account for retirement	0.10	0.0000
Have other investments for retirement (PEPs etc.)	0.14	0.0000
Have stocks/shares for retirement	0.05	0.0001
Type of accommodation	0.04	0.0010

An R<sup>2</sup> of 0.22 (equating to 22 per cent of the variation being explained by the model)<sup>22</sup> is not particularly high, but it has been possible to explain rather more of this dependent variable than with the simple yes-no variable.

The standardised regression coefficients (betas) give the relative level of impact of each variable. Thus having a building society account (beta of 0.10) is twice as impactful in predicting the number of actions done than household income (0.05).

Level of CPF awareness has the single most biggest beta, but it is only a little ahead of having investments like ISAs, age, and level of knowledge about pensions issues and retirement income<sup>23</sup>.

A more prudent conclusion would be that CPF awareness is one of the principal factors explaining number of actions done.

We have conducted similar models for number of hard actions and number of soft actions done. These are shown in Table A.8.

<sup>22</sup> It is possible to boost this R<sup>2</sup> to 0.234 by adding other CPF-related items such as which parts of it were read, and whom it was discussed with, but it seemed a cleaner analysis to have just one main CPF variable.

<sup>23</sup> It would in fact be possible to combine the two knowledge questions into one construct representing financial knowledge and this would achieve a beta almost identical to that of CPF awareness.

**Table A.8 Multiple linear regression on number of hard and soft actions taken**

<i>Adjusted R<sup>2</sup> = 0.17, 0.14</i>		
<i>Total weighted bases N=5092</i>		
	<i>Hard actions ('betas')</i>	<i>Soft actions ('betas')</i>
CPF awareness level	0.13	<b>0.15</b>
Level of knowledge about pensions	0.09	0.09
Degree of knowledge of retirement income	NS	0.12
Household income	0.07	0.06
Individual income	0.07	NS
Age over/under 50	NS	<b>0.15</b>
Have building society account	0.12	0.06
Have other investments (PEPs, ISAs etc.)	<b>0.20</b>	0.06
Have stocks/shares for retirement	0.08	NS
Type of accommodation	NS	0.05

NS = Not significant at the 95% level.

In both cases, the  $R^2$  is lower because a few people do both hard and soft actions and this behaviour is not covered here. Nevertheless, we can compare hard and soft actions.

Number of soft actions is most associated with awareness of the CPF and of being over 50. In contrast the largest beta for hard actions is having investments like ISAs and PEPs. Awareness of the CPF is in fact second largest, but a considerable distance behind.

***As we saw in the earlier models on acting/not acting, awareness of the CPF is much more strongly associated with soft actions, although it also plays a part in predicting the number of hard actions done.***

We also conducted another type of analysis called Penalty-Reward Analysis, with a more readily visual output, and this is covered in Chapter 9.



# Appendix B

## Technical report

### B.1 Research design

This research is based on a quantitative telephone survey of 5,092 individuals known to have received a Combined Pension Forecast (CPF) within 18 months prior to interview. However, during the project's inception, several other potential evaluation methods were explored to make comparisons between a **control group** of scheme members known **not** to have received a CPF and a **target group** known to have received a CPF. Any differences in retirement planning between the two groups would have enabled us to measure the **counterfactual**, i.e. the extent of retirement planning actions caused by the CPF. Other research designs explored included:

- Randomly assigning future CPF recipients to a target group and comparable control group. Interviews would have been carried out at a given period of time after issuing CPFs to allow time for actions taken to be taken and compared with the target and control group.
- Case studies of multi-site employers; comparing retirement planning actions of employees in separate but comparable outlets of the same firm who had and had not been issued CPFs.
- Multi-wave surveys to track retirement planning before and after receiving the CPF.

However, due to logistical restraints such as the timing of when employers and pension providers were due to issue CPFs through 2005, plus the timing of when evidence from the research was required, the options above were not feasible. Therefore the best approach was to conduct a survey of people known to have received CPFs 18 months prior to interview. This had benefits of allowing recipients enough time to take retirement planning actions prior to interview and also to examine the effects of recency of receiving the CPF and levels of recall.

Comparisons are made between those who recall receiving the CPF and those who did not to give an indication of differences in retirement planning the CPF caused between these two groups. With the absence of a control group of non-recipients, this research design does not allow for as accurate a measure of the impact of the CPFs as the options outlined above. We cannot be certain of the extent to which those who recall the CPF are more likely to take retirement planning action anyway. However, among CPF recallers that had taken action, all attempts were made to probe whether it was the CPF or other external factors that caused them to do so, such as asking; what factors had prompted them to take action, whether the CPF influenced them to do so, whether they would have taken action had they not received a CPF, and their agreement or disagreement with a series of attitude statements on the influence of CPFs on retirement planning. This provided useful evidence on the impact CPFs have on retirement planning, as detailed in this report.

## B.2 Sampling source

The target audience for the CPF research study was individuals known to have received a CPF. A database of contacts meeting this criterion was supplied by the Department for Work and Pensions (DWP). This database was compiled from information from the following sources:

- ATOS – for data on individuals who have had a CPF processed between November 2003 and June 2004.
- Matching Intelligence and Data Analysis Service (MIDAS) – to obtain individual addresses and to ensure that customers who had recently died were not included.
- CPF Customer Account Managers – for provider details.

