

**Department for Work and Pensions**

**Research Report No 642**

# **Delivering information on pensions: The role of intermediaries**

**Andrew Thomas, Richard Stockley and Ben Hewitson**

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

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# The Authors

**Andrew Thomas** is a Director in British Market Research Bureau's (BMRB's) Social Research Unit, specialising in qualitative research.

**Richard Stockley** is an Associate Director in BMRB's Social Research Unit, specialising in qualitative research.

**Ben Hewitson** is a Research Executive in BMRB's Social Research Unit, specialising in qualitative research.

# Abbreviations

BMRB	British Market Research Bureau
DB	Defined Benefit (pension scheme)
DC	Defined Contribution (pension scheme)
DWP	Department for Work and Pensions
FSA	Financial Services Authority
FT	Financial Times
HMRC	Her Majesty's Revenue & Customs
HMT	Her Majesty's Treasury
IFA	Independent financial adviser
NAPF	National Association of Pension Funds
NDPB	Non-departmental public body
NEST	National Employment Savings Trust
PADA	Personal Accounts Delivery Authority
PPF	Pension Protection Fund
TPR	The Pensions Regulator



# Glossary of terms

<b>Accountant</b>	A practitioner of accountancy, which is the measurement, disclosure or provision of assurance about financial information that helps managers, investors, tax authorities and other decision makers make resource allocation decisions.
<b>Actuaries</b>	An actuary is a business professional who deals with the financial impact of risk and uncertainty.
<b>Automatic Enrolment</b>	Pension scheme enrolment technique whereby an employer operates an 'opt out method'. Employees are automatically enrolled in the workplace pension scheme without the employees having to make a separate application for membership. Employees are able to opt out of the scheme if they wish to do so.
<b>Closed scheme</b>	A pension scheme which does not admit new active members, but contributions may still be made by existing members and/or the employer. Members continue to accrue new pension rights.
<b>Defined Benefit (DB) scheme</b>	An occupational pension scheme that provides benefits based on a formula involving how much a person is paid at retirement (or how much a person has been paid on average during their membership of the scheme) and the length of time they have been in the pension scheme.

Defined Contribution (DC) scheme	An occupational or personal pension scheme that provides benefits based on how much has been paid into the scheme, the investment returns earned and how much pension this money will buy at retirement.
Employee benefit consultants	An adviser, or firm of advisers, that advises employers on employment benefits packages that it might offer to its employees, including pensions and other benefits.
Employer sizes	For the purposes of this report businesses were divided into four groups depending on their size. <b>Micro</b> businesses with 1-5 employees, <b>small</b> businesses employing 6-249 people, a <b>medium</b> sized firm employs 250-499, while to be considered <b>large</b> , a company must employ 500+ individuals.
Financial Services Authority	The Financial Services Authority (FSA) is an independent organisation responsible for regulating financial services in the UK. The FSA's aim is to promote efficient, orderly and fair financial markets and help retail financial service consumers get a fair deal. The FSA was set up by Government. The Government is responsible for the overall scope of the FSA's regulatory activities and for its powers. The FSA regulates most financial services markets, exchanges and firms. It sets the standards that they must meet and can take action against firms if they fail to meet the required standards.
Independent financial adviser	An adviser, or firm of advisers, that is in a position to review all the available products and companies in the market as the basis for recommendations to clients. All independent financial advisers (IFAs) are regulated directly by the FSA.
Industry sector	A classification based on the type of work the business undertakes, i.e. the retail sector, hospitality sector, transport sector, etc.

<b>Intermediary</b>	An adviser, or firm of advisers, that is in a position to review all the available products and companies in the market as the basis for recommendations to clients.
<b>Minimum employer contribution</b>	A minimum of three per cent of workers' qualifying earnings, which employers will be required to contribute to eligible employees' workplace pension scheme from 2012.
<b>National Employment Savings Trust (NEST)</b>	See <b>Personal accounts scheme</b>
<b>Online subscription databases</b>	Web-based sources of pension-related news and information used by intermediaries.
<b>Owner operators</b>	Individuals who both own and run their business.
<b>Pensions consultant</b>	An adviser or firm of advisers who offer advice relating to pensions services and solutions to companies and organisations.
<b>Pension Protection Fund</b>	The Pension Protection Fund (PPF) was established under the Pensions Act 2004 in order to provide compensation to members of eligible DB schemes in situations where the providing employer becomes insolvent and there are insufficient assets in the pension scheme to buy benefits at a level of compensation specified by the PPF.
<b>Personal Accounts Delivery Authority</b>	The Personal Accounts Delivery Authority (PADA) is a non-departmental public body (NDPB) accountable to Parliament and reporting, through a Board, to the Secretary of State for Work and Pensions. Their role is to set up a national, trust-based pension scheme called 'personal accounts' that will help millions of people on low and moderate incomes, who do not have access to a good-quality workplace pension, save for their retirement.

<b>Personal accounts scheme</b>	A simple, low-cost pension savings vehicle for those currently without access to a good quality workplace pension arrangement. Now called the NEST
<b>Private pension</b>	Pensions received from schemes which a person has joined and which is not run by either an employer or the State.
<b>Qualifying workplace pension arrangement</b>	In the context of the workplace pension reforms, all qualifying employers must offer their eligible employees a qualifying workplace pension. This must fulfil the core requirements of automatic enrolment and a minimum employer contribution. If these are fulfilled, qualifying schemes can include an occupational pension such as the NEST, or a workplace personal pension.
<b>Qualitative research</b>	The term 'qualitative research' is used to cover a wide range of approaches and methods. Although there is still some debate, the general consensus is that qualitative research is a naturalistic, interpretative approach concerned with understanding the meanings which people attach to actions, decisions, beliefs, values and the like within their social world, and understanding the mental mapping process that respondents use to make sense of and interpret the world around them. Qualitative research can describe or provide further understanding of a subject and its contextual setting, provide explanation of reasons and associations, evaluate effectiveness and aid the development of theories or strategies.
<b>Scheme members</b>	A person who has joined a pension scheme and who is entitled to benefits under it.

<b>Trustee</b>	An individual or company appointed to hold assets for the beneficiaries of a trust-based pension scheme, in accordance with the provisions of the trust instrument, the legal document that sets up, governs or amends the scheme, and general provisions of trust law.
<b>Workplace pension reforms</b>	The reforms introduced as part of the Pensions Act 2008: from 2012, it is proposed that a system of automatic enrolment, together with minimum employer contributions will provide access to a pension to all eligible employees, between the age of 22 and State Pension age, who are not currently enrolled in a workplace pension scheme. The Pensions Act 2007 created the PADA to advise on the reform proposals.



# Summary

British Market Research Bureau (BMRB) was commissioned by the Department for Work and Pensions (DWP) to explore the interaction between intermediaries and employers with respect to pensions. By exploring this interaction, the research aimed to deliver insights into how intermediaries may deliver information and advice to employers in the run up to, and after the implementation of, the workplace pension reforms set out in the Pensions Act 2008. The research also aimed to examine the influence that intermediaries considered they had over employers and the sources of information they used in order to provide information and advice. Finally, intermediaries were asked about their awareness and understanding of the pension reforms and to reflect on their perceived information needs so that they might help employers implement the reforms in 2012.

The research involved 50 face-to-face interviews with a range of intermediaries including accountants, actuaries, employee benefit consultants, independent financial advisers (IFAs), lawyers and pension consultants. These intermediaries provided services for a range of different sized employers from micro companies of five or less employees through to large multi-nationals with thousands of employees. All of the intermediaries interviewed provide some pension-related services to employers.

## Key findings

- Intermediaries felt that their influence was greater on small and micro employers who were not large enough to employ in-house experts such as pension specialists.

## **Interactions between intermediaries and employers**

- Intermediaries reported that successful relationships between themselves and employers were based on four key factors. These were:
  - the intermediary's **reputation**, both corporate and personal;
  - personal **rapport** between the employer and intermediary;

- the intermediary’s ability to demonstrate that they were **client-focused**; and
- **trust (or perceived integrity)**.

### **Communication**

- Intermediaries utilised a range of methods for communicating generic information to groups of employers. These included face-to-face methods such as workshops, forums and seminars. Intermediaries also made good use of newsletters, websites and ‘webinars’ to provide employers with further general information.
- When communicating one to one with employers, intermediaries utilised the full range of possible methods including face-to-face, telephone, e-mail and written contact. The mode of contact generally depended on:
  - the stage of the relationship between intermediary and employer;
  - the importance and complexity of the issue(s) at hand;
  - time available to either party; and
  - the value of the employer to the intermediary.
- Intermediaries tended to be proactive in initiating contact with employers when there were changes in regulation and legislation and at certain points during the year, such as the end of the business year;
- Employers, on the other hand, were more likely to initiate contact with intermediaries to discuss ad hoc queries relating to the business such as closing an old pension scheme.

### **Sourcing and processing information**

- Intermediaries used a number of channels in order to gather information in relation to the services that they offered to employers. However, ‘web-based’ channels such as the internet and subscription-based databases were perceived to be the most effective method for sourcing information.
- Intermediaries said that they used computerised channels to access information from a number of sources including Government websites. The DWP, Her Majesty’s Revenue & Customs (HMRC) and The Pensions Regulator (TPR) websites were all cited, along with the Personal Accounts Delivery Authority (PADA) website. Intermediaries also made use of subscription databases<sup>1</sup> such as **Pendragon Perspective**. Electronic newsletters, bulletins and e-mail alerts from Government sources such as the Financial Services Authority (FSA) were also used as a source of information.

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<sup>1</sup> Subscription databases are electronic information services commonly used by intermediaries. Services such as **Pendragon Perspective**, **Tolly Aries** and **Pension Profiler** provide intermediaries with coverage of legal and regulatory texts, multi-source commentaries and a vast and constantly updated reference library database.

- Other, non-web-based channels such as the industry press and networking and communicating with industry colleagues were also used to gather information. Events such as conferences, training courses and seminars allowed intermediaries to learn about and discuss issues with other professionals working in their industry.

### **Services provided by intermediaries**

- Intermediaries reported that employers of all sizes required information services. However, they also indicated that generally, the smaller the employer, the greater their service requirements were for advice and more particularly, guidance and assistance.
- Conversely, the requirements of larger employers tended to be lower due to them having specialist pension staff employed in-house, who already knew and understood how to implement information and advice. Medium and large employers would, therefore, often just use intermediaries for confirmation that a particular idea was appropriate for their business.
- Whilst accountants are generally not pension specialists, they were often called upon by small and micro employers for pension services. If accountants were unable to assist, they would refer employers to IFAs or other intermediaries for further help with their pension issues.
- Intermediaries considered themselves to be trusted advisers to employers. This notion was apparent across intermediaries dealing with all sizes of employers, although those working with small and micro employers especially considered themselves to be influential and trusted advisers. This was because they acknowledged that they were commonly relied upon as the only source of professional advice concerning pensions.

### **Intermediaries and the forthcoming workplace pension reforms**

- Overall, intermediaries were well aware that the 2012 workplace pension reforms were forthcoming.
- Levels of knowledge and understanding of the reforms were found to be greater amongst intermediaries working with medium and large sized employers.
- Intermediaries did not anticipate that their preferred sources of information on pensions would change in the run up to 2012. Government and public body websites were widely cited as being preferred sources of knowledge on the workplace pension reforms.
- Intermediaries suggested that they would like between six months and three years before the implementation of the workplace pension reforms to sufficiently prepare themselves and their clients for the changes. However, it was generally felt that having comprehensive information one year before implementation would be ample time in which to make preparations.

- Some intermediaries had already begun to approach and inform employers of the reforms. Generally, this tended to be those working with large employers. It was felt that they would need the most time to prepare, considering the amount of employees that would be affected in their business and the business budget changes that would need to be prepared for.

# 1 Introduction

## 1.1 Background to the research

The Department for Work and Pensions (DWP) estimates that there are around seven million people who are not saving enough to deliver the pension income they are likely to want, or expect, in retirement. It is estimated that around 44 per cent of working-age employees are currently not contributing to a private pension.<sup>2</sup> Changing lifestyles, aspirations and demographics have all played a part in contributing to a long-term decline in saving for later life and the Government is addressing these issues through its programme of reforms to the pensions system.

There are numerous factors which discourage people from saving for retirement. These include inertia, financial myopia, the cost of pension saving and the complexity of the decisions involved.<sup>3</sup> The Pensions Act 2008, introduced into Parliament in 2007, contains the private pension reforms. The Act is designed to overcome some of these barriers by encouraging and enabling more people to save towards their retirement. The main elements of these reforms are:

- a duty on employers to automatically enrol eligible jobholders into a qualifying workplace pension arrangement;
- a mandatory minimum employer contribution; and
- the establishment of the National Employment Savings Trust (NEST)<sup>4</sup> – a simple, low-cost pension savings vehicle for those currently without access to a good quality workplace pension arrangement.

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<sup>2</sup> Pensions Bill – Impact Assessment, published 24 April 2008: <http://www.dwp.gov.uk/resourcecentre/impact-assessment-240408.pdf>

<sup>3</sup> DWP (2006). *Security in retirement: towards a new pension system*. London: HMSO.

<sup>4</sup> At the time this research was conducted this scheme was temporarily called 'Personal Accounts'.

Automatic enrolment aims to overcome decision-making inertia, which results in many people not saving for their retirement - even when they recognise the need to do so. From 2012, employers will be required to automatically enrol eligible jobholders aged between 22 and State Pension age into a qualifying workplace pension arrangement.

Employers will be required to contribute a minimum of three per cent of employees' qualifying earnings and there will also be a contribution of around one per cent from the State in the form of tax relief. Overall contributions, including employees' contributions, will be at least eight per cent. Employers will be able to choose the qualifying scheme(s) they adopt to discharge their duty.

Existing research evidence<sup>5</sup> suggests that intermediaries are likely to play an important role in advising employers of their new obligations. In particular, small and micro employers report they will rely almost exclusively on these professionals for advice<sup>6</sup> on their responsibilities in this area. This has driven the need for a greater understanding of the relationship between intermediaries and employers, the sources of information that they use, their information requirements, and the nature of any advice and guidance that they may give to employers.

BMRB Social Research were commissioned by DWP to conduct qualitative research that focused on intermediaries, exploring their advisory role with employers and their information requirements in order to support this role in anticipation of the workplace pension reforms.

## 1.2 Research aims

The research aimed to explore interactions between intermediaries and employers with regards to pensions. It considered how intermediaries currently communicate with, and deliver information to employers and how this might change in the run up to the forthcoming workplace pension reforms.

Specifically, the research explored the:

- relationship that existed between intermediaries and employers and the perceived level of influence that intermediaries consider they had with employers;
- sources of information that intermediaries currently used and their perceived value; and
- information needs that intermediaries will have prior to the implementation of the workplace pension reforms in 2012 and where they may source this information.

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<sup>5</sup> Grant, C., Fitzpatrick, A., Sinclair, P. and Donovan, J.L. (2008). *Employers' attitudes and likely reactions to the workplace pension reforms 2007: Report of a quantitative survey*. DWP Research Report No. 546.

<sup>6</sup> It should be noted that different professions work within different regulatory frameworks with respect to advice.

## 1.3 Methodology

It is important to note that the methods used in this research are qualitative in nature. This approach has been adopted to allow for individual experiences and views to be explored in detail. Qualitative methods do not allow information to be given on the numbers of people holding a particular view or who have particular experiences. The aim of qualitative methods is to define and describe the range of emergent issues, rather than to measure their extent.

The research was based on 50 face-to-face, qualitative depth interviews. Qualitative methods were used to explore an in-depth range of attitudes and experiences from the perspectives of those being studied. The findings produced are thematic rather than statistical. A fuller explanation of the methods used can be found in Appendix A.

### 1.3.1 The interviews

All of the depth interviews were exploratory and interactive in nature and were directed using a topic guide (see Appendices B and C). This allowed flexible questioning while allowing the interviewer to be responsive to the issues raised during the course of the interview.

Interviews were conducted with a range of intermediaries including accountants, actuaries, employee benefit consultants, independent financial advisers (IFAs), lawyers and pension consultants. To ensure that the research captured intermediaries working with a range of different sized employers, intermediaries were selected according to the size of business with which they did the majority of their business. These were categorised into four groups: micro (1-5 employees); small (6-249 employees); medium (250-499 employees) and large (500+ employees). A full breakdown of the intermediaries interviewed over the course of this research can be found in Table A.1 with details on the tasks each type of intermediary performed outlined in Chapter 2.

The interviews lasted approximately 60 minutes and were undertaken between November 2008 and February 2009. To thank them for their time, each participating intermediary was given a £50 charitable donation. Interviews were digitally recorded, with the intermediary's permission, and transcribed verbatim to allow detailed qualitative analysis.

### 1.3.2 Analysis and presentation of findings

The transcribed interviews were subject to a rigorous content analysis using Matrix Mapping, which involved systematically sifting, summarising and sorting the verbatim material according to key issues within a thematic framework. Further details of the analytical process can be found in Appendix A.

The findings have been illustrated with the use of verbatim quotations. To preserve anonymity quotations are attributed to respondents through denoting the type of intermediary, the size of the intermediary's business and the size of the employer's

business with which the intermediary conducted the majority of their business. The quotations have been edited for clarity but care has been taken not to change respondents' meaning in any way – alterations are shown using parenthesis and ellipses.

## 1.4 Report outline

This report outlines the findings from the qualitative research in six further chapters:

- Chapter 2 gives an overview of the variety of tasks conducted by different types of intermediaries, focusing on both the pension and non-pension-related tasks they carry out. It also examines the differences in tasks performed by intermediaries for different sizes of employers and the frequency of, and main triggers for, contact between employers and intermediaries.
- Chapter 3 explores the interaction that occurs between intermediaries and employers and the factors that form the basis of strong relationships. It gives an account of the influence that intermediaries perceive they have with employers and the methods which they consider to be effective when communicating with employers.
- Chapter 4 focuses on where intermediaries source their information and the preferred channels for accessing and receiving information. The chapter also explores how intermediaries rate and evaluate these various sources and channels and how they share information with fellow professionals.
- Chapter 5 explores the processes and methods that intermediaries used to deliver the services that they offered to employers. The chapter also gives an overview of the differences between how services are delivered according to the size of the employer. In addition it looks at how specific pension advice was delivered by intermediaries, its influence and the role of fees and payments.
- Chapter 6 considers the sources of information used by different intermediaries to research the forthcoming pension reforms. The perceptions that intermediaries had about how their information needs would change in light of these reforms and what they considered to be the most appropriate time to inform employers about these changes; and
- Chapter 7 draws the findings together and presents a set of conclusions, focusing on implications of the findings in terms of policy.

