

Research report

How best to present State Pension information and support retirement planning

by Josh Hunt and Jo Phillips

Department for Work and Pensions

Research Report No 690

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Josh Hunt and Jo Phillips

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

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The Authors

Josh Hunt is an Associate Director at The Futures Company.

Jo Phillips is a Senior Consultant at The Futures Company.

Abbreviations

Cat BL	Basic State Pension entitlement based on a spouse's or civil partner's National Insurance contributions
DWP	Department for Work and Pensions
NI	National Insurance
S2P	State Second Pension
SERPS	State Earnings Related Pension Scheme
SPa	State Pension age

Summary

Background

The demographic make-up of the United Kingdom is changing. People are living longer, and the number of people eligible to claim the State Pension is growing relative to the working age population. The cost of pensions will therefore increase, yet there has been a corresponding long-term decline in private saving for later life.

Against this backdrop, Department for Work and Pensions (DWP) estimates¹ suggested that approximately seven million people were not saving enough to deliver the pension income they were likely to want, or expect in retirement.

The response by the DWP resulted in the development of three core policy strands:

- changes to the State Pension, to make it simpler and fairer (particularly with respect to women and carers);
- a legal duty on employers to automatically enrol their eligible workers (if they meet certain age and income criteria) into a suitable workplace pension scheme, and make pension contributions;
- policies to support longer working lives, such as deferral of the State Pension.

There are a range of challenges in informing people about these policies, including:

- people's reluctance to think about the future;
- low trust and confidence in the government and financial service providers;
- the perceived complexity of the State Pension; and
- low levels of financial capability and engagement.

Effective communications and information can help overcome these barriers and facilitate engagement with retirement planning.

Research aims and objectives

The DWP commissioned this research to help understand how it could best develop engaging communications and information about the State Pension in order to:

- feed into the development of wider pension reform information and communications products;
- inform the development of existing products such as government information leaflets, web content and State Pension forecasts.

¹ Pensions Bill, 2007 impact assessment, published 24 April 2008, p14.

The specific aims of the research were to:

- establish what understanding people have of the concept of the State Pension and its individual components;
- gain evidence on what works in terms of explaining the State Pension so that it could be positioned within individual retirement plans;
- develop and test prototype information products that are informed by effective and innovative ways to generate understanding of the State Pension.

Methodology

Focus groups, in-depth interviews and a creative workshop were used to identify, develop and test innovative and effective State Pension communications principles.

The research, conducted in 2009, was carried out in three phases:

Phase 1 – Understanding the context

An initial phase of qualitative research to explore the issue at hand. This tested some excerpts from DWP State Pension leaflets to understand how respondents connected with the information, including identification of the triggers and barriers to engagement and understanding.

Phase 2 – Developing new packets of information from a customer point of view

This started with a creative workshop, where a range of external expert perspectives were brought to the issue, with an aim to establish the principles of information design and then apply this to the core elements of the State Pension. This output was then used to develop stimulus to test information with respondents. This stimulus was then quickly tested and refined through a brief phase of qualitative research.

Phase 3 – Testing the new information materials with customers

The final phase of the project was to test the materials with respondents and refine them according to the responses. Finally, research was used to gauge the effect that they had in comparison with the DWP State Pension information used in Phase 1.

The purposive sample was designed to ensure representation across key demographic variables such as income, age and gender. In addition, and most importantly, the respondents were recruited on the basis of being wholly or mostly reliant on the State Pension for their retirement provision or income, and possessing low pensions knowledge.

It should be noted that in qualitative research, the findings cannot be generalised to the population as a whole due to the small sample size and the method of recruitment.

The sample was derived on the basis that respondents tend to consider pensions as they begin to assume other responsibilities, such as buying a house, getting married, having children and taking on financial responsibilities. Age was an important determinant that influenced attitudes to ‘when was the right time’ to start making plans for retirement. It was not uncommon for those under 30 to feel they were too young to seriously explore the subject.²

² Thomas, A., Jones, J., Davies, S. and Chilvers, D. (2009). *Individuals’ attitudes and behaviours around planning and saving for later life*. DWP Working Paper No. 72.

For the purposes of the fieldwork, research stimulus materials were developed so that respondents could comment on the newly presented information. These materials, and the detail they contained, were for research purposes only and do not reflect the current DWP information that is currently available to the general public.

All the information developed took into account the State Pension changes introduced from 6 April 2010. Although the fieldwork was conducted prior to this date, it was felt appropriate to seek evidence on information relating to State Pension policies that were due to be introduced.

Summary of findings

The information about the State Pension that was tested in the research was generally found by respondents to be difficult to understand and engage with.

Respondents found that the questions that were most relevant and important to them, such as ‘what will I get?’ and ‘when will I get it?’ were left unanswered. The failure to find the information that met their needs led to frustration and disengagement.

The information was seen by respondents as confusing and made the State Pension appear less approachable and engaging. As a result, respondents were less likely to say that they felt able and motivated to plan for later life. This was largely because information was seen to be written from the point of view of describing policy and the detailed components of the State Pension, rather than from the point of view of the customer.

This problem was manifest in a number of different ways. Respondents felt that:

- from the start, the materials appeared dense, with a large volume of information. This gave the impression to respondents that reading them would be hard work;
- on closer inspection, they were dominated by text, which was intimidating to some respondents, and catered only to certain modes of learning and information absorption. On the whole, respondents found it easier to take in information that was presented visually or as a combination of words and graphics. From a customer point of view, the materials also appeared dull, overly official, not user-friendly and difficult to navigate;
- reading the information was generally not found to be easy;
- the focus was on policy and technical information rather than the issues that respondents were interested in. Exceptions and caveats, according to respondents, appeared to be given more weight than general principles. It was hard for respondents to find the information that they felt they needed or to pick out bits of information that were relevant to them;
- information was presented in long sentences and paragraphs, which contained twists and turns, such as multiple sub-clauses and references to other pages, which made the meaning hard to follow;
- the language used was often not that of the layperson;
- the information assumed a considerable amount of prior knowledge of technical terms and concepts;
- finally materials did not encourage or motivate respondents to act on the information when it suggested they needed to.

As a result of finding information materials about the State Pension difficult to engage with, respondents tended to ‘switch off’, which could result in them failing to engage with retirement planning.