The database used for the research comprised of 792,376 individuals covered by 48 CPF providers.

## B.3 Sample selection

In designing a sampling frame, a number of factors needed to be taken into consideration. The available contact data for CPFs recipients did not have telephone numbers. Therefore telephone number searches were undertaken, for which it was anticipated a significant loss of useable contacts would occur.

In addition, as is common practice, individuals targeted for inclusion in the study would be given the opportunity to decline this invitation, also likely to lead to loss of useable contact records.

Furthermore, while one key objective of the research was to measure CPF recall, it was also important to measure attitudes towards retirement planning and recent actions taken among those who did not recall. It was not possible to predict how many recipients would recall having received a CPF, but it was necessary to ensure

that a sufficient number of interviews with recallers were achieved in order to provide robust analysis of this particular group of respondents. A target of 5,000 interviews was set to satisfy this requirement.

All these issues meant that a large extract of the database was required as a starting point for survey sampling.

A number of stages were followed in order to provide the survey sample:

- In order to ensure this was representative of the ATOS database, DWP supplied a stratified random sample of 264,130 records which precisely matched the profile of individuals in the database. Stratification was based on the following key variables:
  - Provider type.
  - Scheme type.
  - Number of times CPF issued.
  - Number of providers from whom CPF had been received.
  - Gender.
  - Age.
- BMRB then conducted an automated telephone number look-up based on name and address provided with each record. Telephone numbers were matched with a success rate of 35 per cent, yielding 92,826 complete records. Although there may be unknown differences between those who we were not able to match a telephone number for, the profile of these records was closely aligned with the original ATOS stratification.
- Since levels of opt-out and subsequent survey response rates could not be precisely predicted, cautious estimates were made, and a stratified random sample of just under 15,000 (14,976) records was selected from telephone matched records from which to conduct the opt-out letter mailing stage. Again, this selection was made taking into account the original ATOS stratification.
- An opt-out letter, advising of the general nature of the study, fieldwork dates and method of interview was mailed by BMRB to 14,976 named individuals, offering the option to call a freephone number with the request not to be included in the study. Only 4.5 per cent of those to whom a letter was sent decided to take up this option, leaving an available survey sample of 14,304 records. Again, the profile closely matched the original ATOS stratification.

The profile of the sample following each stage of the selection process is detailed in Table B.1.

**Table B.1 Sample profile following each stage of the selection process**

	<i>Column percentages</i>			
	<b>Stratified sample supplied</b>	<b>Sample remaining after telephone look-up</b>	<b>Sample selected opt-out mailing</b>	<b>Sample remaining after opt-out phase</b>
	(264,130)	(92,826)	(14,976)	(14,304)
<b>Provider type</b>				
Private employer	21	21	29	29
Public employer	14	13	12	12
Personal provider	65	66	59	59
	100%	100%	100%	100%
<b>Scheme type</b>				
DB	32	31	30	30
DC	66	67	60	60
Hybrid	2	2	10	10
	100%	100%	100%	100%
<b>Age</b>				
16-24	2	2	10	10
25-34	19	16	18	18
35-49	54	50	49	49
50-59	22	27	20	20
60-64	3	5	3	3
	100%	100%	100%	100%
<b>Gender</b>				
Male	62	65	65	65
Female	38	35	35	35
	100%	100%	100%	100%

Due to the low natural incidence of what were deemed to be key groups for measurement and reporting; namely the 16-24 age group and Hybrid pension scheme members, these segments were deliberately over-sampled to ensure a sufficient number of interviews on which to conduct reliable analysis. Survey data was weighted back to correct for this over-sampling (see Section B.6 Data weighting).



## B.4 Achieved sample

A total of 5,092 interviews were achieved. The profile of respondents as compared to ATOS stratification is detailed in Table B.2.

**Table B.2 Profile of respondents as compared to ATOS stratification**

	<i>Column percentages</i>		
	<b>Stratified sample supplied</b>	<b>Achieved sample</b>	<b>Weighted sample</b>
	(264,130)	(5,092)	(5,092)
<b>Provider type</b>			
Private employer	21	28	19
Public employer	14	15	12
Personal provider	65	57	65
	100%	100%	100%
<b>Scheme type</b>			
DB	32	32	31
DC	66	58	67
Hybrid	2	10	2
	100%	100%	100%
<b>Age</b>			
16-24	2	8	2
25-34	19	14	15
35-49	54	50	53
50-59	22	25	27
60-64	3	3	3
	100%	100%	100%
<b>Gender</b>			
Male	62	61	59
Female	38	39	41
	100%	100%	100%

Weighting was applied to correct for over-sampling of low incidence segments, namely 16-24 year olds and Hybrid pension scheme members. This adjustment had the effect of bringing the broader sample profile back in line with the original ATOS stratification.

## B.5 Response rates

A total of 14,976 individuals were advised of the study in writing, of which 672 (four per cent) opted out. Of the 14,304 usable records available, a small proportion (1,571 records) was held in reserve. A full breakdown of response from the 12,733 records with which telephone contact was attempted is shown in Table B.3 as well as an explanation of how the response rates were calculated. From this issued sample, a total of 5,092 interviews were achieved between 27 March and 4 May 2005.