The appendices provide further details of the research methods (Appendix A) used in this study. Copies of the topic guides used during the depth interviews can be found in Appendix B (initial pilot<sup>7</sup>) and Appendix C (main stage research). In addition, an interview confirmation letter is included in Appendix D (identifiable information has been removed).

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<sup>7</sup> A small number of pilot interviews to refine the topic guide took place 17-18 November 2008, main interviews commenced on the 26 November 2008.

## 2 Tasks undertaken by intermediaries

This chapter gives an overview of the variety of tasks conducted by different types of intermediaries interviewed over the course of the research. It focuses on both pension and non-pension-related tasks carried out by intermediaries, with the aim of offering some background to the types of respondents studied. Through outlining these tasks, the chapter also addresses the differences in tasks performed by intermediaries for different sizes of employers. Additionally, the main triggers for contact between employers and intermediaries and how often contact was arranged are discussed.

### **Key findings**

- With respect to pensions, intermediaries offered information and advice within their own professional remit to employers of all sizes. However, they reported that small and micro employers were more likely to require additional guidance and assistance to implement this advice.
- Intermediaries reported that they were proactive in maintaining contact with employers. Common triggers for making contact were based on changes in legislation and regulation, marketplace announcements and at regular points in the business calendar, such as the end of the tax year.
- When discussing pensions with their clients, accountants reported that they were not authorised to give any formal investment advice. If an employer required such advice, accountants would act as a gateway to other intermediaries, such as independent financial advisers (IFAs) who were authorised to give investment advice.

## 2.1 Pension-related tasks

Intermediaries conducted a wide range of pension-related tasks, which differed according to the type of intermediary and the size of employers they were working with. Unsurprisingly, given the range of different professions interviewed for this research, some types of intermediaries conducted more pension-related work than others. In addition, within each profession, not all intermediaries devoted similar amounts of time to pension work. Notwithstanding this, there were a number of task-related themes that emerged for each type of intermediary, which are outlined in turn below.

### 2.1.1 Accountants

It was found that the majority of accountants' work was non-pension-related as they were not authorised to give pension investment advice. Despite this, pension-related tasks carried out by accountants tended to focus around the provision of information and advice on taxation issues. For example, if an employer was thinking of introducing a pension plan, accountants would commonly discuss the advantages of paying into a pension scheme in order for members to gain tax relief.

Accountants indicated that they refrained from giving advice<sup>8</sup> relating to investments to employers. Instead they would commonly refer them on to an IFA.

*'I can't give you investment advice, I'm not authorised to give it [...] but I can introduce you to somebody who can provide this type of advice [...] the IFA.'*

(Accountant, small business advising micro and small employers)

Notwithstanding this, accountants would commonly identify pension issues in employers' businesses during an initial assessment, such as a fact-find and make employers aware of how to proceed if they wanted to address such issues. For larger accountancy firms within wider financial service organisations, accountants would commonly refer employers to IFAs within their organisation. Accountants from smaller firms would refer employers to external IFAs if their firm did not provide IFA services themselves.

### 2.1.2 Actuaries

The actuaries interviewed indicated that most of their work had a pension component. As such, pension-related tasks were wide ranging and varied according to who they were advising. It was found that actuaries of all sizes commonly advised individuals and pension scheme trustees as well as employers. There was little variation across the range of tasks carried out by different sizes of actuarial firms.

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<sup>8</sup> Financial Services Authority (FSA) guidance sets out advice as making a personal recommendation to the customer and by doing so the intermediary is required to explain why the particular product and/or provider would meet the customer's demands and needs. This will be specific and individual advice to the customer should not be generic.  
([http://www.fsa.gov.uk/pubs/other/factsheet\\_sales.pdf](http://www.fsa.gov.uk/pubs/other/factsheet_sales.pdf))

Actuaries provided information to employers on developments in pensions regulation and legislation to keep them informed of their responsibilities. They also supplied advice on ways to fund pensions and guidance as to the most appropriate providers for employers to invest with. This was often defined as pension scheme consultancy. More exceptionally, it was also found that actuaries advised employers with Defined Benefit (DB) pension schemes of the advantages of moving towards Defined Contribution (DC) schemes.

Actuaries also provided assistance and guidance to employers on setting up pension schemes and offered 'hands on' assistance in helping smaller employers to run their pension schemes on a day to day basis. Although the actuaries interviewed had not given advice to micro and small employers, their experience led them to believe that these groups would require greater degrees of guidance and assistance as they did not have dedicated staff with specialist pension knowledge and expertise.

However, medium and large sized employers that did have these resources would often just require an intermediary, often an actuary, to advise on whether pre-defined options were appropriate for their business or to ask the actuary to confirm their ideas. This was commonly termed as having their decisions 'rubber stamped' by the intermediary.

*'We've got clients who employ pensions professionals, so the larger organisations have got people who have got jobs which are just related to pensions and...very often they will call in to say "been reading this up, done some research, here's my take on this, have I missed anything"...others will ask us the most basic questions because they've just got a million and one other things to do.'*

(Actuary, large business advising large employers)

### **2.1.3 IFAs**

The tasks conducted by IFAs were generally split between pensions and non-pensions related work, with estimates that pension-related tasks contributed towards just under half of business. This was broadly found to occur across the different sizes of IFAs. However, pension-related roles tended to centre on the provision of information, advice and guidance for employers, such as the suitability of existing pension arrangements and whether any changes to the scheme would be beneficial.

IFAs also provided pension-related advice and guidance for employers looking to set up a new pension scheme through advising on the most appropriate schemes to invest in and outlining the advantages of different types of scheme. For example, between stakeholder schemes, money purchase schemes and final salary schemes. Furthermore, IFAs stated that they had also given employers information and advice on the likely impact of the forthcoming reforms on their business.

As previously noted, it was common for IFAs to receive referrals from accountants.

*'Probably 75-80 per cent of our work comes through the accountancy practice.'*

(IFA, small business advising small employers)

#### **2.1.4 Lawyers and solicitors**

Lawyers and solicitors interviewed were generally split between specialist pension lawyers and lawyers that had less involvement in pensions. As a result of the nature of pension-related work that lawyers undertook, only those lawyers working with large employers were interviewed.

When lawyers did conduct pension-related work, it was mainly to provide legal and regulatory information and advice to employers regarding changes to legislation and regulation that employers needed to adhere to. It was suggested that employers needed such information in order to stay within the FSA guidelines and to avoid fines.

Typically, lawyers and solicitors would advise employers on any legal implications of entering into specific pension schemes or advise generally medium and large sized companies on the legal impact on pension schemes when purchasing and selling companies.

Lawyers also provided information to trustees of company pension schemes, who wanted to obtain advice from a legal professional before making important decisions. It is worth noting that owing to sampling strategy used, the majority of lawyers and solicitors interviewed dealt exclusively in the area of pension law.

In more exceptional cases, it was found that lawyers and solicitors provided assistance to employers through pension scheme servicing and documenting trustee deeds.

*'Ideally we would be aiming for 50 per cent of our work being what we call stand alone which is the servicing of pension schemes, advising employers of their pension schemes which is really from documenting the deeds to advising trustees on whether they can or can't make a particular decision and that sort of thing.'*

(Lawyer, large business advising large employers)

#### **2.1.5 Pension consultants**

The vast majority of work conducted by pension consultants focused on pensions, with other tasks conducted closely related to pensions, such as work on employee benefits packages.

Pension consultants supplied information on general pension issues to employers as well as information and evaluations on specific types of schemes, such as the advantages and disadvantages of DB compared to DC schemes. It was

also common for pension consultants to provide information to employers on regulatory changes affecting their pension schemes.

As anticipated, aside from the information that pension consultants provided to employers, the majority of pension-related work they conducted was advisory in nature and given to both employers and trustees of company pension schemes. Advice was given on 'all aspects' of pensions, from investments to funding.

Additionally, pension consultants working with smaller sized employers also offered guidance and assistance in setting up and administering company pension schemes. It was not uncommon for pension consultants working with smaller employers to be asked to guide the employer through the whole process, taking care of all the detail. These small employers were frequently described as not being interested in pensions and just saw the provision of a scheme as a 'box ticking exercise'.

*'...at the smaller end, you know, we are guiding very much.'*

(Pension consultant, large company advising small and medium sized employers)

## 2.2 Non-pension-related tasks

As well as carrying out the roles and tasks related to pensions, intermediaries also conducted work around other areas for employers, albeit to varying degrees, depending on the type of intermediary they were and the needs of the employer.

Accountants were found to carry out the majority of their work on non-pension-related issues. On the whole, these tasks revolved around 'traditional' accountancy exercises, such as audits, tax returns, business consultancy and book-keeping services. Commonly, accountants' work on non-pension-related business was dictated by the annual tax cycle, with them being particularly busy around the beginning and end of the financial year.

Other than the pensions work carried out by actuaries, other work for employers tended to be based around advice on other actuarial issues such as share option evaluations, mergers and acquisitions advice and employee benefits packages advice.

IFAs conducted a broad range of non-pension-related tasks that were suggested as all coming under the broad title of 'financial planning'. Specific tasks were found to generally centre on advice – on issues such as investments, tax planning, income protection, assurance and debt management.

Lawyers and solicitors who were not specialist pension lawyers dealt with a variety of non-pension-related legal work. Amongst other things, lawyers worked on issues such as real estate law, corporate purchase law and other aspects of employment law.

Pension consultants conducted the majority of their work in relation to pensions but sometimes worked with employers to develop wider employee benefits packages.

### 2.3 Triggers for contact between employers and intermediaries

The research found there were a number of common reasons for intermediaries contacting employers and vice versa. These tended to be similar across all intermediaries questioned, although there were occasionally some intermediary-specific triggers for contact. Furthermore, some triggers for contact varied according to whether the employer was an existing or a new client.

On the whole, intermediaries tended to initiate contact in most cases. However, spontaneous contact from employers tended to increase with the size of the employer's business due to a greater number of in-house pension specific staff who generated enquiries. Conversely, intermediaries advising small and micro employers needed to initiate contact more often because smaller employers tended to be busy with day-to-day business running responsibilities.

*'Mostly the initiations are on my side [...] If you're running a business, particularly a small business for example, you've got many more important things to do than worry about pensions.'*

(Pension consultant, micro company advising small, medium and large sized employers)

Reasons for initiating contact generally depended on how proactive the intermediary or employer was when issues arose. Small and micro employers in particular tended to be more reactive in regards to contact, that is, they would tend to wait for the intermediary to contact them. Such employers tended only to make contact when an ad hoc issue arose that was perceived to specifically affect their day-to-day running of the business.

Common reasons for initiating contact between intermediaries and employers already in their client base included:

- the occurrence of events external to the intermediary and employer, such as:
  - changes in legislation and regulation;
  - budget announcements;
  - marketplace changes; and
  - announcements from key bodies such as the Department for Work and Pensions (DWP) and The Pensions Regulator (TPR);

- the occurrence of temporal events, such as:
  - the end of the tax or business year;
  - annual reviews, audits or evaluations between the intermediary and employer; and
  - quarterly reviews between the intermediary and employer. These reviews tended to be more formalised and occur at set intervals for larger employers.

There were also different triggers for intermediaries contacting employers that were prospective clients. These tended to be in reaction to regulatory or legislative changes that had been announced in the wider media, pensions press or even in intermediary publications such as newsletters.

*'We did a mailshot to dentists saying, "Look, as you [...] might have read in the press, you're now allowed to incorporate and form a limited company. If you want any further information, come back to us and we'll do you an appraisal to see what's involved".'*

(Accountant, medium business advising micro sized employers)

Sales and marketing teams from medium and large intermediaries were described as making contact and 'drumming up' business with new employers on the back of such announcements.

*'They [employers] might read something in the Sunday papers and say "I've just read about this, what do you think about that?".'*

(IFA, micro business advising medium sized employers)

Other triggers for intermediaries contacting new clients were factors such as the employer needing the help of a particular intermediary. This commonly occurred when an employer sought investment advice from an accountant, whose details were subsequently passed onto an IFA to follow up. Furthermore, in cases where a new client had been registered with an intermediary, it was considered best practice for both parties to meet face-to-face in order to ensure solid foundations from which to build a relationship.

There were instances where employers were suggested as being significantly more likely to contact an intermediary, and these were found to be on occasions where specific enquiries were placed. Employers would mainly initiate contact for two reasons: Firstly, if a relationship had not already been established, an employer would approach an intermediary to enquire about conducting a piece of ad hoc work for them. Alternatively, for relationships that were pre-established, an employer would initiate contact because of a problem in their pension scheme or for advice on a particular issue. These included ad hoc enquiries that employers had, such as:

- employers wishing to change the parameters of the pension scheme offered; and
- scheme members wishing to retire or draw benefits from a pension scheme.

For intermediaries advising large employers, triggers for contact were seen as less defined as there would often already be a rolling dialogue between them due to the fee arrangements agreed at the outset of the relationship (see Section 2.4).

*'A lot of our work for our principal clients is an ongoing relationship anyway so we are frequently talking to one another and interacting...there is a steady cross-flow of information anyway.'*

(Lawyer, large business advising large employers)

Intermediary specific contact generally depended on the type of intermediary and the size of employer they were working for. It was common for accountants to contact employers for specific purposes such as a pending audit, or because it was the end of the tax cycle. Other intermediaries suggested that they would have regular contact with employers at fixed points in the year, such as every month or every quarter. Actuaries, IFAs and pension consultants were particularly likely to initiate contact in this way, justifying these discussions as health checks. Additionally, employers were encouraged to contact the intermediary themselves if they had any issues between these regular contact points.

*'For most of our clients we tend to meet them on a regular basis [...] so you tend to see clients [...] perhaps three to four times a year...[for anything else clients are told] if you want to have a chat give us a call.'*

(Actuary, large business advising large employers)

## 2.4 Frequency of contact between intermediaries and employers

Intermediaries reported that, at the very least, they would expect to meet face-to-face once a year. Frequency of contact varied according to the employer's desire for contact, the fee arrangements in place, the complexity of the service being provided by the intermediary and crucially, the size of employer. As such, intermediaries suggested that larger, more profitable employers were generally prepared to pay more to receive a greater frequency of contact, particularly face-to-face.

*'Some are quarterly, some are half yearly, some are just yearly. I make sure I see everybody at least once a year.'*

(IFA, micro business advising medium sized employers)

The frequency and type of contact between an employer and intermediary largely depended on the employer's attitude towards fees. Intermediaries indicated that as larger employers were generally more profitable, they were more willing to pay for greater degrees of face-to-face contact. Smaller employers that were not as profitable and had a lower budget would commonly have an agreement in place with the intermediary stating that there would not be considerable levels of face-to-face contact.

*'Clients who want to keep the fees to an absolute minimum, say, you know, "we only want to see you perhaps once a year"<sup>9</sup>, because obviously we charge more if we go to more meetings. Clients, who you know, have a bigger budget for this sort of thing, will quite happily have four or five meetings a year.'*

(Actuary, small business advising large employers)

Larger employers often had in-house staff who were knowledgeable about pensions and much of the day to day administration of the scheme would be managed on the employer side rather than by the intermediary. This was in contrast to the situation for small, and especially micro employers, who relied on the intermediary to administer the scheme.

Micro and small employers received fairly frequent contact by e-mail or letter which was often in the form of a newsletter or bulletin. This was regarded as the most cost effective method which would not place much of a financial burden on employer or intermediary. However, intermediaries were not adverse to providing general information on a pro bono basis for employers. However, this tended to be unspecific information rather than anything detailed that could be deemed as advice and would need to be followed up in writing, an activity for which intermediaries would always charge a fee. Therefore, when intermediaries did provide services for free, they would be offered only on the understanding that they did not involve considerable amounts of additional unpaid work.

*'[For] some clients [pro bono and/or paid for contact are] more often, and [for] some it is less frequent. It really depends on how complex their situation is.'*

(IFA, large business advising large employers)

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<sup>9</sup> Annual contact such as this had a tendency to occur at the end of the tax or business year. However, it could also be triggered by an annual event such as an review, audit or evaluation. See Section 2.3 for a discussion of triggers for contact.



### 3 Relationships and communication between intermediaries and employers

Strong relationships between employers and intermediaries are an important factor in ensuring that intermediaries deliver information and advice that employers can be confident in. Building confidence through the employer/intermediary relationship helps intermediaries to reduce any potential resistance, from the employer, to the advice that they offer. This chapter explores the interaction between intermediaries and employers from the intermediaries' perspective. Specifically, it discusses the basis for strong relationships between employers and intermediaries and the influence that intermediaries perceive they have with employers. The chapter concludes by discussing the methods which intermediaries consider to be effective when communicating with employers.

#### **Key findings**

- The beginning of a relationship between an intermediary and employer usually involved face-to-face contact as this facilitated rapport and improved the efficiency of exchanging information. This led to a better shared understanding and a greater degree of trust.
- The key factor in building a relationship was employer confidence in the intermediary to understand the employer's business and to give appropriate advice based on this understanding.
- A further three factors were found to influence relationships – the profitability of the employer's account; the corporate value of the account; and the potential to gain further work.

(continued)

- A strong relationship helped intermediaries to gain status as a trusted adviser and increased their influence with the employer. Furthermore, strong relationships also enabled an open dialogue to exist between intermediaries and employers, allowing them to be honest about the issues they dealt with.
- Face-to-face; written; telephone and e-mail methods of communication were all used frequently by intermediaries in one-to-one relationships with employers. The method of communication depended on: the stage in the relationship; the product or service being offered; the complexity of the issue under discussion; the time available; and the value of the employer to the intermediary.
- Other, less common methods of communication such as: workshops; forums; seminars; webinars; newsletters; and websites were used to relay information to multiple employers.