Designing information materials around the needs, competence and context of the reader can arguably make a great difference in driving engagement with, and understanding of, the State Pension. This could result in increasing interest and confidence in thinking about planning for later life. However, this involves a step change in the way in which materials are devised and designed.

In order to try to achieve this aim, materials were produced using a number of different principles, including:

Content:

- ensuring that the most relevant content from a customer point of view was made most prominent;
- tiering information so that a basic overview was established, allowing people to grasp foundation concepts before progressing to more detailed information;
- making sure that detail was accessible to those who need or want it but did not overwhelm people who are less confident;
- directly addressing common myths and misconceptions.

Format:

- using multiple methods of communication – textual and visual – to best suit the type of information being imparted. This caters for the different ways that people have of absorbing information.

Language:

- using plain simple language presented in layperson’s terms;
- using more technical terms only when necessary and explain them as they are introduced.

Layout:

- sequencing information in a way that made sense to the customer and using visual presentation, clear navigation and signposting to aid engagement and understanding;
- breaking information down into ‘digestible’ pieces with plenty of white space around them;
- providing action boxes and interactive tools.

The effects in terms of respondent engagement and understanding when producing materials using the above principles were on the whole positive. They did make it easier for respondents to start connecting with what can be a difficult subject. Generally, respondents found the new materials accessible, approachable, engaging and empowering. The information was framed in a way that was helpful and relevant to them, with answers to their most important questions, such as: what is it? will I get it? how much will I get? when will I get it, most prominently placed.

The positive response suggests information can become an enabler to help people understand the State Pension, and this could perhaps give people confidence to further engage with planning and saving for later life.

Individualised State Pension information

Through the iterative development and testing of new information components, it became clear that respondents sought individualised information about their State Pension entitlement. The most important piece of information to communicate was the approximate amount of State Pension people may get as it helped to significantly generate interest and engagement.

This was the information that respondents were most interested in, but which few had any idea of how to calculate it using the initial materials. It was also the one piece of information which was most likely to provoke consideration of the personal implications of financial planning. It gave respondents a reason to read on, because they wanted to know how to maximise the figure and ensure they got more than the average.

Due to lack of knowledge about the subject, general surprise was expressed once respondents became aware of the typical amount of the State Pension. This awareness acted as a key driver of consideration and engagement, as did the understanding that not everybody receives the same amount.

It was found that a rough estimate of what they will receive was enough information for most respondents, especially if they knew how to get a more precise figure. The availability of quick estimation tools could, therefore, be extremely important to engage people in learning more about the State Pension and consider how to make plans for later life.

The use of rules of thumb and benchmarks, including giving respondents some idea of how much the State Pension can be, and the use of clear calls to action in the information, resulted in respondents suggesting there was a greater inclination to act on the information. This action, when promoted, could include requesting a State Pension forecast, tracing a lost pension from the past using the Pension Tracing Service, or asking their employer about a workplace scheme.

Conclusion and recommendations

This research has highlighted the risk of disengagement when communicating complex information. The presentation of information in a more customer friendly manner can enable understanding and build confidence and engagement in thinking about the State Pension and retirement planning.

The findings suggest that there is considerable scope for using a similar customer-centric approach to designing information on a much wider basis. It is believed that the findings of this study (specifically the approach), could be applied across the development of materials across a wide variety of DWP communications and public information.

Evidence collected from this research has strengthened the evidence base underpinning the development of State Pension and wider DWP information products. The DWP are already using the findings to help them communicate effectively, to engage with individuals about State Pension policies, applying them to developments, such as:

- provision of an on-line tool, the State Pension profiler, designed to give users an approximate idea of their basic State Pension entitlement;
- written communications to women who will reach State Pension age whilst legislative changes to the State Pension age for women are being implemented to inform them of how the changes will affect them personally.

1 Introduction

1.1 Background

The demographic make-up of the United Kingdom is changing. People are living longer, and the number of people eligible to claim the State Pension is growing relative to the working age population. The cost of pensions will, therefore, increase, yet there has been a corresponding long-term decline in private saving for later life.

Against this backdrop, Department for Work and Pensions (DWP) estimates³ suggested that approximately seven million people were not saving enough to deliver the pension income they were likely to want, or expect, in retirement.

The response by the DWP resulted in the development of three core policy strands:

- changes to the State Pension, to make it simpler and fairer (particularly with respect to women and carers);
- a legal duty on employers to automatically enrol their eligible workers (if they meet certain age and income criteria) into a suitable workplace pension scheme, and make pension contributions;
- policies to support longer working lives, such as deferral of the State Pension.

There are a range of challenges in informing people about these policies, including:

- people's reluctance to think about the future;
- low trust and confidence in the government and financial service providers;
- the perceived complexity of the State Pension; and
- low levels of financial capability and engagement.

Effective communications and information can help overcome these barriers and facilitate engagement with retirement planning.

Low engagement is partly a result of the barriers to engagement with retirement planning outlined above, but there are further contributing factors. For example, media coverage of population shifts and the increasing dependency ratio has fuelled speculation and myth that 'there will be no State Pension left by the time I get there'.

In addition there is evidence to suggest that people struggle to engage with or understand State Pension communications. For example, some find that current State Pension forecast documents are 'long and contain a lot of information' and 'a number of fundamental concepts and terms are not understood'⁴.

³ Pensions Bill, 2007 impact assessment, published 24 April 2008, p14.

⁴ Sykes, W., Hedges, A. and Kelly, J. (2008). *Understanding responses to pension forecasts: qualitative research*. DWP Research Report No. 492.

At the same time we know that many people feel overloaded by information and communication:

49 per cent of UK adults are confused by the weight and range of material,⁵

(‘I find the amount of information I am sent on financial services confusing’);

while 49 per cent have registered with the Telephone Preference Service and 21 per cent with the Mailing Preference Service. Any communication about retirement planning, therefore, needs to break down barriers to engagement whilst at the same time cutting through the existing mass of communications.

Research has repeatedly highlighted that the perceived complexity of the state system has been a major barrier to engagement with the subject. This has serious implications, not just for people struggling to understand how their entitlement to the State Pension is built (and in some cases how they can take action to protect it), but also for anyone trying to understand what the State Pension means for their wider retirement planning. Fostering a sufficient understanding of the State Pension is, therefore, a starting point in encouraging people to consider the overall income they might need in retirement, and to take action accordingly.