**Table B.3 Response rates**

Total sample issued for telephone survey	12,733
Contact moved – no trace	1,172
Contact died	13
Contact unknown at number	252
Unavailable during fieldwork	164
Refused in field	3,790
No answer/engaged/callback	1,013
Unobtainable/wrong telephone number	606
10+ unsuccessful calls	584
Respondent incapable of interview	47
<b>Interviews</b>	<b>5,092</b>
<b>Fieldwork response rate</b>	<b>40 per cent</b>
<b>Response rate based on possible contacts</b>	<b>48 per cent</b>

The **Fieldwork response rate** is calculated as a straightforward definition which simply calculates the response rate as being the number of interviews by the number of sample issued. **Response rate based on possible contacts** excludes records for which contact would not have been possible due to telephone numbers being incorrect or out of service, the contact no longer being at the address identified in the sample or the contact being unknown at the address supplied, therefore making an interview impossible.

## B.6 Data weighting

Response rates were consistent across all stratified segments, and therefore no weighting was necessary to adjust for non-response bias.

In order to ensure a sufficient minimum number of interviews to allow analysis of segments with low incidence in the ATOS universe, some over-sampling of these groups was conducted, namely:

- 16-24 year olds incidence = two per cent of ATOS, achieved sample = eight per cent
- Hybrid pension scheme members incidence = two per cent of ATOS, achieved sample = ten per cent

Over-sampling in this way had the minor impact of causing a slight skew in the achieved sample of private sector employer scheme interviews (achieved 28 per cent compared to a natural incidence of 21 per cent) and a corresponding decrease in personal provider scheme interviews (achieved 57 per cent compared to an incidence of 65 per cent). Weighting was applied to correct for over sampling of the young age group and Hybrid pension scheme members. This correction alone had

the effect of bringing provider type interviews back in line with the original ATOS stratification. Since all other segments in the achieved were closely representative of the ATOS profile, no further weighting was necessary.

The efficiency of the final scaled was 89 per cent that resulted in a total effective sample size of 4,527.

## B.7 Questionnaire design

The questionnaire framework was supplied by DWP and adapted in consultation between the DWP and the British Market Research Bureau (BMRB) project teams. It covered a number of key topic areas:

- Knowledge of and attitudes towards pensions.
- Current pension provision.
- Recall of the CPF.
- Perceived usefulness of and attitudes towards the CPF.
- Past retirement income planning activity undertaken.
- Intended future retirement income planning.
- Influence of the CPF an planning activity.
- Retirement expectations.
- Demographics.

Attitudes towards the CPF and resulting influence of planning activity were dependent on remembering having received a CPF.

CPF recall was measured by asking the following sequence of questions:

Q – Over the last 18 months have you received any information about state pensions from your employer or pension provider?

Yes

No

### **IF YES:**

Q – What do you remember receiving?

1. A combined state and personal pension forecast/statement. That is a forecast of the pension you will receive from the government as well as from your employer or personal pension provider **RECORDED AS SPONTANEOUS RECALLER**

2. A state pension forecast/statement only **RECORDED AS SPONTANEOUS RECALLER**

3. Just a personal/occupational pension forecast/statement only

4. General information about pensions

5. Something else (specify)

If respondents said 'No' to the initial recall question or answered 3, 4 or 5 at the subsequent question, the following statement was read out:

'Many employers and pension providers provide their pension scheme members with annual statements showing their current and projected retirement pension income. The Government is working with some of these employers/pension providers in order that state pension forecast information is added to these annual statements – This is called a Combined Pension Forecast. Do you remember receiving this information?'

Yes **RECORDED AS PROMPTED RECALLER**

No **RECORDED AS NON-RECALLER**

Classification of respondents in this way formed the basis of subsequent questions relating specifically to behaviour associated with the CPF. A copy of the questionnaire can be found in Appendix C.

The average interview length was 17 minutes, with all interviews being conducted using CATI (Computer Assisted Telephone Interviewing).

# Appendix C

## Fieldwork documents

### C.1 Opt-out letter

An opt-out letter offering respondents the opportunity to decline an invitation to participate in the study was mailed two weeks before the start of fieldwork. The content of the letter was as follows:

Dear

The Department for Work and Pensions (DWP) would like to carry out some research to help improve the information we provide about pensions. We have asked an independent research firm, BMRB International, to undertake this research on our behalf and we hope that you will be able to take part if they contact you, as your views are very important to us.

An interviewer from BMRB may telephone you between 15<sup>th</sup> March and 7<sup>th</sup> May to conduct the interview, which should last no longer than 15 minutes. If you are unavailable they can call back at a time that is convenient for you.

The research is being conducted according to the Code of Conduct of the Market Research Society, which ensures confidentiality and anonymity for respondents. This means that none of the information you provide can be traced back to you and no individuals will be identifiable in any of the reports from the survey.

I do hope that you will feel able take part in this important research, however if you do not want to take part please contact BMRB by **13<sup>th</sup> March** quoting the reference number above. To contact BMRB you can:

- telephone their FREEPHONE number: 0800 0152479; Mon – Fri 9am-5pm, or
- write to BMRB to tell them that you do not want to take part. Please write to Dawn Scanlon, BMRB, Hadley House, 79-81 Uxbridge Road, London, W5 5SU.