### 3.1 The basis of a strong relationship

Employers depended on the intermediary to give professional, expert advice on issues, including pensions, that they did not fully understand themselves, but which may have had a significant impact on their business. Therefore, the key element of success in any relationship was the employer's level of confidence in the intermediary to both understand the nature of their business and to give them the appropriate advice based on this understanding.

Intermediaries demonstrated this 'client focus' by agreeing relationship and service standards in advance, having regular meetings (often at clients' offices), scheduled 'relationship building' meetings and social events. They also conducted an assessment or a 'fact find' at the beginning of the relationship to ensure that they fully understood the employer's business and their needs.

*'I think the way you build relationships [is] by genuinely having the client's best interests at [heart]. You regard them as [...] people you want to help and [...] think "well what sort of advice would I want if I was in their shoes?".'*

(IFA, small business advising medium sized employers)

From intermediaries' point of view, it was imperative that employers were confident that they were capable in their field of expertise and possessed the appropriate knowledge of the products and services they provided.

It was also important that employers were confident that chargeable time would be used effectively. Additionally, it was necessary for employers to be confident that intermediaries would not overcharge for products and services and that they could rely on them to be correct. Regardless of the type of intermediary, size of the employer or the industry in which the employer worked, having confidence in the intermediary was a central factor for building and maintaining relationships.

*'The expectation is, at the very least you should be able to be trusted enough that they'll rely on whatever it is you're saying legally.'*

(Lawyer, large business advising large employers)

Intermediaries and employers needed to be able to 'get on' in order to build and maintain successful relationships and building rapport was important, particularly for small intermediaries and small employers as these relationships tended to have a greater personal element to them. However, personal rapport still played a significant role in relationships between large intermediaries and employers with good rapport helping to achieve the best results for both parties.

*'A lot of it comes down to personality. You can have three different clients and three different lawyers and each interaction will be unique, so I might get on and work very well with Mr. A but for whatever reason it might not work so well with Mr. B...'*

(Lawyer, large business advising large employers)

Reputation was an important element in building and maintaining relationships, particularly in the earlier stages. Relationships between employers and large intermediaries were often initiated by employers solely on the basis of corporate reputation. Employers would be aware of certain firms because they worked for high profile employers and were, therefore, regarded to be key players in the marketplace. This was particularly true for accountants and pension consultants.

*'A large part of what we trade on is our reputation.'*

(Pension consultant, large business advising large employers)

Where intermediaries had a good reputation among existing clients for producing quality work this could provide other employers with the confidence they needed to decide whether to work with them. This was particularly important for intermediaries from micro or small companies who had little or no corporate reputation which they could rely on.

### 3.2 Intermediaries influence

Intermediaries felt that employers regarded them as experts in their field and so were willing to act upon their recommendations. All intermediaries perceived that the services they provided to employers influenced the decisions they made.

*'That's the role that we fulfil and that's why clients employ us, because we are experts in these areas, as I say if they won't follow the advice then they might as well save their money.'*

(Actuary, large business advising large employers)

However, there was a relationship between the level of influence and the size of the employer, with intermediaries considering that they had a greater influence over smaller employers. Intermediaries often found the advice given to small and

micro employers as more influential because the employer was less knowledgeable and the intermediary was regarded as the primary adviser. Furthermore, smaller employers did not have specialist pension teams, and often, the advice of the intermediary would be very influential in decisions made. As employer size increased, not only was there better knowledge and increasingly specialised staff who dealt with pension-related matters in-house, but also an increasing range of other external advisers which the employer could afford to draw upon. Intermediaries reported, therefore, that as employer size increased there was an increasing tendency for employers to value advice from a variety of sources.

*'I think it is influential. There are a number of situations in pensions, where they're actually getting advice from, you know, the actuary, the lawyer... maybe an investment adviser... So they're actually getting advice from all sorts of places and you don't quite know, they're sort of bringing that into an amalgam.'*

(Lawyer, large business advising large employers)

In companies with large numbers of employees, the pension manager often became the main contact point for the intermediary. In these situations the pension manager would become the main influencing factor on the employer, with the intermediary having to negotiate with this individual in order to have any impact.

As mentioned previously, the strength of the relationship between the employer and intermediary also affected the degree of influence the intermediary was felt to have. Intermediaries who had longstanding relationships with employers, and had good personal rapport, were more trusted. It was found that these intermediaries often had more influence even as employer size, and consequently their knowledge, increased.

*'This is a matter of relationships, the fact that I'm still helping some schemes you know 8, 9 years on means that [...] they value my advice and will listen.'*

(Pension consultant, small business advising all types of employer)

### 3.3 Key factors influencing how intermediaries perceive relationships

There were a number of factors which influenced intermediaries' perception of different employers and their willingness to invest resources in developing these relationships. Many of these factors were akin to many business situations across the board in that they centred on the prospect of creating extra revenue for the intermediary's company.

For example, intermediaries working with employers of all sizes invested more time and effort in an employer if they were perceived to be more profitable than others. Additionally, by managing accounts for well known employers, intermediaries felt that they could gain exposure and improve their reputation.

The employer's industry sector was also an important factor affecting the perceived value of an account for intermediaries. In particular, those who worked with medium and large sized employers stated that there were specific sectors which they considered to be less profitable in terms of pension provision.

In one example, a large accountancy firm suggested they would not work with employers from the retail, care or hospitality sectors due to employees in these industries having little or no interest in a company pension. These employers were less profitable than other white collar sectors, not only because the amount invested for each scheme member would be lower, but also as there would be a lower proportion of potential trustees prepared to invest a proportion of their earnings into the pension scheme. Therefore, the amount of paid work or commission that was generated for intermediaries through the scheme was less, irrespective of whether members were investing directly into a scheme or indirectly via the intermediary.

*'We cover all industries, although we have tended to focus away from certain types of industries, predominantly hotels and large retail organisations or small retail organisations, care homes, they are areas which are predominantly characteristically low paid, part-time females, the types of workers who don't tend to engage in pensions, because we have found that they are not a particularly profitable area.'*

(Accountant, large business advising medium sized employers)

The methods which intermediaries used to establish relationships also helped them to identify the potential for further work. Fact finding sessions undertaken at an early stage in the relationship were used as an opportunity to gather information on other areas into which the intermediary could potentially sell their services. For example, a medium sized accountancy firm advising medium sized companies on taxation issues would suggest the pension products of partner agencies as a vehicle for more effective tax relief. The accountant could then work or liaise with the IFA in terms of the customer's tax capacity. Therefore, if there was the potential for cross selling additional services, the intermediary would strive to go above and beyond what was required in order to ensure that the employer had confidence in their abilities.

*'If they are confident that you're doing the right thing for them, then they will ask you generally to do more for them, or to take you more into their confidence about other matters.'*

(Accountant, small business advising small employer)

### 3.4 Effective interaction

Strong relationships were key in leading to effective interaction between intermediaries and employers. As discussed in Section 3.1, understanding the employer and their needs was vital in establishing a good relationship. Independent financial advisers (IFAs), pension consultants and actuaries working with all sizes of

employers conducted fact finding sessions in order to accurately establish needs and used this as a basis for any information and advice given.

By identifying the employer's needs early in the relationship, the issues were clear for both employers and intermediaries from the outset and provided a solid foundation of information from which to work. Without understanding the employers in this way, intermediaries typically found it more difficult to interact with them, to know what information they required or would be interested in.

Intermediaries who advised small employers found that the cost of their services could impact on their interactions. In order to ensure that future interactions were effective, it was important to ensure the employer was both fully aware and happy with the cost of the services at an early stage.

The provision of accurate and timely information and advice was also suggested as a contributing factor to effective interaction. If the information given was tailored for the employer, and delivered at an appropriate time, then this would help to increase the employers' level of confidence in the intermediary.

[The factors contributing to effective interaction would be] *The client being satisfied number one with the promptness of the advice that is given, the manner in which it is given and obviously the accuracy of the advice which is given.'*

(Accountant, small business, advising small employers)

It was also important that there was regular contact between intermediary and employer and that the intermediary was proactive in alerting the employer of any important issues which may affect them, such as changes in legislation. Pension consultants in particular thought employers appreciated being kept abreast of any legislative developments in relation to their pension requirements.

There was also the need to communicate effectively when contact was made. Intermediaries would need to adopt certain strategies to deal with each individual employer so that misunderstandings were minimised.

Being more at ease led to greater honesty in a relationship, making discussions easier and allowing the intermediary to be frank with the employer leading to a higher likelihood the intermediary would offer the appropriate information and advice, irrespective of how difficult the employer may find this to accept.

*'We just have to face up to the client, "look we've made a mistake here, we'll try and fix it". But as long as you are open and honest with the clients and don't try and hide it, it's usually okay.'*

(Accountant, small business advising small employers)

Communicating with an employer at their level and using language that was understood, helped intermediaries working with smaller, less knowledgeable employers. On occasion, this would mean meeting face-to-face to discuss something rather than using indirect methods, which could lead to ambiguity.

*'Personally, I've always found that just being able to communicate with people at their level helps. Understanding where the clients are coming from [...] and trying to meet them really.'*

(Accountant, small business advising medium sized employers)

### 3.5 Communication methods and effective interaction

Face-to-face, written, telephone and e-mail were the methods which intermediaries perceived to be the most effective to communicate with employers. Irrespective of the size of the employer, all four methods were commonly used in combination with one another by all types intermediaries.

Deciding which method to use was based on a reflection of four factors: the **stage of the relationship**, or the service that was being offered; the **importance and complexity of the issues** under discussion; **time available** to each party and; the **value of the employer** to the intermediary.

Intermediaries not only considered the employer's preference but also their willingness to pay when deciding on which communication methods to employ. Intermediaries and employers were prepared to invest in face-to-face meetings to explain complex issues and intermediaries felt that employers could benefit from the deeper understanding that face-to-face contact offered.

The method of communication used would be influenced by the stage of the relationship, with the early stages utilising more face-to-face contact and subsequent contact tending to be by e-mail and telephone. However, unsurprisingly when an employer was located in a geographically remote area or had very limited time, telephone or e-mail methods were relied upon.

#### 3.5.1 Face-to-face communication

Face-to-face contact allowed the intermediary to assess how well the employer understood the details of any information and advice they provided.

*'[...] you might find for newer clients that we'd have more face-to-face meetings, just because until you've built a relationship with someone, you don't necessarily quite know how to word things, or what sort of format they [understand].'*

(Pension consultant, large business advising large employers)

Face-to-face contact with a single employer tended to be tailored to the employer's needs and take the form of a traditional meeting. Here, discussion focused on tasks such as reviewing or discussing accounts and arranging, or advising, on a new pension scheme or evaluating an existing one. Face-to-face discussion with more than one employer at a time centred on generic information to employers on issues such as changes in legislation and was delivered by seminars, conferences, presentations and workshops.

The decision to use face-to-face communication also depended on the nature of the product or service being offered. Certain services required that the intermediary and the employer meet face-to-face. For example, actuaries, lawyers and pension consultants considered that trustee meetings would always have to be conducted face-to-face because, in order to have a satisfactory dialogue, trustees needed to be present.

*'There are times when you'll need more than one person round the table so, although we use you know, conferencing and things like that it's sometimes simply easiest to get everyone in one place to discuss. And, so there's certain fixed things that you have to have face-to-face contact – trustee meeting, for example...'*

(Lawyer, larger business advising large employers)

Similarly, accountants who were reviewing accounts and IFAs who were arranging pension schemes both thought that these tasks had to be completed face-to-face.

*'There are some things you can do over the phone [...but] I would never arrange a pension for a client without a face-to-face meeting [first].'*

(IFA, small business advising small employers)

Small and micro employers in particular did not always have time to meet intermediaries face-to-face as their involvement in the day-to-day running of the business often restricted the amount of time they could spend on other issues. In these instances employers preferred to use the telephone or e-mail in order to communicate with the intermediary as this still provided the immediacy of face-to-face meetings but without placing such a burden on their resources. Taking time out to meet face-to-face with an intermediary was not always practical. Additionally, small and micro employers were said to find the costs of these meetings prohibitive. A fuller discussion of telephone and e-mail communication methods can be found in Sections 3.5.3 and 3.5.4.

Large employers that could not find the time to meet face-to-face with large intermediaries (commonly due to reasons of geographical distance) had conference call facilities available and these were used to compensate for face-to-face meetings.

*'Because our clients are scattered all over the world [...] it tends to be more conference calls than anything in that scenario, so you don't tend to have that many face-to-face meetings generally.'*

(Lawyer, large business advising large employers)

For employers that were particularly profitable, it was suggested that intermediaries would want to make them feel valued and would attempt to maintain a strong relationship, in order to sell further products and services, by offering frequent face-to-face meetings.

### 3.5.2 Written contact

A range of intermediaries of all sizes working with a variety of employers used written methods to communicate. Outputs such as reports and technical notes were drafted for employers. In other instances, intermediaries suggested that written communication was used to follow up all forms of verbal communication, such as face-to-face meetings and telephone contact. However, it was found that the writing of letters and memos was generally being replaced by e-mail contact, except where an employer did not have e-mail access or had specified that they would prefer to be contacted in writing.

Intermediaries reported that they would use written communication to ensure that the employer had a documented source of work conducted that they could refer to if necessary. As a result of the financially sensitive nature of a lot of the intermediaries' work, these documents were frequently necessary to meet employers auditing and quality control requirements. It was also outlined that written outputs and documenting verbal conversations in writing was important to ensure clarity and understanding between the intermediary and the employer.

*'Reports, recommendations yes. So that there is a clear understanding of what it is that is being recommended and pros and cons [...] we have to justify that recommendation. That is all done in writing.'*

(IFA, small business advising micro employers)

### 3.5.3 Telephone communication

By the time the relationship had been established, employers tended to be familiar with the issues and telephone communication helped intermediaries and employers exchange information quickly and effectively. Commonly, telephone communication was used for discussing scheme member queries; ad hoc enquiries; arranging meetings and less commonly, to hold conference calls.

*'A phone call is clearly a quick way of giving advice, but it's entirely up to the clients, they have their preferred [...] methods of communication.'*

(Actuary, large business advising medium sized employers)

Telephone contact between intermediaries and employers was generally the preferred method for discussing minor issues. This was a benefit for both intermediary and employer as it meant that neither party spent time trying to inefficiently resolve an issue.

*'As I say to many clients, I would rather you pick up a phone to me and spend five or ten minutes on the phone and save yourself worrying for a few hours and also perhaps save yourself making a mistake and I won't necessarily charge for a five or ten minute telephone call.'*

(Accountant, small business advising small employers)

Large firms of lawyers working with large employers, often overseas, anecdotally suggested that conference calls occupied a large proportion of the contact they had with employers as it was cheap and quick. However, when providing regulated advice, telephone calls had to be written up and documented by the intermediary to ensure that there was no ambiguity around the information or advice given. In these instances the intermediary preferred using e-mails for their convenience and immediacy.

### 3.5.4 E-mail communication

E-mails were generally used after a relationship had been established and the business needs of the employer assessed. E-mails were used by intermediaries and employers as a quick and inexpensive way of interacting with each other. Typically, e-mail was used for a variety of employer specific purposes, including general ad hoc enquiries and questions such as employers wishing to check the value of their funds; following up face-to-face meetings and phone calls in writing; sending information and website links; and easy international communication. E-mail was also used to deliver generic information to employers through e-alerts, e-bulletins and newsletters.

*'I mean, if you communicate by phone you have to write up a phone call afterwards...By e-mail you've got the question, you've got the response and it's you know, clear as to what you need to be doing.'*

(Lawyer, large company advising large employers)

E-mail was also credited by intermediaries as being an effective method of communication when face-to-face communication was made difficult due to geographical distance.

Furthermore, e-mails were a preferred method of communication with small employers who were busy with the day-to-day running of the business. Where employers felt they did not have the time to be contacted by telephone or in person, e-mails gave the employer the option to communicate with the intermediary in their own time.

*'...People who are very very busy, you can't always get through to them, or they make it clear to you that they prefer to be contacted by e-mail because they can deal with it when it's next convenient for them.'*

(IFA, small business advising medium sized employers)

Despite the advantage for intermediaries in using e-mails to contact employers, there were some drawbacks which were mentioned. Notably, irrespective of size, some employers were not particularly technologically competent and therefore, simply did not like using e-mail. Other employers were said to prefer other methods of contact as e-mails could be misinterpreted. E-mail was also perceived to be more impersonal than other forms of contact and could also be regarded by small and micro employers as 'unfriendly'.

### 3.5.5 Other methods used for effective communication

Intermediaries also communicated via workshops, forums, seminars and more exceptionally, 'webinars'. While medium and large intermediaries employed these methods more frequently, economies of scale meant that they were more cost effective if there was a large audience. However, small intermediaries did utilise these methods, albeit less frequently, to create a face-to-face dialogue with a large proportion of their client base simultaneously. No micro intermediaries said that they made use of these methods.

These other methods were employed to offer general information and advice on pensions to a wide audience of employers, especially among lawyers and solicitors from large companies and small accountancy firms. These methods would typically be used when there was an issue which affected many employers, such as a change in legislation (see Section 3.5.1). Following these methods of communication, employers could pursue an issue specific to their own business.

*'We run seminars for clients and they come along to them...we get anywhere between 30 and 150 people coming along to a seminar...we tell them about new developments in particular areas...and then some of them will contact us later and say we've got to the stage now where we are thinking about it and can we come and talk to you.'*

(Accountant, small business advising small employers)

While intermediaries did not suggest that they promoted their websites widely amongst their client base, if employers wanted to know about an issue, or were just interested in a particular subject, and some relevant information existed on their website, intermediaries would direct employers to this for further clarification, where appropriate.

*'If there's a particular area that we think is particularly worthwhile for the market then it would be placed on the website, but that tends to be for the public generally to look at, rather than specifically targeting communication to any particular clients.'*

(Accountant, small business advising medium sized employers)



## 4 How intermediaries source, evaluate and share information

This chapter considers where intermediaries source information both generally and with respect to pensions and their preferred ways of accessing and receiving information. It explores both how they rate various sources and channels, and evaluates the content of such sources. Finally, it describes how intermediaries share information with fellow professionals.