1.2 Objectives and research scope

The DWP commissioned this research study to help understand how it could best develop communications and information about the State Pension, in order to:

- feed into the development of wider pension reform information and communication products;
- inform the development of existing information products such as government information leaflets, web content and State Pension forecasts.

Evidence collected from this research has strengthened the evidence base underpinning the development of State Pension and wider DWP information products. It has also supported the DWP in communicating effectively and engagingly with individuals about State Pension policies.

There is already a considerable amount known about the general principles of presenting complex information to the public. For example, it is widely accepted that information should be kept simple and incorporate graphical illustration and real-life examples as a means of retaining interest and enhancing impact. The intention of this project has been to move beyond these general principles towards developing and testing prototype communication modules and techniques. Key to this was the need to find ways to address the difficulty of simplifying complex information to a point where customer understanding is built, whilst upholding DWP’s duty of care to impart relevant detail.

The specific objectives for this piece of work were to:

- establish existing public understanding of the State Pension and its individual components;
- understand how to explain the State Pension more effectively to increase understanding and in such a way that it fits within people’s retirement plans and encourages a more conceptual positioning of the State Pension as a ‘foundation’ for people’s wider retirement saving;
- develop prototype ‘packages of content’ that would enhance public understanding and inform a range of retirement information products. Packages of content in this context means that the information was broken down into manageable sub-sections, separating out the key concepts and subjects.

⁵ The Futures Company’s Henley Planning for Consumer Change study 2007.

This project was tasked with finding innovative ways to explain elements of the State Pension that resonate with individuals and raise awareness, engagement and understanding. As such, it was important to consider how best to communicate:

- the State Pension as a whole concept in itself, that is, how to ensure that people understand the relevance of the State Pension to them, and engage more actively with it as part of retirement planning;
- specific components of the State Pension concept, for example it was understood by the department that people find it particularly difficult to understand components such as ‘today’s prices’, qualifying years, and the difference between the basic State Pension and additional State Pension.

These components or packets of information could then be:

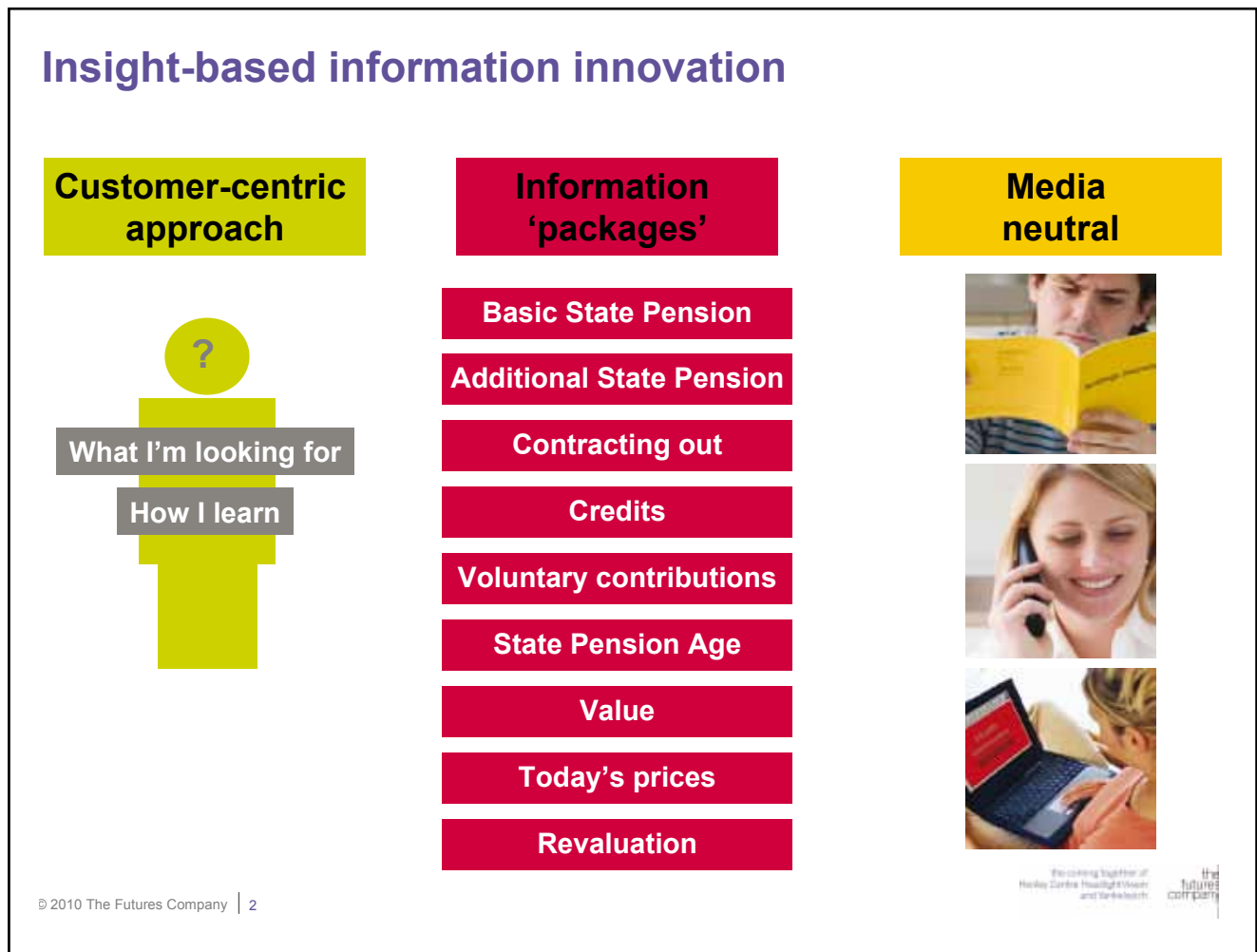
- integrated into information products, such as leaflets and web channels;
- used to help frontline staff communicate the State Pension;
- promoted to stakeholders and intermediaries as a tested method of communicating with their clients.

The research was focused on people for whom State Pension was their sole or primary retirement provision or income. The principles developed and tested could also be applied to the wider population in order to raise general understanding.

All the information developed took into account the State Pension changes introduced from 6 April 2010. Although the fieldwork was conducted prior to this date, it was felt appropriate to seek evidence on information relating to State Pension policies that were due to be introduced.