Your details will then be taken off the list of people that BMRB will contact. However you are under no obligation to take part when the interviewer calls even if you do not opt-out. If you would like verification that this research is being carried out on behalf of DWP then BMRB will be able to put you in touch with a DWP official.

Whatever you decide, your dealings with The Department for Work and Pensions will not be affected in any way either now or in the future.

Thank you in advance for your help.

Yours sincerely,

Fraser Macleod

Department for Work and Pensions.

## C.2 Questionnaire

The question utilised for the survey is detailed below:

### **CPF Research Questionnaire V7**

1. Respondents full name  
\_\_\_\_\_
2. Telephone number (incl STD code)  
\_\_\_\_\_
3. Gender  
Male  
Female
4. Respondent age
5. CPF provider type  
Employer  
Pension Provider

### **INTRODUCTION**

#### ASK TO SPEAK TO NAMED CONTACT ONLY

Good afternoon/evening. My name is \_\_\_\_\_ and I am calling from BMRB International. We are conducting an independent market research study on behalf of the Department for Work and Pensions. The purpose of the study is to understand how the Government can help improve information they provide to members of the public about planning for retirement income. You may remember receiving a letter from them about this.

The Department for Work and Pensions are interested in your feedback.

#### REASSURE IF NECESSARY

The study is being conducted under the strict rules of the Market Research Society Code of Conduct. Your responses will be combined with those of others and you will remain anonymous in the results of the research.

## A KNOWLEDGE AND ATTITUDES TO PENSIONS

*Instruction to interviewer* - First of all we would like to ask a few general questions about your knowledge and attitudes to pensions.

ASK ALL

### **A1. How confident do you feel of your overall ability to make decisions about pensions? Would you say you feel .....**

#### **READ OUT; SINGLE CODE**

Very confident	1
Fairly confident	2
Not very confident, or	3
Not at all confident	4
Don't know	98
Refused	99

### **A2. Which of the following statements best describes how knowledgeable you feel about pension issues?**

I have a good knowledge of pension issues

I have a reasonable, basic knowledge of pension issues – I know how they work generally but do not understand the details

My knowledge of pension issues is very patchy – I know a bit about what concerns me but no more

I know little or nothing about pensions issues

### **A3. Which of the following statements best describes your knowledge of how much your income in retirement will be?**

You have a good idea of what your income in retirement will be

You have a reasonable idea of what your income in retirement will be

You know vaguely whether you will have enough to live on or not in retirement, but no more

You have no idea what your income in retirement will be

DK/Ref



**B PENSION PROVISION**

I would now like to ask a few questions about your employment status and pension provision.

**B1. First of all, which of the following best describes your work status? Are you...?**

SINGLE CODE AS APPROPRIATE

Working part-time - Less than 16 hours per week

Working part-time 16-29 hours per week

Full-time i.e. 30 or more hours per week

Retired

Unemployed – Looking for work

Unemployed – looking after family/home

Other, please state

Don't know

Refused

IF WORKING

**B2. Thinking of your main occupation, are you...?**

Self-employed

An employee.

**B4 In addition to state pensions, which of the following type of pension schemes have you ever been a member of?**

1. A pension arranged through your workplace that you, or your employer, are currently paying into.
2. A previous pension, arranged through a past or present workplace that you or your employer is no longer paying into.
3. A personal pension you arranged yourself without any involvement of an employer that you are currently paying into.
4. A previous personal pension, arranged by yourself without any involvement of an employer that you are no longer paying into
5. Or have you never had a pension scheme that you or an employer have paid into **(single choice) GO to C1**

IF YES AT 1 OR 3

In total, how many active pension schemes do you currently have? By active, I mean a pension which you or your employer is currently paying contributions?

1 scheme

2 schemes

3 schemes

Other number **specify .....**

Don't know

IF YES AT 2 OR 4

In total, how many dormant pension schemes do you currently have? By dormant, I mean a pension which neither you nor your employer is no longer paying contributions?

1 scheme

2 schemes

3 schemes

Other number **specify .....**

Don't know

IF CURRENTLY HAS OCCUPATIONAL PENSION (code 1 at B4) Note to interviewers – if they have more than one active occupational pension (unlikely) then ask this question regarding what respondent feels their main current occupational pension to be.

**B.5 There are two main types of pensions employers offer. For example it could be calculated depending on the number of years you belong to the scheme and your final salary. Or it could be that your pension depends on the value of the contributions you have made once you retire and the return on their investment. Which of the following statements best describes how your current occupational pension will be calculated?**

My pension will be related to my salary in my final year (or years) and the number of years I have been in the scheme

My pension will be dependent on the value of the contributions paid to the scheme and the rate of return achieved on their investment

Combination of the two statements

Other – please give details

Don't know

QBPAY. Over the past 12 months have you yourself paid into your pension(s)? *(new question)*

READ OUT

Yes

No- nothing, part of non contributory scheme only

No- have not contributed into the scheme/pension

No- retired, no longer contributing

ALL THOSE WHO HAVE CONTRIBUTED IN THE LAST 12 MONTHS

**B9. Over the last 12 months, what amount would you say you yourself have paid into your pension(s) in total? If you can please give me your answer in pounds**

*PROGRAMMER: IF A RANGE IS GIVEN, RECORD ITS MIDPOINT ROUNDING UP TO A WHOLE NUMBER*

£ ..... over the last 12 months

Don't know      98

Refused          99

If CODE 98 (don't know), ASK: would you be able to provide a rough monthly average instead?