### **Key findings**

- Intermediaries demonstrated a strong willingness to access information through the internet and via electronic means. This was because they were generally considered to be an efficient way to source and locate the desired information.
- Information was also sourced through 'research networks' made up of groups of other intermediaries and financial professionals. For large and medium sized intermediaries these tended to be made up of individuals from within the company. For micro and small intermediaries, these were comprised of groups of professionals external to any one organisation.
- Preferred web-based sources for accessing pension-related information included Government departments and public bodies, such as the Department for Work and Pensions (DWP) and Personal Accounts Delivery Authority (PADA), and those from financial publications, such as FT.com, because they were considered trustworthy and easy to understand – although not universally user-friendly.

(continued)

- Information was commonly quality checked before being sent to employers, often via multiple sources. Larger intermediaries tended to have more stringent quality control processes in place.
- Intermediaries, particularly larger firms advising larger employers indicated that they were already proactively seeking information on the workplace pension reforms.

## 4.1 Online channels and sources

The internet was used by all types of intermediaries in order to gain information on pensions. Government department websites were suggested as being used to gain up to date information quickly and efficiently. DWP, Her Majesty's Revenue & Customs (HMRC) and TPR were used regularly as sources of information by all types of intermediaries.

The websites of public bodies, such as PADA and the Pension Protection Fund (PPF) were also named as sources for gaining information on pensions, albeit less frequently than those of Government departments overall.

Generally, different intermediaries used Government department and public body websites for similar reasons, although it did become apparent that some intermediaries used certain websites for specific reasons. Notably, independent financial advisers (IFAs) commonly used the HMRC website to check the Pension Scheme Manual, and the TPR website for regulatory guidance, while lawyers and solicitors commonly visited the PPF website to consult its code of practice.

Intermediaries offered a range of views on Government department and public body websites as a source of information on pensions. Generally, websites such as DWP, HMRC and The Pensions Regulator (TPR) were suggested as being trustworthy and authoritative and were described as quick and efficient at returning information.

*'I mostly use the DWP website, I would use it for looking up consultations which are easy to find, and press releases are easy to find, sometimes for looking up like, you know, social security information and benefit information, that's normally quite easy to find.'*

(Actuary, large business advising large employers)

However, intermediaries also felt that these websites could have been improved. In particular, the search engine function on all of these websites was criticised for resulting in too many matches for specific searches, often rendering the list of matches too long to be searched manually. Conversely, intermediaries also suggested that at other times they would not find any matches to phrases or documents.

*'The DWP website is an absolute horror, it's badly designed and the search engine is atrocious [...] it's one of those search engines where if you're looking for one thing specifically it will either find nothing or it will find 5,000.'*

(Lawyer, large business advising large employers)

Furthermore, intermediaries also felt that key documents such as press releases were also hard to find on the DWP, HMRC and TPR websites. It was felt that these were often 'hidden away' behind or beneath other documents that were considered to be less important. The TPR website was particularly criticised for 'hiding' documents and for replacing and updating documents without informing the reader.

There were other sources that were likely to be used by most types of intermediaries, including FT.com, BeeLines<sup>10</sup> and various pension fund websites. Some sources were only used by particular intermediaries. For example, actuaries were the only group to use the Institute of Actuaries' website. These sources were usually so profession specific that the information they contained on pensions was only appropriate for use by a particular type of intermediary. Table 4.1 outlines the media and industry professional websites that were used by specific types of intermediaries.

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<sup>10</sup> BeeLines, developed by Steve Bee of Scottish Life are free podcasts and written blog entries on pensions and pension-related issues. BeeLines are available to read or download at <http://www.scottishlife.co.uk/scotlife/Web/Site/bee/bee/beehome.asp?nostats=t>

Readers should note that 'BeeLines' are no longer being produced, although the BeeLines archive is still available at the above web address.

**Table 4.1 A non-exhaustive list of media and industry professional internet sources which were spontaneously mentioned as being used by intermediaries**

Source	Intermediary usage
FT.com	Accountants, actuaries, IFAs and pension consultants
BeeLines	Actuaries, IFAs and pension consultants
PPF	Pension consultants and lawyers
PADA	Pension consultants and lawyers
Towers Perrin <sup>1</sup>	Accountants
Accountancy Age	Accountants
Institute of Chartered Accountants in England and Wales	Accountants
Institute of Actuaries	Actuaries
Association of Consulting Actuaries	Actuaries
Pensions World	IFAs,
Money Market	IFAs
Simply Biz	IFAs
Association of Pensions Lawyers	Lawyers
Butterworth's/Tolley's	Lawyers
Society of Pension Consultants	Pension consultants

<sup>1</sup> Now known as Towers Watson following the coming together of Towers Perrin and Watson Wyatt.

In addition to websites, intermediaries also used e-mail bulletins, alerts and newsletters to keep themselves informed of pension developments. Intermediaries obtained these e-mails by subscribing to them through websites such as those previously mentioned, although they were also said to be accessed through subscription databases (see below). E-mails of this sort were most commonly received from Government departments such as HMRC, industry press websites and other intermediaries commentating on pensions, such as Scottish Life's Steve Bee<sup>11</sup>. Some intermediaries used these regular e-mails as gateways to access further information available on other websites via hyperlinks. Occasionally, small and micro intermediaries would use only these e-mails as sources, as they offered small sound bites of information with links to other websites for further explanation. All sizes of intermediaries reported using e-mail information as a source, although smaller firms tended to use them more regularly.

<sup>11</sup> BeeLines has since ceased producing new commentary. An archive of postings can be found at: <http://www.scottishlife.co.uk/scotlife/Web/Site/bee-hive/bee-hive-home.asp?nostats=t>

*'I get a daily e-mail from [Steve Bee] often link[ing] you back to the Government Websites so you can get a lot of feed about what's going on.'*

(IFA – small business advising small employers)

Intermediaries thought that e-mail bulletins were a good source of information as they included summaries of the main pensions stories with links to further information and were quick to access and came from known sources, such as Government departments and public bodies which were seen to be trustworthy as they closely reflected current legislation. Other trustworthy sources were deemed to contain a large degree of knowledge and expertise on pensions and other financial products and services.

Online subscription databases such as Pendragon Perspective, Tolly Aries and Pension Profiler were generally used by intermediaries working with medium and large employers. These databases were described as a good source of information as they were efficient, continually updated and easy to use.

*'Perspective, which is basically a sort of pensions, well mainly pensions regulations system, so it's a data base of [...] Acts and Statutory instruments, and includes other stuff like HMRC manuals, you know, DWP [pension scheme contracting out] CA [Contributions Agency]<sup>12</sup> manuals, you know, things to do with contracting out, and all that kind of stuff, and also newsy items, so that's quite a good source of information.'*

(Actuary, small business advising large employers)

#### **4.1.1 Preferred channels of information online**

Intermediaries commonly preferred using online channels, such as websites, e-mail bulletins and subscription databases, to source information. Online channels enabled intermediaries to choose where to source the information from, due to links provided through these online channels, which allowed them to study a variety of sources. Additionally, online channels allowed intermediaries to check one source against another to verify the information being given.

Online channels were also widely regarded as the most efficient way to access and deliver the information that intermediaries required. Using both internet and subscription database search engines allowed intermediaries to quickly and conveniently search a range of sources for information on particular topics. Being user friendly, in that they were simple to use without any prior training and being easily navigable, with searches resulting in accurate results were other key benefits of using these search facilities. There was no data to suggest that online sources themselves were assessed for their quality. However, information which may have been sourced from online channels was, on the whole, quality checked before being disseminated to clients (see Section 5.1).

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<sup>12</sup> CA manuals, leaflets and booklets are sources of information issued by DWP in relation to contracting out pension schemes.

Online channels, such as the internet, e-mail bulletins and subscription databases enabled access to a large amount of information. Intermediaries who were seeking information on particular topics, such as Pensions 'A-day'<sup>13</sup>, for example, commonly used search boxes to navigate through the wealth of information available through online channels. Intermediaries who advised medium and large sized employers and who had greater financial resources preferred to use subscription databases such as Perspective to get relevant, easy to find information, quickly, with links to original sources. Smaller intermediaries who did not have access to such databases preferred e-mail bulletins and internet searches as these performed a similar, albeit less detailed, function.

*'[Perspective] gives you access to all the legislation and case reports and so forth via your screen on your desk, it is very efficient and works very well on the whole, it is not cheap but it works well.'*

(Lawyer, large business advising large employers)

## 4.2 Industry press channels and sources

Despite the widespread use of online methods, hard copy industry publications were also used to gain information. Intermediaries working with a variety of employer sizes used trade press publications that were specific to their field. For example, accountants used material published by the Institute of Chartered Accountants in England and Wales and actuaries made use of publications from the Institute of Actuaries, such as *The Actuary*.

However, there were journals, magazines and textbooks<sup>14</sup> which crossed the boundaries between intermediaries, with *Money Marketing*, *Money Management*, *Financial Adviser*, *Pensions World* and *Pensions Weekly* all important sources of information for accountants, IFAs, lawyers and pension consultants and to a lesser extent, actuaries. Table 5.2 outlines a list of industry press publications spontaneously mentioned by different intermediaries during the research.

*'And then there's the press, the pensions press, we've got Pensions World, Pensions Weekly, Financial Adviser, Money Marketing...all sorts.'*

(Pension consultant, large business advising medium sized employers)

<sup>13</sup> 'A-day' was the term given to 6 April 2006, when pensions reforms based on the Pensions and Finance Act 2004 were implemented.

<sup>14</sup> Intermediaries did not cite which textbooks were used as sources of information when interviewed.

**Table 4.2 A non-exhaustive list of industry professional and trade press publications spontaneously mentioned as being used by intermediaries**

Source	Intermediary usage
Financial Times	Accountants, actuaries, IFAs, employee benefit consultants and pension consultants
Money Marketing	Accountants, IFAs, employee benefit consultants and pension consultants
Financial Adviser	IFAs, employee benefit consultants and pension consultants
Pensions World	Lawyers and pension consultants
Pensions Week	Lawyers and pension consultants
Money Management	IFAs
Advisor	Accountants
Model Advisor	Accountants
Accountancy Age	Accountants
Accountancy	Accountants
Taxation	Accountants
The Actuary	Actuaries
Independent Advisor	IFAs
Financial Planner	IFAs
Pensions Management	Pension consultants

### 4.3 The value of face-to-face channels and sources

When seeking information, intermediaries found value in a range of different face-to-face sources. Seminars, which were favoured by IFAs, pension consultants and actuaries were regarded as a way of both gathering new information and sharing existing information with other intermediaries. Seminars, and similar 'working groups' would either be initiated by an intermediary or would be arranged by industry representatives, such as pension providers the National Association of Pension Funds (NAPF). The most frequent topics of discussion were pension developments and changes within the industry. Seminars were noted as a particularly good way to meet other intermediaries and share information (see Section 4.6).

Conferences were also used as a means for gathering information on pensions. Conferences were generally larger in size than seminars, with more delegates attending and the time an intermediary attended being longer, often for a whole day or more. Pension consultants, accountants and actuaries attended conferences, such as those run by the NAPF, to learn about developments in the industry. Conferences provided intermediaries with the opportunity to attend lectures given by different speakers as well as to discuss issues informally with their competitors. This provided intermediaries with a chance to obtain alternative views on developments in the industry and to exchange information and build networks with other intermediaries.

*'A lot of it is also incurring of information attending these meetings and meeting people who are in a similar field, similar approaches, and talking and exchanging notes, networking.'*

(Pension consultant, micro business advising all sizes of employers)

Intermediaries also participated in training courses. Junior intermediaries in particular attended training courses for exams they were taking, but more experienced individuals also undertook training in order to keep up with the developments in their field. There were specific training courses designed for different intermediaries arranged by their relevant professional body.

#### 4.4 Preferred sources of information

Different intermediaries used different sources for different purposes but they evaluated each source with three criteria in mind: Firstly, the source needed to be **trustworthy** and the intermediary needed to have confidence in it. A source was generally valued if it was both authoritative and perceived as reputable. Trusted sources also included those that had previously delivered satisfactory results, such as information provided by another intermediary. Paid for sources were also valued such as a specialist pensions IFA for accountants and, more widely, subscription databases.

Sources also needed to be **convenient** to use in that information could be easily gained without too much effort on the part of the intermediary and relatively **easy to understand**, although this largely depended on the depth of knowledge the intermediary already held.

Information from Government departments and public bodies was considered as reputable and trustworthy by those who used them. This was due to the authoritative reputation of the organisation from which the information came. Sources such as DWP, HMRC, Her Majesty's Treasury (HMT), Financial Services Authority (FSA) and TPR were regarded by intermediaries as providing information that was both precise and trustworthy as these were perceived to be the organisations that influenced and made decisions around pensions.

*'Anything produced by the DWP, the Treasury, the Pensions Regulator, you take that as fact...so yes there are some that I would say are more trustworthy.'*

(Pensions consultant, small business advising small employer)

DWP and HMRC were consistently mentioned by all types of intermediary. However, there were differences between intermediaries regarding what other sources they trusted the most. Intermediaries who advised large companies frequently mentioned TPR as their most mentioned trusted source, citing its authority and objectivity as a reason why it was preferred. However, those working with medium or small sized employers preferred HMRC as information from this source was considered to be consistently reliable.

*'...DWP and the Government, the Pensions Regulator, the Board for Actuarial Standards, the Institute and the profession and their own technical teams, those would be our sort of top tier of reliable trusted sources.'*

(Pension consultant, large business advising large employers)

## 4.5 Tailoring information to an employer's needs

All intermediaries evaluated and assessed information from sources according to each individual employer's needs. Efforts were made to make sure that any information supplied to an employer was appropriate to their business needs and would be understood. Information was, therefore, tailored to a client's needs and explained according to the level of knowledge held by the employer.

*'...what I'm concerned about is whether the information is what they need to know, it's appropriate to their particular needs.'*

(Pension consultant, micro business advising all sizes of employer)

Intermediaries who dealt with small and micro employers often found that the information sourced was not always as relevant to their clients. Information was therefore evaluated and provided on a 'need to know' basis, with technical issues which the employer neither understood nor wanted to know being omitted by the intermediary. Intermediaries who advised smaller employers who were generally less knowledgeable needed to explain in simple terms what their advice was, avoiding any ambiguous language. It was suggested by intermediaries working with smaller employers that such advice would commonly be written up formally and then followed up verbally to minimise any ambiguity or misunderstandings.

Overall, it was suggested that the information provided was tailored to the perceived level of knowledge of the employer.

*'It is about understanding what the client's needs are and just filtering out all of the unnecessary information and relating simply that which is appropriate to what the client's needs are.'*

(IFA, small business advising micro employers)

### 4.5.1 Quality checking of information

Most intermediaries quality checked information before passing it on to an employer. The value of quality checking information was to ensure that employers were always given correct and appropriate information. Intermediaries thought that passing incorrect information could lead to a damaged reputation, loss of trust and fines from the FSA. Those intermediaries who did not have quality checks in place came from small firms and assumed that the information was bona fide if it had been taken from a reputable source, such as DWP. These intermediaries did not have the resources in place to enable complex internal reviewing systems.

*'We're assuming that okay, if somebody's providing information...if it's a government department or it's [large pensions provider name omitted], or it's a firm that we have dealt with before, then you would expect to be able to rely on that information.'*

(Accountant, small business advising micro employers)

However, larger intermediaries working with medium and large sized employers tended to quality check information before disseminating it to employers. There were three main methods of doing this.

Going back and **checking the core source** to ensure that the information received was correct was one such method. When information had been given by a non-Government source, such as the industry press or a fellow intermediary, a core source would be checked to verify the original source. DWP, HMRC and TPR were mentioned as 'core sources'. This was an inexpensive method commonly used in conjunction with other quality checking methods.

*'Before we went anywhere with the client, we would always check the core source. We don't act on rumour and we don't act other than from the horse's mouth.'*

(Pension consultant, large business advising medium sized employers)

**Cross-checking** against other sources was also a way in which intermediaries became more comfortable with a piece of information before sending it out to an employer.

Where information was to be used by employers in order for them to make decisions about their pension scheme, rather than just for informational purposes, then it would always be internally peer reviewed by the intermediary's organisation. This was the case across all types of intermediaries from all sizes of organisation, although there were differences in terms of how the process was carried out. Intermediaries from medium and large firms tended to have a dedicated professional, such as a compliance officer to check such information, generally following a specified protocol, whereas smaller firms would use senior members of staff to review documents.

**Performing an internal review** according to a formalised company procedure, was regularly used to ensure the accuracy of formal information, which was to be used by employers to make decisions about their pension schemes. This was conducted by all types of intermediaries, and information was often double, if not triple checked by different members of staff with different levels of seniority within a firm. Information employers considered to be more important was likely to receive more senior attention. Intermediary size had an influence on quality checking procedures, with smaller intermediaries tending to have less formal processes in place in order to peer review the information they provided to employers.

*'Firms like this, were used to having a system whereby somebody does something, and another person reviews it or checks it, it's normally three levels: a doer, a checker and a reviewer.'*

(Actuary, small business advising large employers)

For larger intermediaries and those working with large employers, information was normally checked before being sent out to an employer by a dedicated compliance officer or through a peer review process. Larger firms had more resources and so could employ individuals to ensure that the information met the quality standards of the firm, as failure to provide accurate and relevant information could damage a company's corporate reputation.

*'As a basic principle most of the stuff that we do goes through three stages, it's done, it's checked and it's reviewed, so in most cases there'll be three people involved in a piece of work, a minor comment on a telephone call or an e-mail might just be two people...but nothing goes out without it being reviewed in one way or the other.'*

(Actuary, large business advising large employers)

## 4.6 Sharing information with other intermediaries

It was common for intermediaries to share information both with colleagues in their own firm and with fellow professionals working for other companies (see Section 5.3). For example, pension consultants would exchange information with lawyers and vice versa. The types of information shared varied, although it was common for information to be based around legislative and regulative changes; advice on sources from which to find further information on a given issue; and information concerning how other intermediaries had previously negotiated issues that employers faced.