1.3 Principles of the work: an introduction to insight-based information development

Figure 1.1 The principles of insight based information development



1.3.1 A customer-centric approach

When designing effective information products, it is important to work from a strong foundation of customer insight – understanding what people are looking for, and how they learn. All too often information is developed in isolation from the end user, and as a result, there is a danger that it fails to connect. This work, therefore, involved a combination of research and information development, running alongside each other, in order that the effects of changes to information could be quickly tested with the end-user and refinements to increase understanding be made as a result.

1.3.2 Working with information packages

The project focused on breaking down State Pension information into key components, or information packages.

The components covered were:

- basic State Pension;
- additional State Pension;

- contracting out of the additional State Pension;
- National Insurance credits;
- voluntary National Insurance contributions;
- State Pension age (SPa);
- value of the State Pension;
- qualifying years;
- explanation of today's prices concept;
- revaluation of the State Pension.

Because of the iterative nature of the work and key departmental priorities, there were some additional components that were covered earlier on in the research, but not through to the end of the project.

These decisions were taken partly in order to focus resources on the information components that were of greatest priority to people and in building increased and actionable understanding of the information. These included deferral of the State Pension and marriage/civil partnership State Pension entitlement (Cat BL).

1.3.3 A media neutral approach

The objective of this research was to find out how best to explain information in order to unlock understanding, rather than to consider how to attract people to the information or which channel to use.

It should be noted that:

- the focus was on the information, not on the message that could be put around the information to market it. The information packages could be used as part of marketing and communications, but they are not themselves a media campaign;
- the approach has been media-neutral, the information packages were developed for use in a leaflet, on a website or, in most cases, on the telephone.

1.4 Project design and methodology

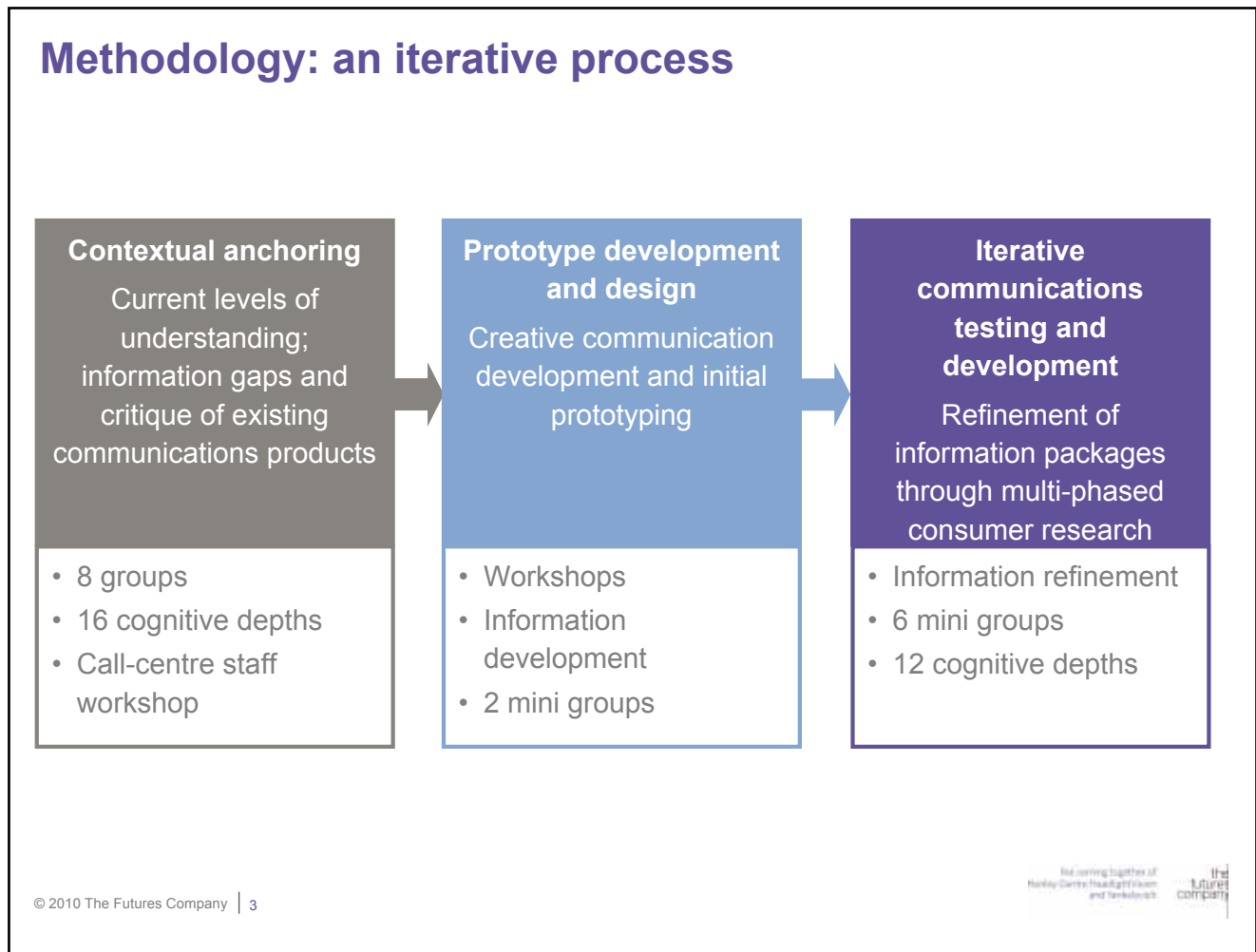
In order to address the objectives of the study, an iterative, creative and mixed method approach was required. The development of new approaches to communication cannot be achieved via interaction with respondents alone; they often find it difficult to perceive how things could be done better. While they may be able to help diagnose what is wrong at present, it is difficult for respondents to fix it themselves. It was necessary to find other ways of developing new ideas.

The project therefore included phases of customer research combined with information development techniques, including an information innovation workshop which drew on the expertise and experience of a range of information professionals to help find new ways of connecting people with information about the State Pension.

In addition, a workshop was conducted with staff at a Pension Service contact centre. The valuable experience of the DWP frontline staff was used to understand the common difficulties customers had and the techniques that worked best to explain information to them.