£ ..... on average a month

Don't know      98

Refused          99

If CODE 98 (don't know), ASK: could you provide a percentage instead?

% of salary .....

Don't know 98

Refused 99

**B10.** Thinking now of your combined pension provision made up of either active or dormant schemes, for how many years have you been a member of any pension scheme?

**If respondent has only dormant schemes (Only Code 2 or 4@ B4):** For how many years overall were payments made into scheme(s) that are now dormant?

**B6. Aside from pensions, are you currently saving for retirement through any of the following ways?**

Income from property – **GO to B6A**

Other investments – ISA, PEP TESSA etc.

Stocks and shares

Building society savings account

Business Assets

Expect income from paid work earned after retirement.

Not saving **(single choice)**

Other – please specify

**B6A. You mentioned you are saving for retirement through property; what form does that take? Is it through... READ OUT**

Buy to let income

Equity release from current home

Other (NOT SPECIFY)

DK

**C RECALL OF CPF**

I'd now like to ask you some questions about pensions information you might have received from your employer or pension provider.

**C1. Over the last 18 months have you received any information about state pensions from your employer or pension provider**

Yes **GO to C2**

No **GO to C4**

"Many employers and pension providers provide their pension scheme members with annual statements showing their current and projected retirement pension income. The Government is working with some of these employers/pension providers in order that State Pension forecast information is added to these annual statements – This is called a Combined Pension Forecast."

**C4. Do you remember receiving this information?**

**PROMPT IF NECESSARY: You may have received this as far back as 18 months ago.**

Yes **GO to C2B (prompted recaller)**

No **GO to F1 (non recaller)**

IF YES AT C1

**C2. What do you remember receiving?**

MULTICODE – READ OUT

1. A combined state and personal pension forecast/statement. That is a forecast of the pension you will receive from the government as well as from your employer or personal pension provider. **GO to C6 spontaneous recaller**

2. A State pension forecast/statement only **GO to C6 spontaneous recaller**

3. Just a personal/occupational pension forecast/statement only
4. General information about pensions
5. Something else (specify)

**If codes 3, 4 or 5 only at C2 GO to C4B**

“Many employers and pension providers provide their pension scheme members with annual statements showing their current and projected retirement pension income. The Government is working with some of these employers/pension providers in order that State Pension forecast information is added to these annual statements – This is called a Combined Pension Forecast.”

**C4B. Do you remember receiving this information?**

**PROMPT IF NECESSARY: You may have received this as far back as 18 months ago.**

Yes **GO to C6 (prompted recaller)**

No **GO to F1 (non recaller).**

**C2B. What do you remember receiving?**

MULTICODE – READ OUT?

1. A combined state and personal pension forecast/statement. That is a forecast of the pension you will receive from the government as well as from your employer or personal pension provider
2. A state pension forecast/statement only
3. Just a personal/occupational pension forecast/statement only
4. General information about pensions
5. Something else (specify)

**C6. How many different employers or pension providers have sent you a combined state and personal pension forecast**

- One
- Two
- Three
- Four
- Five or more
- None
- DK/Ref

**C5. In total, how many combined pension forecasts have you ever received?**

- One
- Two
- Three
- Four
- Five
- 6 or more
- None
- DK/Ref

**C6 How long ago did you last receive one? Was it within the last...**

- Month
- 3 months
- 6 months
- One year
- 18 months
- Two years
- Longer
- DK/Ref

**C15. Can you tell me what you have done with the combined pension forecast you have received most recently? Have you...**

READ OUT: SINGLE CODE

Kept it to read at a later date / for future financial planning

Passed it on to someone else

Thrown it away

Took it to someone for advice?

Lost/Mislaid

Or something else (specify)

DK/REF

**C11. Which, if any, of the following parts of a Combined Pension Forecast have you ever read?**

READ OUT

1. The state pension forecast section
2. The occupation/personal pension forecast section
3. Other information that came with it.
4. Or did you not read any of it **(single choice option)**

ALL WHO DID NOT READ ANY OF IT C11

**C10. May I ask, why didn't you read it:** PROMPT IF NECESSARY - MULTICODE

Lost it

Haven't got round to it yet (but still have it)

Non interested in pensions

Didn't understand what it was

Not relevant to me



Scared about pensions/Too depressing to think about

Gave it to partner/someone else

Have received them before

Other (PLEASE WRITE IN)

Don't know

ALL CPF RECALLERS

D. USEFULNESS

**D1. Overall how useful have you found the CPFs you have received? Would you say...**

Very useful

Fairly useful

Not very useful

Not very useful at all

DON'T KNOW

IF NOT VERY USEFUL/NOT VERY USEFUL AT ALL AT D1

DNEW. Why do you say that? PROMPT IF NECESSARY: MULTICODE

Government policies may change before I retire

It is only a forecast rather than actual figures

Does not include all my pension schemes

Does not include other savings vehicles

My circumstances are likely to change before I retire

Other specify

**D2. Thinking about your forecasts, I would like you to tell me the extent to which you agree/disagree with each of these statements**

	Agree strongly	Agree slightly	Neither agree nor disagree	Disagree slightly	Disagree strongly	DON'T KNOW
1. I feel the information is relevant to my individual circumstances						
2. I feel better informed about the value of my expected pension						
3. I think the government should issue state pension forecasts along with people's personal pension statements						
4. Including the state pension forecast together with my personal/workplace pension forecast, helped to improve the overall picture of what I can expect in retirement.						
5. The state pension forecast was in line with my expectations						
6. A forecast of my retirement income together with any state pension entitlement would encourage me to review my retirement plans						
7. Sending out CPFs will encourage people to save more for their retirement.						

