



DC and Financial Wellbeing Survey 2018

Living the Dream?

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Prepared by Aon

Living the Dream?



Joint DC and Financial Wellbeing Survey
(international and UK specific)



Focus on members



Your speakers and what are we going to cover today?



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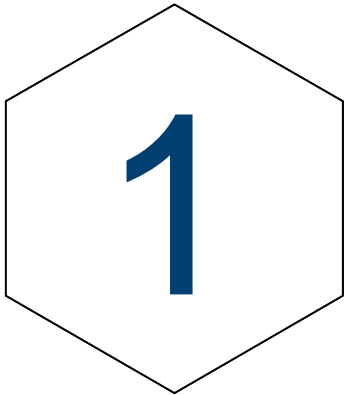
Key findings



Putting it into practice



Q&A



Results - Emerging themes



Real people real challenges



39% say outstanding **debts preventing** from **saving** more



6 in 10 don't think they are **saving enough** for the **long term**



Mid-career least able to find **£1,000** in an **emergency** or last **3 months** **without income**



¼ of those in their **early career** found it **difficult** to **understand** financial matters

Members at different stages of life need varying support

How are employees planning for retirement?



2/3 rely on employer to set contribution rates



Around a **1/3** expect a **reduction** in their **living standards** at retirement

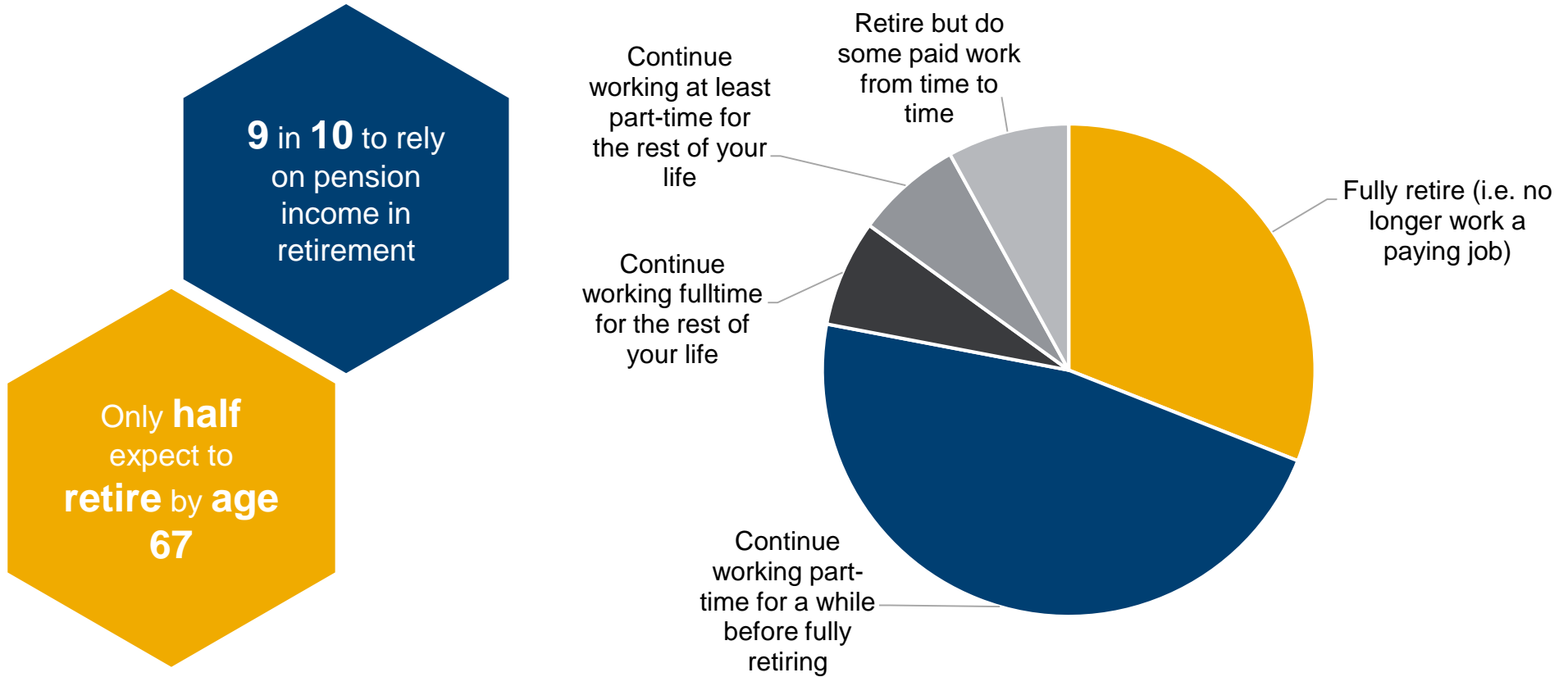


37% of those approaching retirement **don't** have a **plan**

“The biggest thing I struggle with is piecing together all the different bits of pension that I’ve accumulated everywhere.”