A working group of policy, communications and research staff from DWP also fed in their knowledge, experience and ideas, to inform research development.

Figure 1.2 Methodology structure (a three-phase, multi-staged iterative process)



The approach was based on three key phases:

- an initial phase of exploratory qualitative research to investigate levels of understanding of the State Pension and related concepts, and the effectiveness of existing communications;
- a second phase of information package development, involving a workshop and initial respondent testing;
- a third phase of iterative respondent testing and information development.

The methodology and sample of each phase is briefly described further on in this chapter. More detail and the research materials (recruitment screeners, topic guides and stimulus) for each phase can be found in Appendix D.

A total of 132 respondents participated in the study, as part of 16 focus groups and 28 depth interviews.

All fieldwork was carried out during 2009. Phase 1 took place in January, Phase 2 took place in March and Phase 3 in June and July.

For the purposes of the fieldwork, research stimulus materials were developed so that respondents could comment on the newly presented information. These materials, and the detail they contained, were for research purposes only and do not reflect the current DWP information that is currently available to the general public.

1.4.1 First phase: understanding the context

The first phase aimed to build a robust customer insight foundation by understanding how respondents reacted to existing information about the State Pension provided by DWP. A small sample of DWP literature was tested.

Specifically, we aimed to understand:

- the context in which the information was used;
- recurring barriers and frequently asked questions (as well as, from frontline staff, the techniques currently used to get over them);
- how people read things – what the customer experience was like line by line (using cognitive depth testing techniques to test exactly what respondents understood).

The first phase was comprised of three strands:

The first strand aimed to provide insight, from the point of view of The Pension Service staff, into the questions which the public ask about the State Pension. It provided an overview of issues that the public find difficult when discussing the State Pension and gave pointers to questions that might be asked as the second and third strands of the research progressed.

This strand was comprised of a workshop with Pension Service advisers. The discussion focused on the concepts that the public find difficult to comprehend and the reasons why, specific language that people struggle to understand, and methods the advisers had developed to more easily communicate complex State Pension information.

The second strand provided a context for the research and considered current knowledge about the State Pension from the respondent's perspective. It also explored gaps in knowledge, and common assumptions and misconceptions. The focus was on conceptual understanding – which aspects of the State Pension people were currently understanding or having difficulty with. This was set in the context of what the respondents considered to be effective ways of presenting information in order to raise understanding and thereby encourage engagement.

This strand involved eight two-hour discussion groups (each comprised of eight to ten participants). The discussions were designed to explore issues around the State Pension, including understanding, misunderstanding, any communications issues and an initial critique of a small set of the existing State Pension communications products. The focus was on respondents' overall conceptual understanding.

The groups began by exploring respondents' views about pensions, any retirement plans that they might have had, how they had arrived at those plans and the role that the State Pension might play in them. The discussion continued with a detailed spontaneous exploration of current knowledge about the State Pension, with researchers identifying gaps in knowledge and misunderstandings.

Using pre-designed information boards, with excerpts of text taken from a selection of DWP leaflets, respondents were then presented with a set of concepts and asked to discuss their meaning and any difficulties they might have with the concept itself, the language in which it had been described and suggestions for alternative presentation.

The sessions ended with respondents discussing information materials that they had been asked to bring with them – these were forms of communication such as letters, statements and leaflets that they either thought worked well, or that they considered difficult to comprehend.

The third strand took a small sample of existing materials designed to communicate the State Pension and considered in detail how well they worked, identifying areas of difficulty, non-comprehension and misunderstanding. The focus was on comprehension of specific components of the State Pension.

This strand comprised 16 cognitive depth interviews, each lasting around an hour. The focus was a thorough exploration of the existing State Pension excerpts, the output of which was a critical analysis using annotated copies of a range of communications materials.

After a warm up, following much the same structure as the early part of the discussion groups but in less breadth, respondents were asked to read through excerpts of State Pension information. During this task they were asked to ‘think aloud’ about how they felt reading the material, where they were experiencing conceptual difficulties, and where language issues were key.

These were noted by the researcher for later follow-up. Respondents were then asked what they understood by the passage they had read and whether they thought that they had fully grasped the material. Their understanding was assessed by the researcher, who then reviewed the material, taking the respondent back to each point where they had expressed some difficulty, asking what that difficulty was, and what specifically it was about the passage, sentence or word that made comprehension problematic. Respondents were then asked if they could think of better or easier ways of expressing the same information.

The result of the interviews was a fully annotated copy of the State Pension information that identified where the difficulties were, precisely what they were, and the respondents’ suggestions about possible solutions.

1.4.2 Second phase: developing new packets of information

Having established the difficulties respondents had with some of DWP’s information materials, the objective of the second phase of the work was to generate ideas and work creatively to design new ways of communicating the information components. Therefore, a key part of this phase of work was engaging new outside skills and perspectives in order to explore alternative possibilities.

An intensive and highly structured one-day communications innovation workshop was designed, convened and facilitated. Participants in this workshop were carefully selected to ensure a cross-fertilization of differing, but complementary skills. The workshop brought together visual, verbal and written communications specialists including an advertising copywriter, a journalist, a textbook writer, a cartoonist, an illustrator, a graphic designer and a teacher. For further details of the outline of the day please see Appendix C.

A series of structured and semi-structured exercises were facilitated to draw together visual and verbal expertise and to develop new and effective ways of communicating information. The workshop combined plenary and group working to allow both ‘big picture’ visioning (the State Pension concept as a whole), and detail work (the key difficulty components identified in the first phase). By concentrating on the latter in the second half of the day it was ensured that the output from the workshop went beyond general principles and began to establish communication components and tools.

The ‘no limits’ approach of the workshop generated lots of ideas and raw material, as well as clear principles on how to improve information delivery. Following the workshop and a collaborative working session with the DWP project group, the output was quickly refined into research stimulus that could be tested with respondents.

Two mini-groups were conducted (with four to five respondents per group) combining elements of cognitive testing with collaborative group refinement and development. This allowed further improvements to the communication prototypes – removing any stumbling blocks or barriers, and optimising the content for further, more extensive testing in the third phase of the project.

The focus groups also allowed the harnessing of customer ideas and creativity, ensuring that communications were relevant and resonant. Splitting the groups by age allowed us to pilot stimulus with respondents at different stages of the pension journey, and with different levels of pensions awareness and confidence, in order to ensure optimisation of communications prototypes for more comprehensive testing.