## F. ACTIONS TAKEN

I'd now like to ask a few questions about anything at all you may have done with regards to retirement planning recently.

ASK ALL

**F1. During the last 18 months, which, if any, of the following actions have you taken with regards to planning for retirement ?**

READ OUT - MULTICODE

Looked for more information on the Internet

Discussed your retirement arrangements with others

Requested information on pensions or retirement planning

Requested a state pension forecast from the Pension Service

Increased contributions to an existing pension

Decreased contributions to an existing pension

Stopped contributing to an existing pension

Started contributing to a new pension

Increased saving for retirement through any other form of investment

Decreased saving for retirement through any other form of investment

Stopped saving for retirement through any other form of investment

Started saving for retirement through any other form of investment

Actively reviewed or checked your plans for retirement income but decided to do nothing further/not to change what I was already doing

Not taken any action at all with regards to retirement planning. **(single choice option)** GO TO F7.

F1F IF YES AT 5

**You mentioned that you increased contributions to your pension. Can you tell me how much of an increase this was please?**

INTERVIEWER – allow respondent to answer in whatever way is easiest  
i.e. % of salary or actual monetary amount.

Code as appropriate:

One off extra contribution of .....

Increase in regular payments.....

IF F1 = 13

**FNOT Which of the following best describes why you decided not to take any further action after reviewing your plans?**

You feel you have sufficient provision already in place

You don't feel you can afford to do anything more about it

You feel it's too late to do anything about

You feel there is sufficient time in the future to think about it again

You have already retired (new code)

Other (Specify)

IF DISCUSSED RETIREMENT WITH OTHERS

**QF1A You mentioned you have discussed your retirement arrangements with others? Were these discussions with? READ OUT MULTICODE**

Family or friends

Your employer

Direct with a pensions or investment company

An independent financial adviser

Other (specify)

IF ASKED ABOUT FURTHER INFORMATION

**QF1B You mentioned you have requested information about pensions or retirement provision? Was this from? READ OUT MULTICODE**

Your employer

Direct with a pensions or investment company

An independent financial adviser

The department for Work and Pensions/ The pensions service

Other (specify)

IF INCREASED SAVING

**QF1C You mentioned you have increased saving for retirement through another form of investment? Was this through? READ OUT MULTICODE**

Property – for example a second home or buy to let income?

Other financial products – ISA, PEP TESSA etc.

Stocks and shares

Building society savings account

Business Assets

Other – please specify

IF STARTED SAVING

**QF1D You mentioned you have started saving for retirement through another form of investment? Was this through? READ OUT MULTICODE**

Property – for example a second home or buy to let income?

Other financial products – ISA, PEP TESSA etc.

Stocks and shares

Building society savings account

Business Assets

Other – please specify

IF DECREASED/OR STOPPED SAVING

**QF1E You mentioned you have either decreased or stopped saving for retirement through another form of investment? Was this through? READ OUT MULTICODE**

Property – for example a second home or buy to let income?

Other financial products – ISA, PEP TESSA etc.

Stocks and shares

Building society savings account

Business Assets

Other – please specify

CPF RECALLERS ONLY - LIST ALL ACTIONS CODED AT F1

**FNEW Which of the following actions you have already taken were in anyway prompted by receiving a CPF?**

INTERVIEWER READ OUT ONE AT A TIME (ACTIONS CODED AT F1) AND CODE ALL APPLICABLE

Looked for more information on the Internet

Discussed your retirement arrangements with others

Requested information on pensions or retirement planning

Requested a state pension forecast from the Pension Service

Increased contributions to an existing pension

Decreased contributions to an existing pension

Stopped contributing to an existing pension

Started contributing to a new pension

Increased saving for retirement through any other form of investment

Decreased saving for retirement through any other form of investment

Stopped saving for retirement through any other form of investment

Started saving for retirement through any other form of investment

Actively reviewed or checked your plans for retirement income but decided to do nothing further/not to change what I was already doing

**CPF RECALLERS – FOR ALL ACTIONS CODED AT FNEW****F4. Do you think you would have (INSERT ACTION FROM QFNEW) by now if you had not received a CPF?**

Yes definitely

Yes likely

No not likely

No definitely not

DON'T KNOW

ASK THOSE PROMPTED BY CPF TO TAKE ACTION

**FCPF - What factors, other than the CPF, prompted you take action with regard to retirement planning in the last 18 months?**

OR.....

ASK ALL NON RECALLERS

**F3. Which of the following factors prompted you take action with regard to retirement planning in the last 18 months? (text change)**

READ OUT - MULTICODE

More money/pay increase

Change in family personal circumstances

Just got round to it

Encouraged by information sent to me by employer/pensions provider

Advised by financial advisor.