When contacts were made between intermediaries working for separate companies at events such as seminars and conferences, information was often shared informally through discussions and exchanges of ideas and experiences. Some intermediaries found these kind of research networks useful for gaining information, whereas others did not, suggesting that they were merely another intermediary's 'take' on an issue. Some experienced intermediaries had built up large networks through which to share information over their careers and knew of particular individuals who could help inform them on various issues. These networks were often social, rather than professional, and consisted of other experienced and well regarded professionals.

*'I've got lots of old colleagues, ex-colleagues and things round at various other large advisory companies [...] and if I don't know the answer then I ask my friends who ask their technical teams and do all sorts of passing on of information [...] we all share.'*

(Pension consultant, large business advising small employers)

Industry colleagues were an important source of information. Intermediaries from large companies could also rely on their company's own internal research networks.

Research networks, generally within larger firms of intermediaries, were created in order to draw on the expertise and knowledge of all intermediaries in the company. These research networks tended to take one of a number of forms. In the largest firms, intermediaries would generally have in-house technical research teams or individuals to locate and source information that was either requested on an ad hoc basis or that was considered to be topical and useful for employers. Information would then be passed on internally, either through the provision of a specific document or through publication of the information on the company's intranet.

Research networks in smaller companies and in firms that did not conduct the majority of their work with pensions, comprised of face-to-face discussions between intermediaries and external specialist pensions intermediaries. If the information gained from the specialist was deemed to be of interest to others, it would be circulated via meetings, e-mail and the company intranet to the rest of the firm. Accountants in particular utilised this method of gaining information and drew a lot of their information on pensions from pension specialist IFAs. It was common for those gaining information in this way to refer employers to the specialists if they required additional information or services that their accountants could not offer themselves.

Small firms of intermediaries relied on each other as a source of gaining information on pensions. These smaller research networks provided those without the facility of large numbers of internal colleagues with an opportunity to discuss pension matters with different types of intermediaries. Discussions would most commonly take place at seminars and conferences, or through subsequent telephone calls with contacts that had been made at these events. In addition, information was also commonly circulated internally via e-mail. For intermediaries that used these smaller research networks, it was tacitly understood that as members of trade associations, sharing information was done in confidence and would not hold any repercussions for any party involved.

*'...you get to meet other financial advisers as well and you get chance to bounce ideas off each other and I think that's very important, especially when you have got a small firm like this because you don't monopolise all the good ideas. You know it's right to listen to other people and think to other people's views.'*

(IFA, micro business advising medium sized employers)

A variety of information was shared between intermediaries, both within and outside their firm. Commonly, information and knowledge about technical matters was shared between those within a given profession or trade association, and this was especially evident when the intermediary specialised in a niche subject.

Pension lawyers and actuaries working specifically with Defined Contribution (DC) schemes were a good example of this.

More widely, information on pension news items such as legislative and regulatory changes and the actions of groups such as TPR was shared between different types of intermediaries. Commonly, information was shared and the possible impacts of any changes were discussed according to the perspective of each intermediary. It was also found that intermediaries exchanged details of information sources, such as websites between one another.

#### 4.7 Key issues for Intermediaries when sourcing, evaluating and sharing information

Irrespective of the size of the intermediary or employer, there are a number of key factors, discussed in this chapter, which are of central importance for intermediaries in deciding how they source, evaluate and deliver the information provided to employers. These are:

- Intermediaries source information from a wide range of sources and are proactive seekers and sharers of information. The immediacy and ease of use of electronic methods of information delivery mean that intermediaries are enthusiastic users of web-based information sources.
- Intermediaries actively quality check information both as part of the information gathering process but also before delivering this information to employers.
- Intermediaries, particularly those from larger firms who advise larger employers, indicate that they are already proactively seeking information on the workplace pension reforms. A more detailed discussion of this topic is included in Chapter 6.



## 5 Services provided by intermediaries to employers

This chapter explores how services were delivered by intermediaries to employers. Specifically, it considers the process and methods used for delivering services, differences between how services were delivered according to the size of the employer and how specific pension advice was delivered. Additionally, the chapter outlines the extent to which intermediaries believed their services were influential for employers and the role that fees and payments played in the provision of services.

### **Key findings**

- It was common for intermediaries to deliver more than one type of service, with information, advice, guidance and assistance generally following on from one another depending on the amount of help required by the employer.
- Information was delivered to employers in a number of ways. This was either done over the phone or in a written format which could either be generic or tailored to specific requirements. By contrast, intermediaries who offered advice tended to ensure it was well documented.
- A variety of methods were used to provide information, advice, guidance and assistance to employers. However, there were three key channels which intermediaries used – face-to-face; via e-mail and in writing.
- Intermediaries all believed that the services provided to employers subsequently influenced their decisions. This was particularly the case for smaller employers who did not employ in-house experts.

## 5.1 The process of delivering services to employers

The services offered by intermediaries to employers can broadly be described as information, advice, guidance and assistance, although the boundaries between these activities were not always entirely clear. That said, intermediaries who considered that they were not authorised to offer certain types of advice<sup>15</sup> were at pains to emphasise this and that they would refer their clients on to other intermediaries with the appropriate expertise.

Information was provided to employers in a variety of ways, often verbally and commonly over the telephone. Such information would be generic in nature, for example an outline of changes in regulation.

*'Information would be more generic, legal changes, regulatory changes which may impact on what they can and can't do, making people aware of that.'*

(IFA, small business advising small employers)

Amongst intermediaries, lawyers in particular regarded providing information as unique and separate from the other services they provided. They would often proactively inform employers of any developments in legislation or regulation relating to pensions via websites, e-mail bulletins, newsletters and telephone conversations. Alternatively, employers may have heard elsewhere about a development and requested more information from the intermediary. In these instances, lawyers offered generic information at first, and if the employer requested information on how the issue would affect their business directly, they would arrange a cost for the work and then tailor the information to the employer's needs.

*'Well, the idea is that you give them some informal...don't worry about it but you know, we can have a chat about what needs to be done in relation to it...so that's slightly more formalised.'*

(Lawyer, large business advising large employers)

It was less common for generic information to be provided in writing to individual employers, as this took time and needed to be quality checked. However, an exception to this was when generic information, applicable to many employers, was provided courtesy of newsletters, websites or other documents that were widely circulated.

Regardless of how information was produced, the intermediary always needed to ensure that it was correct and appropriate for the needs of the employer as employers trusted information to be accurate regardless of whether it was provided formally or informally.

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<sup>15</sup> Intermediaries emphasised the distinctions regarding the advice they were authorised to give employers, as opposed to different types of intermediaries and commonly mentioned the regulatory framework dictating what advice they were allowed to give.

When delivering advice intermediaries were mindful of the regulatory framework around financial advice and what their own profession was authorised to offer. Intermediaries emphasised the difference between regulated and unregulated advice but the findings do not allow us to tell precisely what types of advice each profession offered as this was not a specified objective for this research<sup>16</sup>. What the findings do indicate though is that intermediaries were clear about the boundaries between professions and that each type of intermediary was different in how they defined advice. In particular, accountants were at pains to emphasise how their professional expertise was distinct from that of independent financial advisers (IFAs).

Intermediaries provided advice to an employer if information needed to be followed up with recommendations. Advice differed from information as it offered the employer a specific set of recommendations on how the information provided related directly to their business. In this way, advice can be described as information which is complemented by a set of recommendations, tailored to the employer's business. However, as noted above, intermediaries from different professions described advice in different ways, depending on their area of expertise.

Given that advice is regulated by professional associations and authorities, intermediaries indicated that the advice they delivered was carefully considered. They were aware of the pitfalls of offering unregulated advice and therefore, only offered advice to clients when they were sure they stayed within guidelines.

*'When you are advising on a financial product like a pension plan or an investment programme or something, then that's where the, that's where you need the regulation, that's where that is involved.'*

(IFA, small business advising medium sized employers)

There were differences in the nature of the advice on pensions provided by intermediaries depending on what level of advice they were authorised to provide within their professional domain. If an intermediary was not able to provide an employer with advice then another intermediary who could offer the advice would be recommended. For smaller firms of intermediaries with limited resources, employers would be referred externally but in larger companies, which had in-house capacity, employers would be referred internally. This was particularly common among accountants and IFAs who dealt with all sizes of employers.

*'Having outlined the tax aspects of it to him, I would say [...], I will have to refer you to an independent financial adviser. If he doesn't have one then I might say well we know of two or three firms who provide that type of services [...] anything in relation to the [pension plan] I wouldn't get involved because I am not authorised to.'*

(Accountant, small business advising small employers)

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<sup>16</sup> It was also not always clear what rules and regulations intermediaries were referring to when speaking of 'regulated' advice.

Guidance and assistance was given to employers if they needed the intermediary to go further than offering information and advice. By and large, this was mainly for micro and small employers. For intermediaries, guidance involved informing an employer of what they needed to do in order to implement their advice. Assistance was provided to employers that needed the intermediary to demonstrate how to implement guidance given or to completely administer a pension scheme or part of a scheme. These employers either did not have the resources or knowledge to do this themselves.

## 5.2 Differences in providing services according to employer size

Overall, the amount of servicing required by an employer tended to depend on the size of the employer and the level of knowledge held by the individual or team overseeing the company's pension requirements. As such, medium and large employers that had experience in pensions decision making would commonly just require an intermediary to confirm their thinking and to provide information assuring that a decision was in line with regulations. Generally, the smaller the employer was, the more likely they were to need guidance and assistance in making decisions or overcoming issues such as how best to approach any changes in pensions regulations. In exceptional cases, where a small or micro employer had particularly low knowledge of pension issues, it was reported that they would ask, or expect, the intermediary to do all of the work for them.

*'We are more influential with smaller firms because they do look to us to guide them much more than as you say, the large ones who will have their own views because they have got the resources and the know how to form their own views and those views with the big companies are, you know, it is formed with our input, but they tend to be much more their views.'*

(Pension consultant, large business advising medium sized employers)

Intermediaries reported that, in general, smaller employers had lower levels of technical knowledge in relation to pensions and schemes worked. They thought that these employers did not want to be bothered with the specifics of a scheme, preferring to let the intermediary take care of the detail. Thus smaller companies generally required a more thorough service.

*'The larger clients [...] they might administer the scheme in-house so they have their own team of people...the relationship you have with them can be on a completely different level to a [small employer with a] small scheme where you're just talking to the HR Director and the HR Director comes from a different background and has millions of other things to do with their time as well.'*

(Employee benefit consultant, large business advising large employers)

Despite this, larger companies still required information and, to a lesser extent, advice services. It should be noted, however, that variations between intermediaries and employers were evident and that the tendency for smaller employers to require greater degrees of service requirements was not a universal trend amongst all respondents.

Medium and large sized employers often had staff networks in place, where experienced and knowledgeable employees would deal directly with the intermediary. In these instances, information needs were lower but the detail required was often more extensive due to the information needs of these larger employers being more complex than those of smaller employers.

Owner operators at the smallest employers would often be liaising directly with the intermediary. These individuals had little time to spare on what they were said to perceive as administration issues and saw their most important role as running the business. As such, more assistance and hand-holding was required for these employers.<sup>17</sup>

*'Bigger clients with the in-house departments and the [knowledgeable] people [...] frequently you know they would come already thinking this is what we want, we just need you to give us the information to support our decision... whereas for the smaller clients often they just want to be told what to do.'*

(Actuary, large business advising all types of employers)

### 5.3 Providing pensions advice

Pensions advice given to employers generally centred on the provision of specific, tailored recommendations and suggestions. Advice was predominantly focused on pension investments, which schemes were most suited to particular companies and legal advice relating to these schemes, such as explaining the employer's obligations for particular types of scheme. Employers often directed questions at intermediaries that demanded regulated and documented answers, which would often form the basis of a presentation or report.

Intermediaries were aware of the existing strict regulations regarding advice. They considered that any outputs they produced needed to be based on sound knowledge, research or experience and based on a good understanding of the industry and employer.

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<sup>17</sup> The data provided by intermediaries was not sufficient to determine precisely how the level of services differed according to the type of pension scheme provided by an employer.

*'Take pensions as an example...this is an issue to be dealt with very seriously, and in doing so everything needs to be written, everything needs to be documented to ensure that they don't feel the wrath of the Pensions Regulator, and in doing so I think because of that pensions is dealt with very differently to other non regulated or non pensions related type plans.'*

(IFA, small business advising medium sized employers)

Actuaries, IFAs and pension consultants broadly followed the same process when providing pensions advice and guidance on a range of pension-related issues with each stage documented or followed up in writing. Typically, questions asked by employers at the start of a relationship would centre on investments, time frames, benefits and drawbacks of particular schemes and the stability of particular providers. Over time, more questions about increasing the efficiency of schemes and how to close or partially close a scheme would emerge.

Intermediaries also provided information and advice on other issues related to their specific fields. Accountants would mainly advise on traditional accountancy issues such as taxation and wealth management. As a key point of contact for all financial matters, IFAs provided a very diverse range of advice relating to a business from wealth management to life assurance. Actuaries mainly advised on risk and investments, offering reassurance to clients that what they were going to do was within regulatory guidelines. Lawyers and solicitors offered information on legislation and regulation and pension consultants only provided pensions' advice.

## 5.4 Methods of delivering services

Services were delivered to employers in a variety of ways. General information and advice, which was not client specific, tended to be given proactively to employers through online methods such as e-mail newsletters. These were often sent following a development, such as a legislative or regulatory change, that would affect a significant proportion of employers. Employers could then follow up the e-mail by contacting the intermediary if they needed any further information or advice.

Some intermediaries referred employers to the information on their own corporate websites (see Section 3.5.5), with the level of detail provided on a company's site generally increasing with the intermediary's size. This type of information was very general, and could often be found elsewhere online for those willing to search for it. However, intermediaries thought that their websites offered a consolidated and well signposted version of the relevant issues.

*'I mean general information that applies to all clients and pension news items...a new Code of Practice or some new regulations...we send those again via e-mail to the mailing list that we have for them, and also post them on our website, so that you can go and see all of them.'*

(Actuary, small business advising large employers)

Newsletters were deployed to alert employers to general developments and issues in the areas the intermediaries felt were relevant to them. Some smaller firms of intermediaries had newsletters written for them by a third party to reduce time spent on them. However, intermediaries were aware of their content and ensured that the issues covered were of relevance to employers they worked with. Although intermediaries indicated that newsletters were increasingly being sent electronically they were aware that some employers still preferred hard copies and so made printed versions available to them. Newsletters were considered a preferable method for disseminating large amounts of information on many topics in a concise fashion.

*'We cover a number of topics really in the newsletter that we think are relevant to our clients at that point in time so, [...] we feel [that] is a good method of delivering information to all our clients.'*

(Accountant, small business advising medium sized employers)

Intermediaries also produced written reports for individual employers in order to provide information, advice, guidance and assistance to them. Reports were written by the intermediaries themselves and were quality checked before being sent out to employers. Generally, reports were given to employers as an output and were suggested as signalling the close of a piece of work. However, it was also found that reports were submitted to employers before a job closed to allow the employer to implement any recommendations highlighted. This also gave employers time to clarify any suggestions made before acting on the advice. Commonly, reports were used for tailored and regulated advice as this needed to be documented. Examples of reports given by intermediaries included suitability reports, recommendation reports and reviews.

## 5.5 The role of fees and payments

Overall, more general information which was unregulated and easy to provide was commonly provided for free, whereas tailored guidance, advice and assistance was more complex to produce and attracted a charge.

Intermediaries working with large employers generally worked on a fee basis whereas those dealing with smaller employers tended to be paid on commission, with the commission coming directly from the investment made in a pension scheme. Those involved in relationships that were fee paying had paid for a service over a set period of time, or 'by the clock', whereas commission work was commonly carried out on an ad hoc basis.

It was suggested that commission-based approaches would sometimes mean the intermediary was, in their view, underpaid for the work they conducted. For example, smaller pension arrangements entered into by small and micro employers would sometimes involve similar amounts of work to that required by a large employer. As the smaller pension would not produce as much return due to economies of scale, the intermediary could often be relatively underpaid considering the hours of

time invested. Alternatively, the intermediary could receive a relatively substantial commission from a larger employer, without necessarily putting in more hours. Intermediaries believed that an advantage for smaller employers of commission-based work was that they would often receive consultations free of charge, and not have to pay until an output was produced.

*'Like most IFAs today, whatever you read in the press, most of our clients are still commissioned based. Any meeting with a new client is without cost or obligation.'*

(IFA, small business advising small businesses)

Employers paying fees to the intermediary would commonly set a budget before work was undertaken and would outline how much information, advice, guidance and/or assistance they would expect to receive for the fee, so as to keep within a limit.

*'...there's needs and budget...they might set a limit as to how much we can bill them.'*

(Actuary, large business advising small employers)

Intermediaries maintained that they did not deliver a poor quality service for lower amounts of money. Instead, they suggested they would offer a similar service regardless of whether these services were offered on fee or commission basis. However, the client's budget would commonly affect the work undertaken and the largest employers, who had more to spend often got a more detailed service and tailored exactly to their needs.

While intermediaries stated that the advice they offered employers was of a high quality regardless revenue generated by the employer, the limited budgets available to many smaller employers did mean that the information they received was not as detailed as those provided to larger employers. Additionally, budget constraints meant that intermediaries had a tendency not to spend as much time explaining the detail, instead ensuring that the employer recognised the implications.

*'To some extent the size of the company dictating sort of potential fee levels, that might affect the level of information so if there's a potentially a FTSE 100 company or something, they've got a bigger budget, therefore, they need that detail [...] whereas if you are doing it with a small owner managed business, then potentially they just [...] need to know what are the key issues and how do I deal with them.'*

(Pension consultant, large business advising large employers)

There was an acceptance that some information and advice would need to be given for free and that this was part of building a relationship with an employer. As a consequence, there was more free information and advice given at the start of a relationship. Giving away free time demonstrated to the employer that the intermediary was client focused and this would increase the chances of a successful relationship and future work. Some intermediaries described these relationships

as 'give-take' as they would lose money at some points in the relationship and re-coup it at others.