Working closely with the DWP project team the communication prototypes were then refined in order to establish the stimulus to be tested in the third phase. The language and presentation of the materials were polished, and the areas to be covered in depth were prioritised.

1.4.3 Third phase: testing the new information materials with customers

The final phase of the research tested the communications prototypes with the public in two stages, during which they were continually distilled and improved in an iterative manner.

The initial stage incorporated four mini-groups (of four to five participants) that were used to explore participant understanding of the information packages, as well as to allow an opportunity for further creative development. Following this, materials were refined. The output from this stage was a suite of information packages ready for final testing.

The second stage involved a final round of fieldwork to establish how well the materials were working with the intended audience, and provided an opportunity for a final check on the usability of the information packages, ensuring that the language used was transparent and easily accessible to the target group of respondents. The final round of fieldwork comprised two mini-group discussions and 12 depth interviews.

Depth interview participants completed a pre-task before the interview. Half of them were asked to read a short guide to the State Pension comprising the information packets developed in this project and half of them were asked to read the comparable information as it is presented currently in the DWP publication ‘Pensions, the Basics’. They were asked to highlight anything they found helpful and anything they found hard to follow and then answered a short set of questions designed to gauge their responses to the information.

1.5 Sample summary by research phase

Please note that more detail on sampling for this project can be found in Appendix E.

The purposive sample was designed to ensure representation across key demographic variables such as income, age and gender. In addition, and most importantly, the respondents were recruited on the basis of being wholly or mostly reliant on the State Pension for their retirement provision or income, and possessing low pensions knowledge.

It should be noted that in qualitative research, the findings cannot be generalised to the population as a whole due to the small sample size and the method of recruitment.

The sample was designed on the basis that respondents tend to consider pensions as they begin to assume other responsibilities, such as buying a house, getting married, having children and taking on financial responsibilities. Age was an important determinant that influenced attitudes to 'when was the right time' to start making plans for retirement. It was not uncommon for those under 30 to feel they were too young to seriously explore the subject.⁶

1.6 Report structure

The remainder of this report contains the findings from the research and description of the development of the information.

Chapter 2 looks at the general context informing responses to State Pension information.

Chapter 3 covers the performance of the information materials about the State Pension used in Phase 1, examining respondent's responses and the reasons for these responses.

Chapter 4 explains how the new prototype information 'packages' were developed.

Chapter 5 details the performance of the new information packages in respondent testing.

Chapter 6 gives conclusions and recommendation arising from this project.

⁶ Thomas, A., Jones, J., Davies, S. and Chilvers, D. (2009). *Individuals' attitudes and behaviours around planning and saving for later life*. DWP Working Paper No. 72.

2 General context informing responses to information products

2.1 Attitudes to planning and saving for later life

While there is a widespread latent awareness about the benefits of planning for retirement, financial planning for the long-term future is low down on people's priority lists. Considering the population by age group shows that people generally think it is either too early or too late for planning for retirement, with no age or life-stage being considered to be 'the right time'. This is a subject that people put off thinking about, but then at a later stage regret not having given more consideration to.

There was a tendency in the **18-30 age group** to consider their time of life 'too soon to plan'. Responses typical of this segment include:

'I can't afford to save for a pension, that's why I left my company pension.'

'I've only just left uni. I need a job first!'

'I look at my parents and grandparents and think I should start to plan...but I never get that far!'

The **31-45 age group** also found pensions hard to think about, considering it too soon, and themselves too busy, to plan for the future. They were most likely to face lack of time and feel financial pressure. Their typical responses included:

'I've got the kids, home, bills, work...I don't have time to sort my pension as well!'

'I invested in property, but what with the market now, you can't tell.'

'Old age is a long way off yet.'

Respondents in the **46-55 age group** who had little provision for the future considered it too late, and/or themselves too busy to plan for the future. Their responses included:

'It's not worth me starting to save right now.'

'It's too late to start saving, but my house is surely an asset.'

'I'm spending money on my children's education right now.'

'Well...I'm just going to have to keep working.'

Those in the **State Pension age (SPA) group** who had made little additional provision for the future, however, commonly expressed attitudes of resignation, and responses such as:

‘I’ve never had the money to save for a pension, there were always other things to spend it on.’

‘It, [retirement] really creeps up on you.’

‘Hindsight is a wonderful thing.’

‘I don’t know what I’m going to do.’

‘I’ve no choice but to keep working.’

Every life stage, therefore, presents its own perceived hurdles to financial planning. Our ‘live for now’ culture and day-to-day financial pressures, coupled with a failure to see any immediate tangible benefits, means that there is low interest and engagement with the subject of pensions planning. But as people get closer to retirement they often wish that they had done more.

2.2 Trust in the government and financial services

‘Look at what you save, and what you get back, it’s not really worth it.’

As well as combating the barriers to planning for later life, there are a number of problems surrounding trust in the government and financial services which all contribute to a general uncertainty about the future.

The media can have a powerful effect in perpetuating bad news stories about pensions and personal finance, which are not easily forgotten. People regularly quote Equitable Life and Robert Maxwell when the conversation turns to pensions and retirement planning, and cynicism and distrust in pension providers is common. As a result people are unwilling to put their money in a pension. This fear has been compounded by the economic downturn. At the time that this research was conducted, the problems at Northern Rock served only to reinforce these fears.

At the same time trust in the government is low. People are aware that life expectancy is increasing and there is a strong perception that there will not be enough money to go round and that there will be no or little State Pension provision in future.

The result of these factors combined is that people feel more confused and uncertain about what the best options for saving for retirement are. This often results in decisions being delayed or worse still, inertia.

2.3 Current levels of knowledge about the State Pension

General knowledge about the State Pension was incomplete for some and limited for others, even amongst older respondents, who might have been expected to have had more engagement with the subject.

Respondents were asked: ‘When you retire you may be eligible to receive a pension from the state. Tell me what you know about the State Pension’.

Common knowledge included:

- that most people are entitled to some State Pension;
- that it can be topped up by other benefits.

However, respondents also reported some misunderstandings and common myths such as:

- the whole amount of the State Pension people receive is tiered according to income;
- there will not be a State Pension in the future;
- you don't get any State Pension if you haven't worked;
- if you work over a certain amount of hours when you have retired – your State Pension decreases;
- you need to decide to put money in/make contributions;
- you get it automatically when you retire.

