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“Consensus, collaboration and technological advancements are needed for pensions engagement to succeed” says Pensions Policy Institute

On Thursday 15th February, **The Pensions Policy Institute (PPI)** published **What could effective pensions engagement look like?** Supporting people to make informed active choices that lead to positive retirement outcomes will require a substantial amount of work, and achievable targets should take into account the starting point of currently low levels of engagement. Technological advancements present an opportunity for innovation in engagement, both in terms of enabling more effective communication and in enabling greater segmentation of individuals to develop more effective engagement strategies. Greater collaboration across the pensions industry and beyond will also be needed to develop innovative solutions to the engagement challenge.



Lauren Wilkinson, Senior Policy Researcher at the PPI said “While increasing engagement is a key focus of both government and industry, a significant proportion of the population are unlikely to achieve positive retirement outcomes under the current system without changes to engagement strategies and consideration of other mechanisms. These mechanisms are needed to support those who are unlikely, unable or unwilling to engage, or unlikely to achieve positive outcomes through engagement alone. The approach that is appropriate, be it engagement-focused or other policy levers, differs according to individual levels of financial capability and openness to engagement. Developing a better understanding of the range of needs and the varying capacity for engagement across the population is vital to the goal of delivering positive retirement outcomes for as many people as possible.

Building consensus on key goals and strategies for engagement, including best practice for data collection and utilisation, clear language to be used in communications across the industry and a standardised method for measuring engagement, could help some people to achieve better retirement outcomes. For those less likely to benefit from engagement, other mechanisms may more effectively deliver the goal of positive retirement outcomes. Appropriately designed defaults, rules of thumb and safety nets may be needed for those who are unlikely or unable to make informed active choices that will deliver positive outcomes.

Further investigation of segmentation, taking into account both openness to engagement and financial capability, could help to make engagement strategies more effective and ensure that other mechanisms are in place for those who will struggle to achieve positive outcomes through engagement alone. A designated taskforce or working group for engagement could be established to bring together key stakeholders from across government and industry in order to build consensus and develop solutions to the engagement challenge.”

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Date of Issue: 14th February 2024 – **Under Embargo**

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For further information please contact -

Danielle Baker, Head of Membership & External Engagement (PPI)
07714 250 910, email: press@pensionspolicyinstitute.org.uk

Lauren Wilkinson, Senior Policy Researcher (PPI)
email: lauren@pensionspolicyinstitute.org.uk

Notes for editors:

1. **We are an independent educational research Institute: The Pensions Policy Institute (PPI)** does not lobby for any particular solution, and we are not a think-tank taking politically influenced views. The PPI is an educational research charity, and have been providing non-political, independent comment and analysis on pensions policy and retirement income provision in the UK for over 20 years. Our aim is to improve information and understanding about pensions policy and retirement income provision through research and analysis, discussion, and publication. For news and other information about The PPI please visit www.pensionspolicyinstitute.org.uk
2. **Sponsors information** Sponsorship has been given to help fund the research, and does not necessarily imply agreement with, or support for, the analysis or findings from the project.



3. This report is the second and final output in the PPI's Engagement Series, following on from **Briefing Note 136 – What is the role of engagement in pensions?** published in October 2023.

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