Employees need to understand what their current level of saving will deliver

What does retirement look like for employees?



Different support is needed to support a different lifestyle in retirement

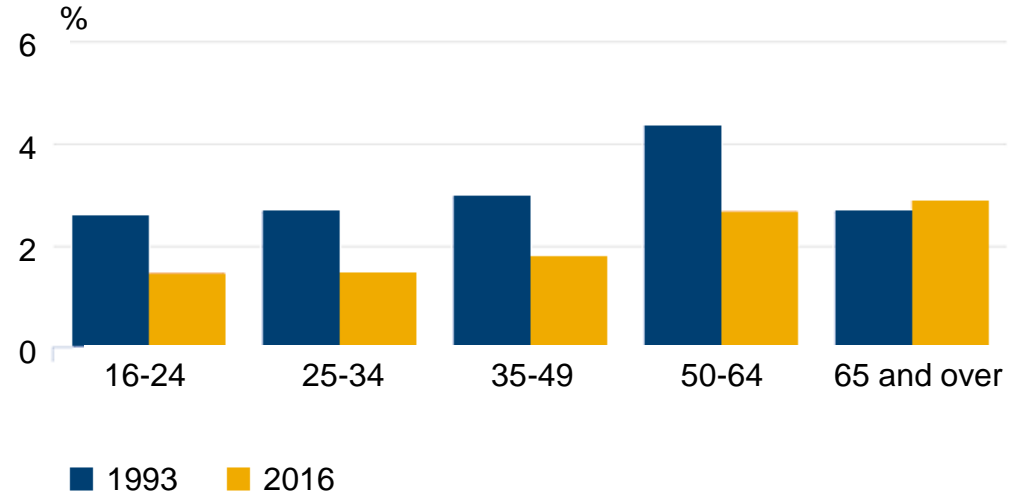
Why do these results matter?



Employers

- Poor financial wellbeing impacts employees and the wider business
- Planning allows employees to retire at a time of their choosing
- An aging workforce has implications on benefit costs as well as working patterns and succession planning

Figure 5. Sickness absence rate: by age group, UK, 1993 and 2016



Source: Labour Force Survey – Office for National Statistics

Source(s):

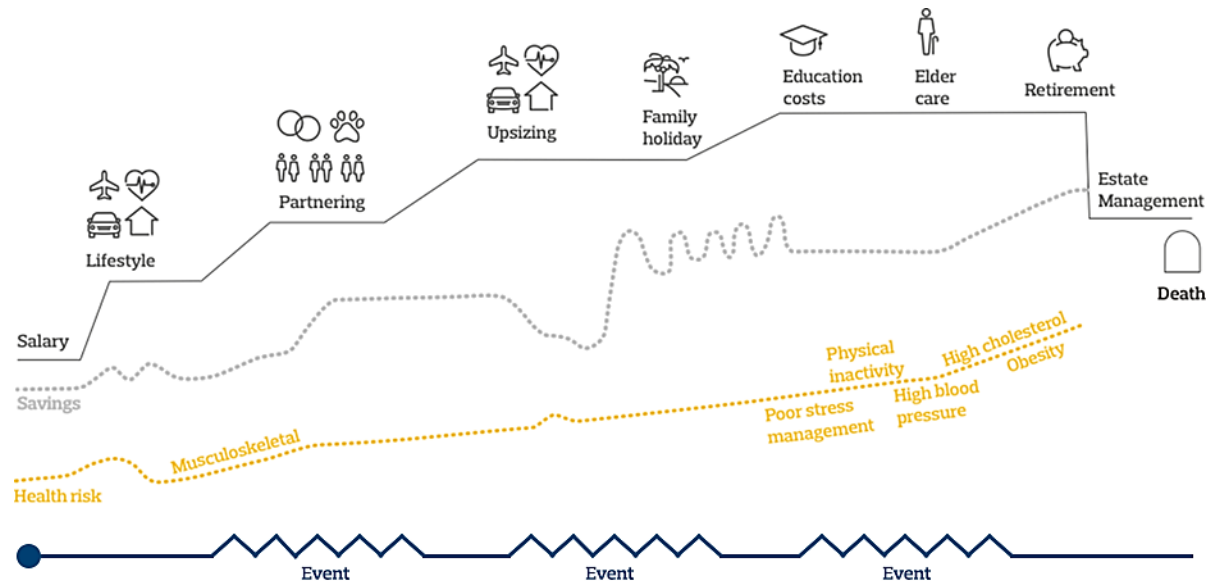
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/sicknessabsenceinthelabourmarket/2016#which-groups-have-the-highest-sickness-absence-rates>