Intermediaries also invested time and effort in long standing relationships. There was an understanding that good work led to an employer returning to the intermediary for further services. Intermediaries working with larger and more profitable employers claimed that doing additional work for an existing employer could be a valuable investment in the relationship.

*'Sometimes we will spend more time on a piece of work than we charged the client for, because we see it as an investment in the relationship...'*

(Actuary, large business advising large employers)

## 5.6 Key issues regarding services provided by intermediaries

The services offered to employers by intermediaries can broadly be described as information, advice, guidance and assistance. However, the distinctions between these services were not always clear with it commonly being recited that the boundaries between these services had the ability to become blurred.

The service requirements of employers tended to relate to the size of their company, with small and micro businesses generally needing greater degrees of input from intermediaries when being provided with information, advice, guidance and assistance. However, this tendency was not universal across all intermediaries.

Services were generally delivered to employers on one of two levels – either generically or in a tailored fashion depending on the nature of the issue. Generic services tended to be delivered to an employer free of charge, whereas tailored services were found to attract a fee.



## 6 Intermediaries and the forthcoming workplace pension reforms

This chapter considers intermediaries and the workplace pension reforms. Awareness and knowledge of the reforms is discussed, detailing why particular intermediaries had a greater knowledge of the reforms than others. The sources of information used by different intermediaries to research the reforms are outlined and perceptions that intermediaries had about how their information needs would change in the light of the workplace pension reforms are also discussed. The chapter closes by presenting intermediaries' differing views on the appropriate timings to inform employers about the workplace pension reforms.

### **Key findings**

- Overall, intermediaries were well aware that the 2012 workplace pension reforms were forthcoming.
- However, greater levels of knowledge and understanding of the reforms was found amongst intermediaries working with medium and large sized employers.
- Intermediaries did not anticipate that their preferred sources of information on pensions would change in the run up to 2012. Government and public body websites were widely cited as being preferred sources to gain knowledge on the workplace pension reforms.
- Intermediaries suggested that they would like between six months and three years before the implementation of the workplace pension reforms to sufficiently prepare themselves and their clients for the changes. However, it was generally felt that having comprehensive information one year before implementation would be ample time in which to make preparations.

(continued)

- Some intermediaries had already begun to approach and inform employers of the reforms. Generally, this tended to be those working with large employers. It was felt that they would need most the time to prepare considering the amount of employees that would be affected in their business and the business budget changes that would need to be prepared for.
- There was little evidence to suggest that intermediaries anticipated the workplace pension reforms would bring them any significant level of new business.

## 6.1 Awareness and knowledge of the workplace pension reforms

Awareness of the workplace pension reforms was good amongst all intermediaries. However, there were often variations in the levels of knowledge regarding the reforms between different intermediaries. This was most commonly related to the size of employers they worked for, with those that conducted the majority of their work with medium and large sized employers tending to have a greater level of understanding of the reforms. This was due to these employers needing a longer period in which to prepare for the reforms and, therefore, a requirement for the intermediaries who worked with them to develop a good understanding of the reforms well in advance.

As such, intermediaries working with larger employers were often more proactive in informing their clients about the changes as there was more urgency to bring these types of employers up to speed on the reforms. Companies with large numbers of employees were perceived to face a more complex process in order to be compliant with the reforms and it was believed they would need to know about the changes further in advance to ensure that they were prepared for them.

*'We are sort of perhaps leading the way...in terms of kick starting the process of considering this...that is really inviting companies who we think it would be a big issue for, so in other words, people who have got lots of employees who aren't in pension arrangements.'*

(Pension consultant, large business advising large employers)

While intermediaries that worked with small and micro employers were aware of the workplace pension reforms, they tended not to have such a comprehensive understanding as those who worked with large and medium sized employers. This was a result of the perceived shorter timescale those with fewer employees would need to implement changes.

*'It is the depth of awareness that we try to get right according to the size of the organisation...the smaller ones just assume we take care of the details, whereas the bigger ones, they want to go into detail.'*

(Pension consultant, large business advising medium sized employers)

Independent financial advisers (IFAs), lawyers, actuaries and pension consultants generally exhibited good levels of awareness of the reforms and had a broad understanding of their details.

Accountants were generally aware that reforms were forthcoming but knew less about their content. They stated that any knowledge employers had of the reforms would be sourced from pension advisers, consultants or IFAs, an assumption that was supported by IFAs and pension advisers themselves.

Intermediaries believed that the details of the reforms had yet to be finalised and were, therefore, cautious about investing too much time and effort in researching them. They also believed that offering inaccurate advice before they were finalised could reflect badly on their reputation.

The assumption that the details of the workplace pension reforms would change between now and 2012 was based on previous experience of events such as 'A-day'<sup>18</sup> where pensions legislation and regulations frequently changed before policy was officially implemented. As such, intermediaries were wary of risking their reputation and spending time and money by advising employers on reforms that had not yet been finalised.

*'The problem with pensions legislation is it changes all the time...I don't think anything is in stone yet, is it, and it's not on statute...If the DWP are asking all these questions that's great, but until there is more clarity I don't know, I can't give any advice.'*

(IFA, small business advising small employers)

## 6.2 Current sources of information used to gain information on the reforms

On the whole, awareness and knowledge of the reforms was gained from sources that were currently used to research other general pension-related issues (see Chapter 5) and larger intermediaries advising large employers had been more proactive in seeking out this information. Government and public body websites were important to intermediaries, as these were seen to be the most authoritative and easily accessible sources relating to the reforms.

*'Well it's the Government that's bringing in the changes, surely they have an obligation to make it clear to the populous what's happening.'*

(IFA, small business advising medium sized employers)

In particular, the Department for Work and Pensions (DWP), Her Majesty's Revenue & Customs (HMRC), The Pensions Regulator (TPR) and the Personal Accounts Delivery Authority (PADA) websites were mentioned as sources where information on the reforms had been located.

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<sup>18</sup> 'A-day' was a term used to describe changes in personal and workplace pensions which came into effect on 6 April 2006.

The DWP website had been used by IFAs and pension consultants in particular to proactively source information on the reforms, while pension consultants and lawyers used the HMRC website. The PADA website had been used by most types of intermediaries, albeit all from predominantly large intermediaries seeking information for large employers.

Larger intermediaries had also made use of seminars; with some having guest speakers from PADA to outline the impact of the reforms. These seminars were attended by intermediaries and employers alike and were said to be useful for keeping both parties informed of developments.

*'The stuff with the Personal Accounts Delivery Authority, attending seminars where [a PADA representative] has spoken at, being involved in professional bodies...hopefully we're very up to speed.'*

(Lawyer, large business advising large employers)

The extent to which intermediaries believed employers were aware of the workplace pension reforms varied according to their size. Intermediaries suggested that the larger the employer, the greater the awareness and knowledge of the reforms would be. Those working with micro employers suggested that their awareness was non-existent, or very low and stated that intermediaries had generally not supplied them with information on the reforms. Intermediaries working with small employers felt that there was an awareness that reforms were being implemented, but little knowledge beyond this. Those working with medium and large employers suggested that employers were aware of the reforms and that there was a degree of knowledge held about them but it was felt that 2012 was still too far ahead for most employers to spend time researching the reforms.

Intermediaries suggested that in more exceptional cases, employers from small and large companies had approached them in regards to the workplace pension reforms. Those working with small employers that had done this suggested that the greater amounts of press coverage the reforms received generally prompted employers to make spontaneous enquiries about them. Intermediaries working with medium and large employers stated that some had already approached them to arrange schemes in anticipation of the reforms. Other intermediaries working with large employers were surprised that some of their clients had approached them with information that even they were unaware of.

*'I don't know where they get their information from but they always seem to know about stuff before I've even thought to tell them about it.'*

(Pension consultant, large business advising medium sized employers)

### 6.3 Intermediaries' perceived information sources for the workplace pension reforms

On the whole, intermediaries did not foresee that their information source preferences would greatly change in the light of the workplace pension reforms. However, although intermediaries broadly used the same sources to research the reforms as they did for other pension-related issues, it was suggested that these sources should include clear and precise information on the finalised reforms when this information became available. It should be noted that on the whole, intermediaries did not explicitly state what they anticipated such information would include.

Intermediaries were continuing to use the same sources of information because they were familiar with these, having used them in the course of helping employers implement previous reforms. Furthermore, there was a general impression that the current channels and sources of information used were sufficient for all other pension-related needs and that these sources would also offer adequate information on the workplace pension reforms.

*'I can't imagine that these particular reforms will change that, I mean it's a big set of reforms, but it is just yet another set of pensions reforms, and that's all I've seen in the last 20 years, but it's what keeps us going.'*

(Actuary, large business advising large employers)

Despite this, pension consultants believed that once the reforms were finalised there would be a continued need for information for employers and employees in order for them to stay within the new regulations. It was perceived that the Government had a responsibility to supply this information, which would need to outline any alternative ways to save, issues regarding auto-enrolment, National Insurance implications and payroll deductions.

#### 6.3.1 Timing of information requirements

Overall, it was suggested that intermediaries would need detailed information on the finalised reforms no less than one year before implementation in order to research and prepare employers for the changes. Intermediaries believed that having this sufficient 'run-in' time would enable employers to plan and budget for any additional costs that would be incurred as a result of the workplace pension reforms.

Furthermore, intermediaries themselves felt they needed adequate time to prepare for implementation. It was believed that the time would be needed to fully understand the implications of the reforms for all types of employers and to draw up budgets to account for the impact the changes would have on their business.

*'I suppose at least a year in advance, 'cos you know it affects your costs, it would affect our budget planning, you know it would be built in, so a year in advance, I think the trouble is too far in advance you do, you shelve a bit...'*

(Accountant, small business advising small businesses)

Intermediaries that had already received enquiries from employers about how the reforms would affect their business tended to want more time to obtain information. Those who wanted a longer lead time to prepare for the reforms were working on the assumption that the sooner they were finalised and understood, the better advice they could give to employers. It was suggested that having finalised information sources in place between one and three years before 2012 would enable them to plan and advise employers appropriately.

*'If you don't have any time in the lead up to reviewing and consider the guidance it's not particularly helpful for either us or for clients. So ideally as much time as possible...'*

(Lawyer, large business advising large employers)

Notwithstanding this, there was an exceptional belief from some intermediaries that having information about the reforms too far in advance of implementation would not always be beneficial. It was suggested that gaining information long in advance could lead to information being 'shelved' and not used until much closer to 2012.

## 6.4 Preferred sources of information relating to the reforms

As mentioned in Section 6.1, intermediaries used the same sources of information to acquire knowledge on the workplace pension reforms as they did for other pension-related issues. As such, Government departments and public body websites were widely cited as preferred sources to gain knowledge.

For most intermediaries the PADA website was cited as a valuable source of information regarding the reforms. PADA was considered to be useful because of the interests they had in the reforms with regards to personal accounts. They were also perceived to be authoritative in the information that they provided, with some intermediaries believing that PADA were instituting the reforms themselves.

*'Personal Accounts Delivery Authority. They are the people that are charged with getting the whole thing in and running.'*

(IFA, large business advising large employers)

Government run websites, such as those from the DWP, HMRC, TPR and Financial Services Authority (FSA) were also recognised as preferred sources for intermediaries to gain information on the reforms. As with the PADA, these websites were used because they were considered to be particularly trustworthy and also because of the organisation's close bonds with the planning and implementation

of the reforms. Information from a body considered to be influential on how the reforms would be implemented was seen as a particularly important factor when deciding on the validity of information sources.

## 6.5 Informing employers about the changes

There was a clear distinction between intermediaries and the size of employer they advised with regards to how proactive they had already been in informing employers about the workplace pension reforms.

On the whole, all types of intermediaries working with large employers had already begun to approach and inform employers of the reforms as it was suggested that the reforms would greatly affect companies with large numbers of employees. Accountants, actuaries, IFAs and lawyers had already sent out generic newsletters to employers to ensure they were aware of the reforms. It was not uncommon for intermediaries working with large employers to enter into more tailored one-to-one meetings with them to advise on what the likely impacts would be in relation to their business. However, this was made difficult due to the belief that the reforms were likely to change between now and their implementation in 2012.

Pension consultants were especially proactive in informing employers about the pension reforms, utilising generic methods such as sending out fact sheets and holding seminars with guest speakers from PADA attending to answer related questions from employers.

*'Seminars...inviting companies who we think it would be a big issue for, so in other words, people who have got lots of employees who aren't in pension arrangements...we also had people from PADA, [...],so you know, we've got the right people to talk to the clients.'*

(Pension consultant, large business advising large employers)

In comparison to those working with large employers, those working with medium sized employers and small and micro employers had been less proactive. Those working with medium sized employers stated that they had begun to develop information in the form of newsletters and that these would be sent out when more information became available.

Intermediaries working with smaller employers tended to be less proactive in delivering information and advice in relation to the reforms. It was felt that they should wait until nearer the time when all the information was known before delivering anything to the employer for want of minimising any additional work if the reforms changed. It was also suggested that it was too early to begin circulating any information as smaller employers would not prioritise the workplace pension reforms as they had more pressing, business-related issues to deal with.

*'Unfortunately the Government are still modifying, changing and doing all sorts of things you know as they go along...the danger; when you are talking about this current pension legislation which isn't due to happen until 2012, it's difficult to generate a sense of urgency in people, at this point in time.'*

(IFA, micro business advising micro employers)

On the whole, intermediaries were cautious about the idea of referring employers to other sources for further information and advice on the reforms. It was suggested that they should be able to deal with any issues arising, except if the employer wanted some very specific advice that they were not able to give, either through lack of knowledge or because they were not regulated to do so. In these cases employers would be referred to other, more specialist intermediaries for further advice or to the HMRC, TPR or PADA websites.

# 7 Conclusions

The research was designed to qualitatively explore a variety of issues and revealed a wide range of views from intermediaries, exploring the relationship between employers and intermediaries in order to consider the role that intermediaries may play in delivering information on the forthcoming pension reforms. This final chapter draws together the findings from the research, highlighting the key issues.

## 7.1 Intermediary/employer relationships

The size of the employer was an influencing factor in many aspects of the relationship between the employer and the intermediary. Generally, the larger the employer, the more proactive they were in contacting intermediaries. Large and medium sized employers had a greater amount of financial and human resources which they could draw upon and dedicate to ensuring that contact with intermediaries was appropriate and relevant to the organisation. Smaller employers found that running the business meant that they had limited time to deal with what they often regarded as peripheral tasks. This meant that intermediaries often found that they would have to initiate contact with small and micro employers rather than the employer contacting them. This proactive behaviour was especially important when informing such employers about changes in regulation and their effect.

The amount of information, advice, guidance and assistance offered by intermediaries varied according to employer size. Larger companies had dedicated in-house staff whose role was to deal with pension-related issues. Consequently, these staff had a greater technical knowledge of pensions and were able to take decisions on technical issues. Small and micro employers' lack of comprehensive understanding on these issues meant that they often deferred to the intermediaries' judgement. As a result of this, intermediaries felt that they had more influence over the decision making of small and micro employers.

It was also clear that it was small employers that were most likely to need a greater level of professional advice and guidance. There is a potential mismatch here in that the firms most needing advice and guidance are the least likely to be able to pay for it and are, therefore, potentially at the greatest risk of being non-compliant.

The findings of this report also reinforce previous research<sup>19</sup> that indicated accountants may play a key role in advising small and micro employers. However, the findings in this report indicate that these accountants may alert employers to issues or field any early questions they may have before directing them on to other, more appropriate sources such as independent financial advisers (IFAs).

## 7.2 Influence

Intermediaries felt that their influence directly affected the decision making of employers on a range of matters and that their status as a trusted adviser meant that the employer had to take their advice seriously. However, the influence of the intermediary varied depending on the size of the employer and they tended to hold more influence as employer size decreased. This was primarily a result of varying levels of pension-related knowledge in different sized employers, with smaller employers relying on the intermediary to understand and interpret the detail.

In a large organisation the presence of a dedicated pension manager could introduce a barrier for the intermediary, reducing the scope of their influence. In these large employers, not only would the pension manager become the employers 'trusted adviser' but they would also draw and compare information from a range of intermediaries.

Influence, however, is dependent on the quality of advice made available. As discussed earlier, it is essential that Government make available to intermediaries information that is accurate and not subject to change. If intermediaries are provided with information that they subsequently use to advise their clients, and this later changes, it can prove costly to the client and has the potential effect of undermining the intermediary-client relationship.

## 7.3 Providing information to employers

Intermediaries used a range of communication methods including face-to-face, written, telephone and e-mail, depending on the issue under discussion and the revenue which the employer generated for the intermediary. Intermediaries would be constantly synthesising information on behalf of their clients and delivering it through these methods, tailored to the employers' needs, or by presenting it generically through their website, e-mail alerts or newsletters.

Intermediaries were proactive in initiating contact with employers when changes in regulation were going to have a direct impact on them. This was important for those small and micro employers who tended to take a passive role in the relationship due to the time constraints that running their business put on their ability to deal with such issues.

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<sup>19</sup> Grant, C., Fitzpatrick, A., Sinclair, P. and Donovan, J.L. (2008). *Employers' attitudes and likely reactions to the workplace pension reforms 2007: Report of a quantitative survey*. DWP Research Report No. 546.

Previous research conducted for Department for Work and Pensions (DWP)<sup>20</sup> has indicated that employers require information about the pension reforms some time in advance. Intermediaries thought that large employers would require information two to three years in advance of the reform deadline, with smaller firms not requiring information until a year in advance. There are two issues that arise here: First, intermediaries indicated that they thought information would not be provided until a year before the 2012 reforms, which could potentially lead to them being unable to meet their larger clients' needs of a two- to three-year lead time. Second, they indicated the need for information that is clear, unambiguous and not likely to change once it has been made available. From the perspective of both employers and intermediaries, there is a need for the policy detail to be finalised at least one year before the reforms are implemented. Larger firms of intermediaries indicated that they had been sourcing information on the workplace pension reforms and had already begun providing information to employers to prepare them as much as possible in advance of the changes.

Any information that intermediaries provided to employers was always quality checked. However, the level of quality checking depended on the information being provided to employers. There were less quality checks on unofficial information and more on official advice, guidance and assistance due to the need to ensure that the latter provided data that was fully robust and could be acted upon by the employer. The size of the intermediary also had an influence on the quality procedures with larger companies having more stringent systems in place for peer review.