Encouraged by pensions coverage in the media

Encouraged by information sent to me by the Pensions Service

Others (specify)

Don't know

ASK ALL except those who are retired at B1

**F7. (recallers F7REM non recallers F7NREM) Regardless of any pension planning you may have already taken, which if any, of the following actions do you intend to take in the future?**

Look for more information on the Internet  
 Discuss your retirement arrangements with others  
 Request information on pensions or retirement planning  
 Review retirement plans once I receive other CPF– ASK Recallers  
 Request a state pension forecast from the Pension Service  
 Increase contributions to an existing pension  
 Decrease contributions to an existing pension  
 Stop contributing to an existing pension  
 Start contributing to a new pension  
 Increase saving for retirement through any other form of investment  
 Decrease saving for retirement through any other form of investment  
 Stop saving for retirement through any other form of investment  
 Start saving for retirement through any other form of investment  
 Do not intend to take any action with regards to retirement planning  
**(single choice) Go to G1 (CPF RECALLERS ONLY )or F10 (NON RECALLERS) if actions taken at F1 but no further intention at F7**  
 Other - specify  
 DK/REF

CPF RECALLERS ONLY - LIST ALL ACTIONS CODED AT F7 BUT EXCLUDE ANY PREVIOUSLY MENTIONED ACTIONS AT FNEW (I.E. DON'T INCLUDE ACTIONS WE ALREADY KNOW WERE INFLUENCED BY THE CPF)

**F7AREM Which of the following actions you intend to take in the future, have been influenced by receiving a CPF?**

INTERVIEWER READ OUT ONE AT A TIME (ACTIONS CODED AT F7) AND CODE ALL

APPLICABLE



Looked for more information on the Internet  
Discussed your retirement arrangements with others  
Requested information on pensions or retirement planning  
Requested a state pension forecast from the Pension Service  
Increased contributions to an existing pension  
Decreased contributions to an existing pension  
Stopped contributing to an existing pension  
Started contributing to a new pension  
Increased saving for retirement through any other form of investment  
Decreased saving for retirement through any other form of investment  
Stopped saving for retirement through any other form of investment  
Started saving for retirement through any other form of investment  
NONE OF THESE  
DK/REF

ASK ALL WHO INTEND STARTING OR INCREASING PENSION  
CONTRIBUTION OR SAVINGS

**F8. When do you intend to start taking this action?**

In the next couple of weeks  
In the next month  
In the next few months  
In the next 6 months  
In the next year  
In the next few years  
Longer  
Other specify

IF IN THE NEXT YEAR/ NEXT FEW YEARS/LONGER AT F8

**QF8.1 What, if anything, is preventing you from taking this action  
earlier? READ OUT: MULTICODE**

Have other immediate debts to pay first  
 Waiting for a pay increase first  
 Don't earn enough  
 Feel I have enough time to take action later  
 May be made redundant soon  
 May not stay with employer much longer

IF INCREASING/ STARTING SAVING

**QF8.3 You mentioned you plan to start or increase saving for retirement through another form of investment? What form of investment is likely to be? READ OUT MULTICODE**

Property – for example a second home or buy to let income?  
 Other financial products – ISA, PEP TESSA etc.  
 Stocks and shares  
 Building society savings account  
 Business Assets  
 Other – please specify

ASK ALL WHO HAVE NOT DONE OR INTEND TO DO ANYTHING AT F1  
 AND F7 OR RETIRED AT B1 AND HAVE DONE NOTHING AT F1

**F9. Can you tell me the reasons why you haven't done anything to plan for retirement at this stage?**

Not interested in pensions/ planning for retirement  
 Happy with current pension arrangements  
 Happy that other savings/investments will provide for my retirement  
 I am not ready to start planning my retirement yet  
 I am not able to save more for retirement just now/ including can't afford it  
 It's too late for me to start saving for my retirement  
 I don't know what to do  
 I haven't been bothered  
 I've not had time to look into it yet  
 I am already retired  
 Other reason.....

ASK CPF NON-RECALLERS ONLY –As for non-recallers we agreed this can now be kept.

**F10. To what extent do you agree or disagree with the following statements? Would you say.....**

	Agree strongly	Agree slightly	Neither agree nor disagree	Disagree slightly	Disagree strongly	DON'T KNOW
I think the government should issue state pension forecasts along with people's personal pension statements						
I would value being better informed about the value of my expected pension						
A forecast of my retirement income together with any state pension entitlement would encourage me to review my retirement plans.						

**G. RETIREMENT EXPECTATIONS**

ASK ALL WHO RETIRED AT B1

GRET. You mentioned earlier that you are retired. May I ask at what age you retired?

**Retirement age: ..... GO TO H1**

Don't know                      98 **GO TO H1**

Refused                         99 **GO TO H1**

G1. Now we would like to ask about retirement age. If you are planning to retire gradually, this means the age at which you will start to reduce your workload. At what age do you expect to retire?