Why do these results matter?



Trustees

- Understanding members is key to making appropriate decisions
- Without wider financial context, pension communications will be less effective
- DC members could be working longer and retiring in different ways



How do we engage members with retirement?



EARLY CAREER

- Most open to help
- Most likely to budget
- Biggest users of technology



MID CAREER

- Least likely to engage
- Mid-life MOT
- Pension dashboard



APPROACHING RETIREMENT

- Decision making support
- Support with transition
- Retirement income solutions

In what areas do people want support?



“Why should I consider putting some money away for something 40, 50 years down the line, when I want my money now to be able to live my life?”

What does a financial wellbeing framework look like?

Prepare



Build financial knowledge and skills

Plan



Build short, medium and long term financial plans

Protect



Be ready for the unexpected

Preserve



Transitioning into retirement and understand needs after working life

Types of support

- Debt and credit management
- › Cash flow and budgeting tools
- › Emergency fund
- › Savings basics
- › Student loans
- › Financial education
- › Decision support

- › Initial assessment and action plan
- › Retirement income/adequacy
- › Housing needs/goals
- › Future education
- › Savings and investment
- › Medical and fitness
- › Tax planning
- › Financial guidance, advice and planning

- › Emergency savings
- › Health insurance
- › Voluntary benefits
- Writing a will
- Disability
- Life, Critical Illness
- Accident
- Medical cover
- ID Theft / Legal
- Auto/Home

- › Financial planning
- › Estate planning
- › Retirement cash flow
- › Draw down strategies
- › Retirement income solutions in-plan vs. out-of-plan
- › Managed drawdown

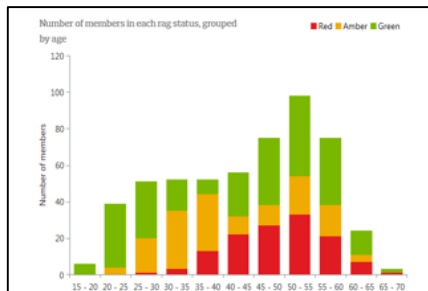


Next steps



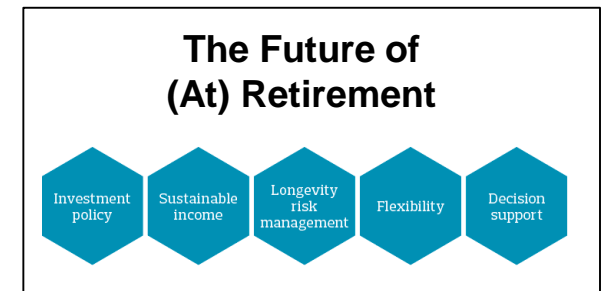
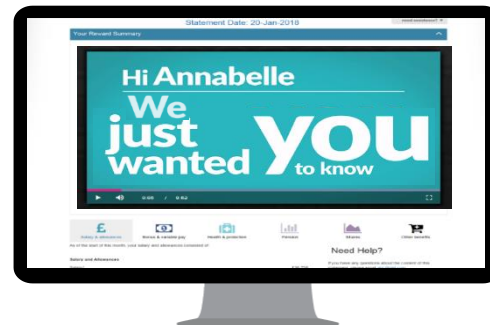
Employers

- Understand workforce and pressure points
- Understand what you already provide and identify gaps
- Consider the impact on workforce planning of changing retirement expectations



Trustees

- Understand members and wider financial context
- Align communications with specific needs and help members to set individual targets
- Provide support for flexible retirement



Please let us know if you wish to explore these questions with us



Contact Us



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