With a wide range of sources providing information to intermediaries there is potential for smaller intermediaries to be overwhelmed and not able to quality check the information they are receiving. Given that Government material is seen as reliable and trustworthy there is a clear need for Government to produce, advertise and make readily available information material for intermediaries.

## 7.4 Sources of information

Intermediaries accessed information from a range of sources via three key channels. These were: online channels such as websites, subscription databases and e-mail newsletters; face-to-face channels such as seminars, conferences and forums; and industry publications. Overall, intermediaries indicated a willingness and preference to access information via online means as this was deemed to be the most efficient way of accessing information. Preferred sources included those which were felt to be trustworthy and easy to understand such as DWP, Personal Accounts Delivery Authority (PADA) and FT.com.

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<sup>20</sup> Thomas, A. and Philpin, C. (2009). *Understanding small employers' likely responses to the 2012 workplace pension reforms 2007: Report of a qualitative study*. DWP Research Report No. 617.

Intermediaries also frequently had their own information research networks in which they shared information. These networks may have been professional organisations, company 'think tanks' or just informal networks of professionals which had built up during long careers. In addition, intermediaries also frequently had other research networks made up of groups of other intermediaries and financial professionals.

The suitability of an information source was judged on three criteria: its trustworthiness or reliability; its convenience or ease of access and how easy it was to understand the information delivered. The level of trust attributed to a source was often based on its familiarity to the intermediary and whether it was perceived to come from an 'official' source such as DWP or Her Majesty's Revenue & Customs (HMRC).

With regard to the pension reforms, intermediaries thought that they would continue to use the same sources in order to obtain information on these changes. Intermediaries consistently mentioned the DWP, HMRC, The Pensions Regulator (TPR) and PADA as trusted and reliable sources that they would use to source information and help employers implement the workplace pension reforms.

#### **7.4.1 The role of fees**

It is likely that the services offered to employers in terms of information, advice, guidance and assistance will be affected by their arrangements in terms of the fees that intermediaries charge. Employers were charged in one of two ways. Some employers would pay a set fee up front and agree what services they would receive for this, while others would pay ad hoc charges each time they used the intermediary's services. Intermediaries stated that payment method made no difference to the type or level of service employers received.

Not all information was charged for, however, and all intermediaries regularly gave out general information for free. However, when the employer required advice that was tailored to their specific situation the intermediaries would generally charge for this.

### **7.5 The workplace pension reforms**

Awareness of the pension reforms was good amongst all intermediaries although there were varying levels of knowledge regarding the upcoming changes. Intermediaries that dealt with large employers were more knowledgeable on the whole. As the needs of large employers were perceived by intermediaries to be more complex than those of smaller employers, these intermediaries had been preparing more thoroughly. Intermediaries had not started approaching small employers about the reforms yet as they felt that they needed much less time to prepare for the changes. They were, therefore, reluctant to offer advice until

the details of the reforms had been finalised. Therefore, there may be a need to target information at smaller intermediaries who advise smaller employers as it is this group who appear to be making the least amount of preparation for the 2012 reforms. However, as intermediaries thought that smaller intermediaries only needed about 12 months to implement the reforms there is a considerable window of opportunity to address this concern.

Due to lower levels of knowledge in relation to the reforms, it is important that the accountancy profession is made aware of the 2012 reforms so that accountants can direct their client to appropriate information.

Intermediaries stated that they would like to continue to use the same sources from which they currently gain information (discussed in Chapter 4) as they were familiar with these sources and considered them to be highly trustworthy.

Delivery of this information to employers would be through the channels mentioned previously in this chapter. However, while face-to-face methods would be the best way to deliver the detail of these changes, it is costly and therefore it should not be assumed that information will be delivered in this way, especially where the employer does not have the ability to pay.



# Appendix A

## Research design

Fifty face-to-face depth interviews were conducted between November 2008 and January 2009 with a wide range of intermediaries across England. Depth interviews were felt to be the most appropriate method for this study for two key reasons: Firstly, the issues were complex and required the opportunity that a depth interview allows to explore the issues in sufficient detail and to build rapport with the respondent. Secondly, intermediaries were disparately spread geographically which made one-to-one depth interviews the most efficient method in terms of logistics.

### Intermediaries

From the initial project scoping it was clear that employers were likely to use a range of information sources. In order to inform the overall strategy of information provision to intermediaries, the research included a wide range of respondents. This enabled the research to look at information provision in the widest sense:

- the information that trade bodies/employer organisations require in order to keep themselves informed and to support their members:
  - most appropriate methods of receiving information;
  - the nature – and detail – of the information required;
- the information that intermediaries require in order to support their clients;
- the most appropriate methods of receiving information and support from their trade bodies and from Government.

Intermediaries were defined as accountants, independent financial advisers (IFAs), employee benefit consultants, pensions consultants, lawyers and actuaries. With the exception of actuaries and lawyers, all the intermediaries varied considerably in size, from a very large firm with thousands of employees to sole traders.

In order to capture any potential differences in the relationships between intermediaries and employers, a range of intermediaries from different companies

that dealt with different sized employers, were recruited. This was reflected in the achieved sample matrix below.

**Table A.1 Size of business with which the intermediary does majority of their business**

Type of intermediary	Micro employers 1-5 <sup>1</sup> employees	Small employers 6-249 employees	Medium sized employers 250-499 employees	Large companies 500+	Total
Accountant	3	4	3	4	14
Independent financial adviser	2	4	5	0	11
Pensions consultant	1	1	5	5	12
Lawyer	*	*	*	5	5
Actuary	*	*	*	5	5
Employee benefits consultant	*	*	*	3	3
<b>Total</b>					<b>50</b>

\* Lawyers, employee benefit consultants and actuaries tend not to vary in size; with these intermediaries only advising large companies. Therefore, they were not included as a quota in this study.

<sup>1</sup> Please note that Department for Work and Pensions (DWP) technically define micro employers as consisting of 1-4 employees rather than 1-5 as was used in the research design.

## Recruitment

Intermediaries were identified by the in-house British Market Research Bureau (BMRB) Qualitative Field Team using purposive sampling techniques and were recruited on a 'free-find' basis. Throughout this process rigorous, independently audited quality controls applied. In addition the field team ensured a geographical spread of intermediaries were recruited in order to make sure that views from across the UK was well represented. Close liaison between researchers and recruitment managers was maintained throughout the project.

Once the target sample had been determined the following recruitment procedures were undertaken:

- **A briefing was undertaken with the field team and recruiters** to ensure clarity on project aims and the recruitment profile.
- **Intermediaries were sent an initial invitation letter** that outlined the key aims of the project and indicating that a member of BMRB's Qualitative Team would telephone them to discuss their participation further and to firm up the details of the interview. We offered total flexibility over interview dates and times and arranged appointments for the convenience of the intermediary.
- Following confirmation that an intermediary would participate, **a confirmation letter was sent out** providing details of the interview, the nature of the study, the date/time/venue and the confidentiality principles. This included a named contact within the BMRB research team, should further details be required.
- **Interviewees received a reminder phone call in the week leading up to the interview** and priority alerts were fed back to the research team when a participant could no longer attend. In these cases replacement participants were recruited where necessary.

We recognised that the initial contact name may not be the most relevant person to interview. At the recruitment stage it was, therefore, important to identify individuals who regularly deal with employers and their pension issues. Recruiters were fully briefed to identify the correct person for interview. Interviews were conducted at the respondents' place of work, unless an alternative venue was requested.

## Incentives

Intermediaries tend to be very busy people. There is also a considerable amount of research being undertaken in the pensions arena and other commissioning organisations offer financial incentives to participate in research. While it would not be possible to compensate them fully for the amount of time taken up by an interview, we considered that a token incentive should be made. This was set at £50 and donated to a charity of the respondent's choice.

## The fieldwork

Interviews were guided by the facilitator using a topic guide, or aide memoire, which allowed questioning that was responsive to the issues that arose. Special care was taken to ensure that all individuals have the opportunity to put forward their views and the use of a topic guide ensures that the same issues are covered across all the interviews. During the project the qualitative research team regularly kept in touch in order to facilitate a flexible and evolutionary interview format that enabled ideas and reactions obtained from the early interviews to be fed back to later respondents for further comment.

Interviews were conducted by experienced researchers familiar with exploring pension, financial and communications issues and recorded for future analysis. All researchers visiting a respondent were named in the appointment letter and carried MRS official identification. All interviews were recorded digitally for maximum quality; recordings were then transcribed verbatim prior to analysis.

## Analysis

BMRB places a strong emphasis on high quality data analysis. We use a content analysis method known as 'Matrix Mapping'. Material collected through qualitative methods is invariably unstructured and unwieldy. Much of it is text based, consisting of verbatim transcriptions of interviews. Moreover, the internal content of the material is usually detailed and in micro-form (for example, accounts of experiences and inarticulate explanations). The primary aim of any analytical method is to provide a means of exploring coherence and structure within a cumbersome data set whilst retaining a hold on the original accounts from which it is derived.

Qualitative analysis is essentially about detection and exploration of the data, making sense of the data by looking for coherence and structure within the data. Matrix Mapping works from verbatim transcripts and involves a systematic process of sifting, summarising and sorting the material according to key issues and themes. The process began with a familiarisation stage including a researcher review of the transcripts. Based on the coverage of the topic guide, the researchers' experiences of conducting the fieldwork and their preliminary review of the data, a thematic framework was constructed. The analysis then proceeded by summarising and synthesising the data according to this thematic framework using a range of techniques such as cognitive mapping and data matrices. When all the data had been sifted according to the core themes, the analysts mapped the data and identified features within the data, such as finding associations and providing explanations.

The analysts reviewed the summarised data; compared and contrasted the perceptions of intermediaries; searched for patterns or connections within the data and sought explanations internally within the data set. Piecing together the overall picture was not simply a matter of aggregating patterns, it also involved a process of weighing up the salience and dynamics of issues, and searching for structures within the data that have explanatory power, rather than simply seeking a multiplicity of evidence. These techniques are both flexible and powerful and allowed us a very fine-grained understanding of the issues involved.

Verbatim quotations located from interview transcripts were used to supplement points made by intermediaries in this report. Careful consideration was given to ensure that respondent confidentiality and anonymity was upheld through reproducing these quotations. As such, quotations are attributed to respondents using a format which includes the quotas intermediaries recruited were based on. This format was: Type of intermediary, size of intermediary's organisation and size of employer's organisation that intermediary conducted the majority of their business with. For example: *IFA, small business advising large employers.*



# Appendix B

## Pilot topic guide

Key Questions	Notes	Approx timing
1. Introduction and background		3 mins max.
<p>1.1 Scene-setting</p> <ul style="list-style-type: none"> <li>• Thank interviewee for taking part</li> <li>• Introduce self and BMRB. Explain study commissioned by Department for Work and Pensions and explain the aim of the interview: <ul style="list-style-type: none"> <li>– The role of intermediaries in working with employers with regard to pensions, including the information they use and sources of information they are likely to use</li> </ul> </li> <li>• Role of BMRB – independent research organisation, gather all opinions: all opinions valid, disagreements OK</li> <li>• Confidentiality – reassure all responses anonymous and that information about individual cases will not be passed on to any third party (e.g. DWP)</li> <li>• Get permission to record – transcribe for quotes, no detailed attribution</li> </ul>	<p><b>Welcome:</b> Orientates interviewee, gets them prepared to take part in the interview</p> <p>Outlines the ‘rules’ of the interview (including those we are required to tell them about under MRS and Data Protection Act guidelines)</p>	

<p><b>1.2 Introduction and background info</b></p> <ul style="list-style-type: none"> <li>• Explore job title/type of intermediary <ul style="list-style-type: none"> <li>– Outline key roles and responsibilities of job</li> <li>– PROBE: Qualifications held</li> </ul> </li> <li>• How long have you been in your role? <ul style="list-style-type: none"> <li>– PROBE: How long in company, how long in industry</li> </ul> </li> <li>• Who are you employed by? <ul style="list-style-type: none"> <li>– PROBE: PAYE, Contract, PT/FT</li> </ul> </li> <li>• Can you tell me a little about the company that you work for? <ul style="list-style-type: none"> <li>– PROBE: How long established, main clients, company interest in pensions</li> </ul> </li> <li>• Products and services offered by company <ul style="list-style-type: none"> <li>– PROBE ON: Pensions</li> </ul> </li> </ul>	<p><b>Introduction:</b> provides contextual background information about the interviewee and helps respondent become more at ease with discussing issues with moderator</p>	
<p><b>2. Interaction and relationships between intermediaries and employers</b></p>		25 mins
<p><b>2.1 Relationships between intermediaries and employers</b></p> <ul style="list-style-type: none"> <li>• Ask respondent to give an outline of what their relationship with the employer entails <ul style="list-style-type: none"> <li>– How does relationship work</li> </ul> </li> <li>• How are relationships with different employers built? <ul style="list-style-type: none"> <li>– PROBE: Strategies used</li> </ul> </li> <li>• When liaising with employers, what do you see your role as? <ul style="list-style-type: none"> <li>– PROBE: Role as advice giver</li> </ul> </li> <li>• How frequently do they have contact with employers <ul style="list-style-type: none"> <li>– PROBE variations on: Tasks conducted for employer/What stage they are at in work process/whether new or existing client</li> <li>– Who initiates contact and why</li> </ul> </li> <li>• How do they tend to interact with the employers? <ul style="list-style-type: none"> <li>– How is it decided whether to give information, guidance, advice or assistance? <ul style="list-style-type: none"> <li>~ What factors influence this?</li> </ul> </li> <li>– What kind of information/guidance/advice/assistance is given? <ul style="list-style-type: none"> <li>~ How is this decided?</li> <li>~ What factors impact on this?</li> </ul> </li> </ul> </li> </ul>	<p>Section 2.1 to gain an understanding of relationship intermediary has with the employer (client) and the advice they give</p> <p>THERE WILL BE A GREAT DEAL OF VARIANCE BETWEEN INTERACTION AND RELATIONSHIPS DEPENDING ON TYPE OF EMPLOYER, AND THESE VARIATIONS WILL BE IMPORTANT TO DRAW OUT OF THE DISCUSSION</p> <p><b>NOTE: When covering points, remember to <u>probe on pensions</u> specifically if subject not raised spontaneously</b></p> <p>Be aware that respondents may consider this to be a sensitive issue due to rules around offering financial advice</p>	

<ul style="list-style-type: none"> <li>- PROBE: Types of /information/guidance/ advice/assistance:             <ul style="list-style-type: none"> <li>~ Signposting/Presenting options/ Making recommendations/Offering reassurance/anything else</li> <li>~ What interaction works best for different employers – PROBE on industry size/sector</li> <li>~ Give example on how to successfully/ unsuccessfully interact with an employer</li> </ul> </li> <li>- Explore whether this is formal/informal             <ul style="list-style-type: none"> <li>~ What factors does this depend on?</li> </ul> </li> <li>- Explore other factors that shape relationship with employer</li> <li>- PROBE: On the above in regard to pensions specifically</li> <li>• What sort of information/guidance do they give to employers?             <ul style="list-style-type: none"> <li>- If not spontaneously mentioned PROBE: Information/guidance given that relates to pensions</li> </ul> </li> <li>• How much information/guidance do the employers require?             <ul style="list-style-type: none"> <li>- Explore factors which determine variations in levels of information/guidance sought</li> </ul> </li> <li>• Thinking specifically about pensions, what kind of information and guidance do employers require?             <ul style="list-style-type: none"> <li>- What common questions do employers ask you about pensions?</li> <li>- How much guidance do employers require?</li> </ul> </li> </ul>	<p>There are marked distinctions between formal/informal advice given, and it is imperative to draw out and understand these in interviews.</p> <p>NOTE: Attempt to understand what strategies work best when interacting with employers</p>	
<p><b>2.2 Communications between intermediaries and employers</b></p> <ul style="list-style-type: none"> <li>• What do you think are the most effective ways to communicate to employers, why?             <ul style="list-style-type: none"> <li>- How do you stay in touch with employers/ employers stay in touch with you?                 <ul style="list-style-type: none"> <li>~ What are triggers for contact?</li> </ul> </li> <li>- Explore differences between new and existing employers                 <ul style="list-style-type: none"> <li>~ PROBE: Frequency of contact and types of services provided</li> </ul> </li> </ul> </li> </ul>	<p>Section 2.2 to explore the things that intermediaries talk about to the employers – probe on pensions specifically throughout</p>	