In all, there was limited understanding of the foundation concepts of what the State Pension is and how it works.

In addition, awareness of actual State Pension age (SPa) and what this means is low. Respondents were likely to think that SPa was 'the national retirement age' rather than 'the age from which you can start to claim your State Pension'. Awareness of the rise in SPa was low and people assumed that it was still 60 for women and 65 for men⁷. For some people, finding out their actual SPa could be a real shock – particularly for women where the change means a gap between perceived and actual SPa of seven or eight years.

Respondents engaged in this research were recruited on the basis that the State Pension was their sole or primary retirement provision or income. As a result, they did not perceive the State Pension as a foundation for retirement planning and did not necessarily understand the implications of this for their future.

There was low understanding or consideration, however, of whether it was likely to be enough to support the lifestyle that respondents imagined they would have in retirement. Most respondents, particularly those in the younger age-group, didn't have a benchmark idea of how much the State Pension was likely to be for them, how much they would need in retirement and therefore, what the gap might be. Estimations of how much an individual's State Pension varied from nothing to £400 a week.⁸

2.4 Financial capability and learning confidence

There were further general barriers to understanding and action that were contributory factors preventing engagement.

There were a number of specific issues such as:

- low numeracy and perceived ability to understand numbers, with percentages, fractions and decimal points in particular, seen to be difficult and frightening;
- low understanding of foundation concepts (e.g. what a pension is, how National Insurance works);

⁷ DWP is writing to women affected by the 60 to 65 age increase to make them aware of their SPa.

⁸ It should be noted that the focus of this research was on presenting information about the State Pension and the perception of it as a foundation for retirement planning.

- fear of jargon and ‘legalese’;
- fear of complexity and hidden catches in ‘small print’.

These issues were preventing people from engaging with future financial planning in a meaningful way, and indeed were actually making people fearful or reluctant to do so.

In addition it was found that different respondents had different preferences for taking in information and find it easier to learn in different ways. Some did learn from words alone, but most were likely to learn best and feel most confident when faced with a combination of words and graphics.

Because personal confidence was low, some respondents made pre-judgements about information materials that looked difficult and thought:

‘Someone like me is not going to understand this so there is no point in trying.’

It is important, therefore, that information looks approachable and not intimidating. For example, information that is dense is more likely to be off-putting, whereas information that is surrounded by a good amount of white space and broken down into small, manageable pieces is more likely to seem approachable.

2.5 Understanding approaches to information use

In seeking to understand the way in which people are likely to experience and use information about pensions planning, it is important to remember that it is not a question of starting with a blank canvas. People often have preconceptions about any State Pension information, including some of the misunderstandings and concerns outlined above.

It is important also to understand how people digest this type of material, and what process they typically follow in learning to understand its messages. Other important contextual factors are the fact that people feel time pressured, short on energy and feel overloaded by information in their day-to-day lives and therefore are likely to have short attention spans when it comes to using information products.

When people do engage with written information, there is a series of steps which they commonly go through:

Step 1. Pick up the leaflet or open the website.

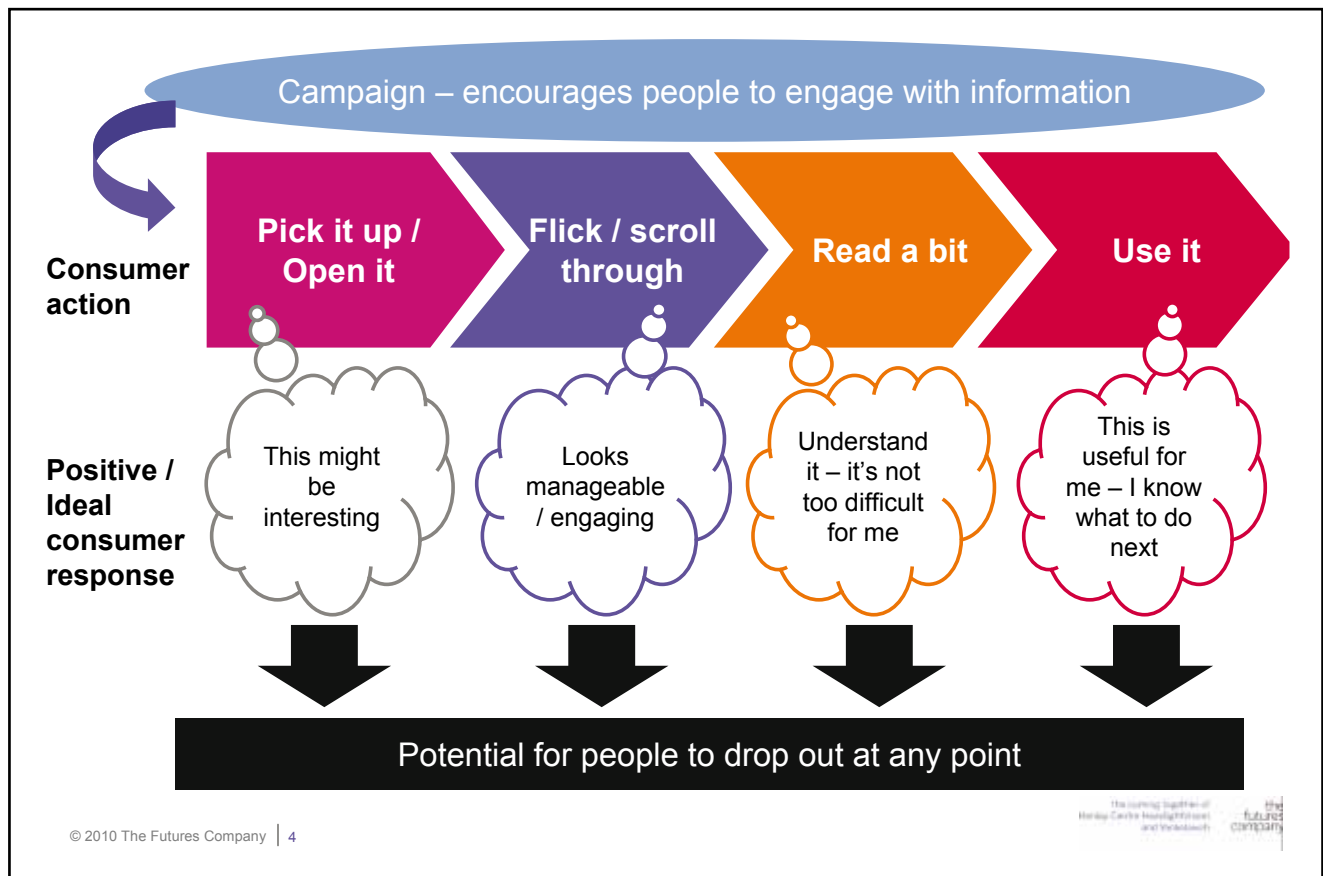
Step 2. Flick or scroll through, browsing the contents.