**Expected retirement age: .....**

Don't know	98
Refused	99

**G2. To attain a comfortable retirement and assuming you retire at the age you expect, do you think you need to**

Save more  
Save less  
Save the same  
Don't know  
Refused

**G3. When you retire, will your household income come?**

Mainly from your retirement provision  
Mainly from your partners retirement provision  
From both your and your partners retirement pension provision equally  
Don't know  
Refused to say

**G5. What proportion of your current household income do you think you will need to be able to comfortably when you retire?**  
**READ OUT**

Less than 50%  
50-74%  
75%-100%  
More than 100%, in other words more than your current income

## **H. DEMOGRAPHICS**

H1. May I ask what your current living arrangements are? Are you:

Living on your own	1
Married and living with husband / wife	2
Cohabiting with a partner	3
Living with relatives	4
Living with non-relatives	5
Other (specify)	6
Refused	99

H2. How many people are there in total living in your household, including all children and adults?

**Write in number .....**

Don't know	98	
Refused		99

H3. And of these, how many are currently working and so contribute to the total household income?

**Write in number .....**

Don't know	98	
Refused		99

H4. Now a question about your accommodation? Do you/ are you .....

**READ OUT; SINGLE CODE**

Own it outright	1
Buying it with the help of a mortgage or loan	2
Pay part rent and part mortgage (shared ownership)	3
Rent it	4
Other	5
Don't know	98
Refused	99

H5. And could you please tell me in which of the following bands your total annual household income falls, *before* taxes and deductions from pay?

**READ OUT, SINGLE CODE**

Less than £10,000	1
£10,000–£19,999	2
£20,000–£29,999	3
£30,000–£39,999	4
£40,000–£59,999	5
Over £60,000	6
Don't know	98

H6. And could you please tell me in which of the following bands your total annual individual income falls, *before* taxes and deductions from pay?

**READ OUT, SINGLE CODE**

Less than £10,000	1
£10,000-14,999	2
£15,000–£19,999	3
£20,000-£24,999	4
£25,000-£29,999	5
£30,000-£39,999	6
£40,000-£59,999	7
Over £60,000	8
Don't know	98
Refused	99

H7. To which of these ethnic groups do you consider you belong?

**READ OUT MAIN CATEGORIES (SUB-CATEGORIES ONLY WHERE RESPONDENT IS UNCLEAR); SINGLE CODE**

**ADD:** This question is asked in order to capture the views of people from all different groups

White (including British; Irish; any other white background)	1
Mixed (including White and Black Caribbean; White and Black African; White and Asian; Any other mixed background)	2
Asian or Asian British (Indian; Pakistani; Bangladeshi; any other Asian background)	3
Black or Black British (Caribbean; African; any other Black background)	4
Other ethnic groups (Chinese; any other ethnic group)	5
Don't know	98
Refused	99

H8. Do you have any long-term illness, health problem or disability which limits your daily activities or the work you can do?

Yes	1
No	2
Refused	99

H10. And finally, DWP may be doing more research on this subject in the future, would you be happy take part in any future research?

Yes  
No

# Appendix D

## Example CPF template

### MANDATORY WORDING FOR STATE PENSION FORECAST

Your State Pension forecast

Name

DOB

Policy/Scheme number

National Insurance No.

Date

Current State Pension benefits: **On the basis of your National Insurance contributions record to date and current rates, you may get a pension of <£xx.xx> a <week/month/year>, which you have the option to take when you reach state pension age. This total is made up of the following:**

Basic State Pension of <£xx.xx> a <week/month/year>

Additional State Pension of <£xx.xx> a <week/month/year>

Projected State Pension benefits: **We estimate that by the time you reach state pension age the total amount you may get, if paid at current rates, would be £xx.xx a <week/month/year>. This total is made up of the following:**

Basic State Pension of <£xx.xx> a <week/month/year>

Additional State Pension of <£xx.xx> a <week/month/year>

We have assumed your State Pension will be paid when you reach the age of <xx> (your state pension age).

### Important information

- This is an estimate, **not a guarantee** of the amount of State Pension which you might be paid in the future and is based only on your National Insurance record.
- We have looked at the most recent National Insurance record we hold on you and **assumed** that your future contribution record, up to state pension age, will be similar to this.
- The total State Pension includes the basic State Pension, any additional State Pension (including State Earnings-Related Pension Scheme (SERPS) pension, State Second Pension and takes account of any adjustments for contracting out), any Graduated Retirement Benefit and shared additional pension you may be entitled to.
- It does not include any Pension Credit, which you may be entitled to. Pension Credit is based on your circumstances at the time of claiming.
- If the information we have about you is wrong, this estimate may also be wrong. If you think that the details in this State Pension forecast are not right or you have another enquiry about this State Pension forecast, please phone the Department for Work and Pension's dedicated phone line for the Retirement Pension Forecasting Team on 0845 3000 168.
- If your circumstances change or the law changes, the amount we estimate you will receive may change. By law, the Government must review the amount of State Pension every year.
- If you receive more than one combined pension forecast statement, because you have more than one occupational or private pension, you should only count your State Pension once. Always use the most recent forecast to predict your expected State Pension.
- The leaflet 'Your Pension Statement' (CPF5) gives more information about your State Pension forecast. If a copy of this leaflet is not enclosed, ask your pension provider for a copy or visit [www.thepensionsservice.gov.uk/pensionforecast](http://www.thepensionsservice.gov.uk/pensionforecast).