<ul style="list-style-type: none"> <li>• What are the most common methods that you use to communicate with employers       <ul style="list-style-type: none"> <li>– PROBE: Telephone, F2F, E-mail, Mail</li> <li>– At which stages in relationship is each method most commonly used?</li> <li>– When and why would face-to-face meetings be arranged?</li> <li>– Who initiates meetings?</li> <li>– Which do you prefer to use, why?</li> <li>– Which do employers prefer to use?</li> </ul> </li> <li>• How often are you in contact with employers in an advisory role?       <ul style="list-style-type: none"> <li>– Who arranges meetings and why?</li> </ul> </li> <li>• How influential would you say the information/guidance you offer to employers is?       <ul style="list-style-type: none"> <li>– Is this the same for both pensions advice and other types of advice that you offer employers?</li> <li>– Are there types of employers for whom your advice would be more influential?</li> <li>– Who, why?</li> </ul> </li> <li>• When you are giving information and guidance to employers on pension matters for example, what types of topics are discussed?       <ul style="list-style-type: none"> <li>– Which topics do you think employers are most interested in asking you about and why?</li> </ul> </li> <li>• Thinking specifically about pensions, can you give an example of the <b>process</b> with regards to information and guidance that you give them?       <ul style="list-style-type: none"> <li>– Does this differ for other types of information/guidance that you offer employers?</li> <li>– From your point of view, when the process of offering information/guidance is successful, what makes this so?</li> <li>– Similarly, when the process of offering advice is unsuccessful, what makes this so?</li> <li>– Get respondent to give examples of how to successfully communicate and get results that both parties are happy with</li> </ul> </li> <li>• Explore range of pension-related services provided by intermediaries       <ul style="list-style-type: none"> <li>– How do these relate to other services provided?</li> </ul> </li> </ul>	<p>Attempt to gain a description of the process when giving information and guidance to employers</p> <p>Explore if one service provided leads to another being sold</p>	
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<ul style="list-style-type: none"> <li>• How do you choose and evaluate the quality/ appropriateness of information that you use to inform employers? <ul style="list-style-type: none"> <li>– PROBE: Verbal information/advice AND sources of information/advice, e.g. leaflets</li> <li>– Factors that need to be taken into account when evaluating the information</li> <li>– Does this have to be done on an individual case by case basis depending on the employer you are talking to? Why/ why not?</li> </ul> </li> </ul>		
<b>4. Information delivered to employers and individuals</b>		<b>10 mins</b>
<ul style="list-style-type: none"> <li>• How do you deliver information/guidance to employers? <ul style="list-style-type: none"> <li>– Is this different for different clients?</li> <li>– In what ways is advice tailored for different clients? <ul style="list-style-type: none"> <li>~ Does this depend on employer size and the sector of industry?</li> </ul> </li> </ul> </li> <li>• Explore how often employers spontaneously ask for information/guidance? <ul style="list-style-type: none"> <li>– Do intermediaries proactively sell information and guidance? <ul style="list-style-type: none"> <li>~ If so, what factors can trigger this?</li> </ul> </li> </ul> </li> <li>• What factors can determine the kind of information and guidance given to an employer? <ul style="list-style-type: none"> <li>– To what extent would the information and guidance differ depending on if you work on a fee or commission basis?</li> </ul> </li> <li>• Explore the timings of the information and guidance delivered to the employer or individual <ul style="list-style-type: none"> <li>– What factors influence the timings?</li> </ul> </li> <li>• Do intermediaries refer employers to other pensions information sources? <ul style="list-style-type: none"> <li>– What sources do they refer employers to?</li> </ul> </li> <li>• What is the general nature of information and guidance on pensions sought by employers?</li> </ul>	NOTE: SOME OF THESE POINTS WILL HAVE ALREADY BEEN PICKED UP IN SECTION 2.1. IF SO, OMIT, BUT ENSURE THAT THE DIFFERENCES <b>BETWEEN</b> THE TYPES OF INFORMATION/ ADVICE GIVEN TO ALL THEIR CLIENTS HAS BEEN COVERED	

<b>5. Forthcoming pensions reforms</b>		<b>5 mins</b>
<ul style="list-style-type: none"> <li>• What awareness do the employers you work for have on pension reforms?</li> <li>• Explore immediate thoughts on how information needs might change in light of the pensions reforms <ul style="list-style-type: none"> <li>– Possible effects this will have on intermediary</li> </ul> </li> <li>• Explore ideas on where information might be sourced about the pensions reforms <ul style="list-style-type: none"> <li>– Why these places?</li> </ul> </li> </ul>		
<b>6. Any other issues</b>		<b>2 mins</b>
<ul style="list-style-type: none"> <li>• Anything else respondent would like to raise or discuss</li> </ul>		10 mins

**THANK AND CLOSE.**



# Appendix C

## Main stage topic guide

Key Questions	Notes	Approx timing
1. Introduction and background		3 mins max.
<p>1.1 Scene-setting</p> <ul style="list-style-type: none"> <li>• Thank interviewee for taking part</li> <li>• Introduce self and BMRB. Explain study commissioned by Department for Work and Pensions and explain the aim of the interview: <ul style="list-style-type: none"> <li>– The role of intermediaries in working with business clients/employers with regard to pensions, including the information they use and sources of information they are likely to use</li> </ul> </li> <li>• Role of BMRB – independent research organisation, gather all opinions: all opinions valid, disagreements OK</li> <li>• Confidentiality: reassure all responses anonymous and that information about individual cases will not be passed on to any third party (e.g. DWP)</li> <li>• Get permission to record – transcribe for quotes, no detailed attribution</li> </ul>	<p><b>Welcome:</b> Orientates interviewee, gets them prepared to take part in the interview</p> <p>Outlines the ‘rules’ of the interview (including those we are required to tell them about under MRS and Data Protection Act guidelines)</p>	

<p><b>1.2 Introduction and background info</b></p> <ul style="list-style-type: none"> <li>• Explore job title/type of intermediary <ul style="list-style-type: none"> <li>– Outline key roles and responsibilities of job</li> <li>– Do you hold professional qualifications? <ul style="list-style-type: none"> <li>~ From which bodies?</li> </ul> </li> </ul> </li> <li>• How long have you been in your role? <ul style="list-style-type: none"> <li>– PROBE: (Very briefly) How long in company, how long in industry, previous work history?</li> </ul> </li> <li>• Who are you employed by? <ul style="list-style-type: none"> <li>– PROBE: PAYE, Contract, PT/FT</li> </ul> </li> <li>• Can you tell me a little about the company that you work for? <ul style="list-style-type: none"> <li>– PROBE: (Very briefly) How long established, main clients, company interest in pensions</li> </ul> </li> <li>• Products and services offered by company <ul style="list-style-type: none"> <li>– PROBE ON: Pensions</li> </ul> </li> </ul>	<p><b>Introduction:</b> provides contextual background information about the interviewee and helps respondent become more at ease with discussing issues with moderator. Discuss briefly</p>	
<p><b>2. Interaction, communication and relationships between intermediaries and business clients</b></p>		25 mins
<p><b>2.1 Communication and interaction between intermediaries and business clients</b></p> <ul style="list-style-type: none"> <li>• Explore types of business clients they work with <ul style="list-style-type: none"> <li>– PROBE: Variations on size/industry/other</li> </ul> </li> <li>• What is your understanding of your role in relation to your clients? <ul style="list-style-type: none"> <li>– PROBE: Variations between clients (size/industry/other)</li> <li>– PROBE: Role as advice giver</li> </ul> </li> <li>• Who initiates contact and why?</li> <li>• What are the most common methods that are used to communicate with business clients? <ul style="list-style-type: none"> <li>– PROBE: Telephone, F2F, E-mail, Mail</li> <li>– At which stages in relationship is each method most commonly used?</li> <li>– When and why would face-to-face meetings be arranged?</li> <li>– Who initiates meetings?</li> <li>– Which do you prefer to use, why?</li> <li>– Which do clients prefer to use?</li> </ul> </li> </ul>	<p>Section 2.1 to gain an understanding of the communication and interaction the intermediary has with their <b>business clients (employers)</b> and the guidance they give them</p> <p style="text-align: center;"><b>ESTABLISHING FACTS</b></p> <p>THERE WILL BE A GREAT DEAL OF VARIANCE BETWEEN INTERACTION AND RELATIONSHIPS DEPENDING ON TYPE OF EMPLOYER, AND THESE VARIATIONS WILL BE IMPORTANT TO DRAW OUT OF THE DISCUSSION</p> <p style="text-align: center;"><b>COMMUNICATION</b></p>	

<ul style="list-style-type: none"> <li>• What do you think are the most effective ways to communicate to clients, why?             <ul style="list-style-type: none"> <li>– Are these common methods that are used?</li> <li>– How do you stay in touch with clients/ clients stay in touch with you?                 <ul style="list-style-type: none"> <li>~ What are triggers for contact?</li> </ul> </li> <li>– Explore differences between new and existing clients                 <ul style="list-style-type: none"> <li>~ PROBE: Frequency of contact and types of services provided</li> </ul> </li> </ul> </li> <li>• Give an example of the process of interacting with a client             <ul style="list-style-type: none"> <li>– PROBE: Whether information/advice/ guidance/assistance/mixture of these is given                 <ul style="list-style-type: none"> <li>~ How is this decided?</li> </ul> </li> <li>– What kind of information/guidance/ advice/assistance is given?                 <ul style="list-style-type: none"> <li>~ Explore whether this is formal/informal</li> <li>~ What factors impact on this – PROBE: New/old relationship, size/industry of client</li> <li>~ What interaction works best for different clients – PROBE: Size/industry of client</li> <li>~ PROBE: Specifically on pensions (if not spontaneously covered)</li> </ul> </li> <li>– PROBE: Methods used, e.g. signposting/presenting options/making recommendations/offering reassurance/ other</li> </ul> </li> <li>• What makes interaction with a client successful?             <ul style="list-style-type: none"> <li>– What could make this success fall apart?</li> </ul> </li> </ul>	<p>NOTE: Attempt to understand what strategies work best when communicating with clients</p> <p><b>NOTE: When covering points, remember to <u>probe on pensions</u> specifically if subject not raised spontaneously</b></p> <p><b>INTERACTION WITH CLIENTS</b></p> <p>Be aware that respondents may consider this to be a sensitive issue due to rules around offering financial advice</p> <p>There are marked distinctions between formal/informal advice given, and it is imperative to draw out and understand these in interviews</p>	
<p><b>2.2 Relationships between intermediaries and clients</b></p> <ul style="list-style-type: none"> <li>• Ask respondent to give an outline of what their relationship with the client entails             <ul style="list-style-type: none"> <li>– How does relationship work?</li> <li>– How are relationships with different clients built?                 <ul style="list-style-type: none"> <li>~ PROBE: Strategies used</li> </ul> </li> <li>– Explore other factors that shape relationship with client</li> <li>– PROBE: On the above in regard to pensions specifically</li> </ul> </li> </ul>	<p style="text-align: center;"><b>RELATIONSHIPS</b></p> <p>Section 2.2 to explore the relationships and influence intermediaries have with their clients – specific topics on pensions lie at the end</p>	



4. Information sources on pensions used by intermediaries		15 mins
<ul style="list-style-type: none"> <li>• How do intermediaries currently gain information on pensions?                             <ul style="list-style-type: none"> <li>– What sources are used?                                     <ul style="list-style-type: none"> <li>~ PROBE: Own research/existing networks</li> <li>~ Who are the key bodies/organisations that you use for information?</li> <li>~ Why these sources. PROBE: trust</li> </ul> </li> </ul> </li> <li>• How do they access this information?                             <ul style="list-style-type: none"> <li>– Via the web/print media/professional forums/trade circulars/any other ways</li> </ul> </li> <li>• Do they share sources of information or develop information products with other intermediaries?</li> <li>• What are their information source and information channel preferences?                             <ul style="list-style-type: none"> <li>– Why do you prefer to use these?                                     <ul style="list-style-type: none"> <li>~ PROBE on issues of trust and confidence</li> <li>~ PROBE: Key influences for using these sources</li> </ul> </li> <li>– How effective are these sources and channels compared to others?</li> <li>– Why are these more effective/What influences them to use these sources over others/What can this source or channel provide that other sources or channels do not?</li> <li>– What are the channels not preferred missing/What do the preferred channels have that others don't?                                     <ul style="list-style-type: none"> <li>~ What would influence them to use other sources or channels?</li> </ul> </li> </ul> </li> <li>• How proactive are intermediaries at sourcing information?                             <ul style="list-style-type: none"> <li>– If applicable, give examples of what they have done</li> <li>– Explore extent to which they are developing their own information/guidance products</li> <li>– Explore whether information is shared with others                                     <ul style="list-style-type: none"> <li>~ Internally to organisation</li> <li>~ Externally to other organisations</li> </ul> </li> </ul> </li> </ul>	<p style="text-align: center;"><b>GAINING INFORMATION</b></p> <p>NOTE: Sources refer to places where information is obtained. Channels refer to the type or medium through which the information comes</p> <p style="text-align: center;"><b>PREFERENCES</b></p> <p>Note: DWP are very keen to understand why intermediaries prefer certain channels and sources</p> <p style="text-align: center;"><b>PROACTIVITY/OWN INFO</b></p>	

<ul style="list-style-type: none"> <li>• Do you evaluate or quality check information to ensure its appropriateness to inform clients</li> <li>• How is information evaluated and quality checked? <ul style="list-style-type: none"> <li>– How is this done in terms of tailored and generic (e.g. newsletters/leaflets) information? <ul style="list-style-type: none"> <li>~ PROBE: Verbal and written information/guidance</li> </ul> </li> </ul> </li> </ul>	<b>APPROPRIATENESS</b>	
<b>4. Information delivered to employers and individuals</b>		<b>10 mins</b>
<ul style="list-style-type: none"> <li>• Other than what has already been said, how else do you deliver information/guidance on pensions to clients? <ul style="list-style-type: none"> <li>– In what ways is advice tailored for different clients? <ul style="list-style-type: none"> <li>~ Does this depend on employer size and the sector of industry?</li> </ul> </li> <li>– In what ways do you deliver the same, generic information/guidance to more than one client at a time, e.g. newsletters, updates, online, other materials? <ul style="list-style-type: none"> <li>~ PROBE: Triggers and timings for sending out generic information</li> </ul> </li> </ul> </li> <li>• Explore how the intermediary is paid affects the information/guidance given <ul style="list-style-type: none"> <li>– How are decisions made about how much time you give to each client?</li> <li>– At what points is ‘unpaid’ time given to the client?</li> <li>– What is the value in giving unpaid time to clients?</li> <li>– In what situations would you give information/guidance for free? <ul style="list-style-type: none"> <li>~ At what point do you start charging for advice?</li> </ul> </li> </ul> </li> <li>• Explore why and how often business clients spontaneously ask for information/guidance <ul style="list-style-type: none"> <li>– What factors can trigger this?</li> </ul> </li> <li>• Explore the timings of the information and guidance delivered to the employer or individual <ul style="list-style-type: none"> <li>– What factors trigger the timings of information/guidance offered? <ul style="list-style-type: none"> <li>~ PROBE: Specific moments in year, e.g. tax returns</li> <li>~ PROBE: Verbal and written communication</li> </ul> </li> </ul> </li> </ul>	<p>NOTE: SOME OF THESE POINTS WILL HAVE ALREADY BEEN PICKED UP IN SECTION 2.1 and 2.2 BUT ENSURE THAT THE DIFFERENCES BETWEEN THE TYPES OF INFORMATION/GUIDANCE GIVEN TO ALL THEIR CLIENTS HAS BEEN COVERED</p> <p style="text-align: center;"><b>FEES/PAYMENTS</b></p> <p>WHILST FOCUSING ON ALL SERVICES, PLEASE REMEMBER TO PROBE ON PENSIONS IF NOT COVERED SPONTANEOUSLY</p> <p style="text-align: center;"><b>TIMINGS</b></p>	

<ul style="list-style-type: none"> <li>• Do intermediaries refer clients to other pensions information sources?             <ul style="list-style-type: none"> <li>– What sources do they refer clients to?</li> <li>– What triggers this to happen?</li> </ul> </li> </ul>	<b>REFERRAL TO OTHER SOURCES</b>	
<b>5. Forthcoming pensions reforms</b>		<b>5 mins</b>
<ul style="list-style-type: none"> <li>• How aware are intermediaries of the forthcoming pension reforms?</li> <li>• From where have they received information?</li> <li>• Explore immediate thoughts on how information needs might change in light of the pensions reforms             <ul style="list-style-type: none"> <li>– Possible affects this will have on intermediary</li> </ul> </li> <li>• Explore expectations/ideas/and preferences on where information might be sourced about the pensions reforms             <ul style="list-style-type: none"> <li>– Why these places?</li> <li>– Will this be the same as currently used for pensions generally?</li> <li>– How much time before implementation of reforms would you need information?</li> <li>– When would you be delivering that information to clients?                 <ul style="list-style-type: none"> <li>~ Will this differ between clients?</li> </ul> </li> <li>– Where would intermediaries refer employers to if they required more information on the reforms?</li> </ul> </li> </ul>	<b>AWARENESS</b>  <b>CHANGING NEEDS</b>  <b>INFORMATION ON REFORMS</b>  Here we mean sources/channels	
<b>6. Any other issues</b>		<b>2 mins</b>
<ul style="list-style-type: none"> <li>• Anything else respondent would like to raise or discuss</li> </ul>		

THANK AND CLOSE.



# Appendix D

## Interview confirmation letter



Ref: 45108049

November 2008

Research for the Department of Work and Pensions

Dear [redacted]

The Department for Work and Pensions (DWP) is currently conducting an important study of professionals who discuss with, or advise on, pension arrangements with employers. DWP have commissioned BMRB, an independent research agency, to carry out this work on their behalf.

BMRB recently spoke to you asking if you would be willing to assist the DWP by agreeing to be interviewed for the study and I am very pleased to hear that you will be able to help us with the research. By participating you could help shape future government policy. In addition, we will make a £50 charitable donation on your behalf.

Why are we writing to you?

We would like to confirm that an interview has been scheduled to take place with you.

The interview will be on: [redacted]

At: [redacted]

Time: [redacted]

With researcher: [redacted]

The interview will take up to one hour and you will not need to prepare anything in advance.

What happens to the information collected?

All your answers will be treated in the strictest confidence in accordance with the Data Protection Act and it will not be possible for to be identified from the research findings. The information will be used by the teams at DWP and BMRB for research purposes only. Your involvement is entirely voluntary and nothing you say will affect any current or future dealings you may have with DWP or any other government department or agency.

If for any reason you cannot attend the interview, I would be grateful if you could let my colleague [redacted] know as soon as possible on his direct line [redacted] or by e-mailing him at [redacted].

If you have any further questions please do not hesitate to contact me on [redacted] or email [redacted]. Alternatively you can contact [redacted] at the Department for Work and Pensions on [redacted] by email at [redacted].

Yours sincerely

[redacted signature]

Associate Director BMRB

BMRB Social Research  
Ealing Gateway  
25-30 Uxbridge Road  
Ealing London W5 3EP  
Telephone  
+44 (0)20 8133 4000  
Facsimile  
+44 (0)20 8133 4002  
Website  
www.bmrbs.co.uk



BMRB Limited  
Registered in England  
Number 275334  
Registered office as above



# References

Grant, C., Fitzpatrick, A., Sinclair, P. and Donovan, J.L. (2008). *Employers' attitudes and likely reactions to the workplace pension reforms 2007: Report of a quantitative survey*. DWP Research Report No. 546.

Thomas, A. and Tredwell, L. (2008). *Understanding employers' likely responses to the workplace pension reforms 2007: Report of a qualitative study*. DWP Research Report No. 547.