Step 3. Read a bit.

Step 4. Use it.

Reading is not necessarily linear – people are unlikely to start reading at the beginning and work though to the end. Rather they look to pick out the bits that look most interesting, easiest to read or most ‘relevant to me’. Ideally, the positive mental response that the material would engender in the customer at each stage would be:

- 1 Pick it up/open it = *‘This might be interesting.’*
- 2 Flick or scroll through = *‘This looks manageable/engaging.’*
- 3 Read a bit = *‘I understand it – it’s not too difficult for me.’*
- 4 Use it = *‘This is useful for me – I know what to do next.’*

Figure 2.1 The information journey

It is important to remember, however, that there is potential for people to drop out at any stage in the process if the material isn't effective or if it doesn't appear relevant. Those reading want to establish the following:

- how the information is relevant to them;
- what action they need to take after reading the information.

If the above are not immediately apparent to the reader they may give up.

2.6 Summary of general context

There are many prevalent and ingrained barriers that are difficult to overcome when it comes to presenting information about planning for later life and pensions. Information about the State Pension, therefore, needs to work hard to be relevant to the customer, easy to understand and actionable in order to break through these contextual barriers. There is a risk that, if information doesn't seem relevant and actionable, people 'switch off' and do not engage in a subject that they are already reluctant to think about.

3 Performance of the existing materials

In the first phase of research, participants were asked to critique excerpts from a range of the communications products available to customers at that time, identifying key aspects of the design and presentation that aided or hindered understanding. The materials tested were taken from the publications, *State Pensions Your Guide* (PM2) and *Pensions The Basics* (PTB1).

See Appendix D for further details.

3.1 Responses to the materials

Respondents reading the information about the State Pension gave up very easily. The materials were described as:

- boring (*'Bored, not wanting to read it.'*)
- dispiriting (*'It makes me feel as if I'm inadequate.'*)
- daunting (*'I'm not the sharpest in the box, but I like to think I'm not stupid, but that's how it made me feel.'*)
- difficult (*'It's a bit too much like what you get in a solicitor's letter; a bit too in-depth and technical.'*)

Reading the existing materials was seen as an uphill struggle for not much gain.

Comments included:

'It didn't really strike me as though it was someone trying to give me some information that's useful to me.'

'So how much is it? That's all I want to know.'

'Do I get it then? I still don't know if I get it or not...'

'I know it sounds selfish but I'm not concerned about you and the neighbours, I only want to know what I'm getting, how I'm going to manage in life.'

Even after really trying to understand the information provided, respondents could still have many important unanswered questions. Respondents were struggling to connect the information to their own specific frames of reference and to understand what it meant for them. They felt that the questions they had that were most relevant and important to them, such as 'what will I get?' and 'when will I get it?' were left unanswered.

The failure to find the information that met their needs led to frustration and disengagement. There was a real danger that the materials were actually discouraging the very respondents who were keen to know more, engage with the subject and take action.

All too often, the tone of the written materials was found to be alienating and hard to relate to. The personality of the information provision was felt to be didactic, distant and arrogant. As illustrated in the following quotes:

'I don't know why they can't just keep things simple and plain, you know. It's the person on the street that's reading it, it's not these government, lawyer-type people.'

'It sounds like someone putting forward a policy for parliament.'

'It feels very much dictated to me, there you go, that's it, that's what's happening you've got no say. It doesn't tell me how I should talk to anyone, should I talk to anyone? I'm not sure what I should do, and it's just not a very friendly type of document at all.'

'Someone's sat in an office, a middle-aged guy has written down, "Oh yeah I know all about this". That's not really helping me.'

As the above comments show, respondents felt that the information was policy-focused, rather than user-facing. In other words, it felt like parliament informing the people: 'This is how it works', rather than responding to what respondents wanted and needed to know. For example, the *Pensions the Basics* leaflet had a page outlining the legislative changes to the State Pension at the start of the leaflet, before information about the State Pension. This kind of focus made respondents feel inadequate and frustrated.

In summary, the existing materials exacerbated the contextual difficulties around planning for later life highlighted in the previous chapter. Feelings of frustration, resentment, confusion, bewilderment, suspicion and even anger could lead to a rejection of the message and, ultimately, inaction. It is also worth noting that this was a sample of respondents recruited specifically to read the materials. In a real-life situation, with all the contextual barriers and short attention spans of most people, there is less likelihood that this information will be digested and understood.

3.2 Responses to specific components of State Pension information

The research identified the following issues and these are summarised in the tables below:

Table 3.1 Issues identified with information about the State Pension

State Pension component	Issues respondents had with information on the State Pension
State Pension overview	Respondents without private pension provision commonly found pensions daunting and assumed that information on the subject would be difficult to understand. The common belief that the State Pension would no longer exist in the future acted as a barrier to engaging with information.
Qualifying years	Respondents found it hard to relate this information to their own situation – they wanted to know the answer to 'do I qualify?' rather than just the general rules.
Basic and additional State Pension	There was a limit to how much respondents needed to know or could take in about how additional State Pension is calculated. The important facts to note were that entitlement was different for everyone depending on circumstances and that a forecast gave a personalised estimate.
Voluntary National Insurance contributions	The information about voluntary National Insurance contributions needed to be related to individual records and future work and caring patterns. An understanding of how the State Pension system worked was required to know whether or not to pay voluntary contributions.
Contracting out of the additional State Pension scheme	For respondents who did not have any sort of private pension, this information was not relevant. The level of detail provided was often daunting.

Table 3.2 Issues identified with the understanding of State Pension components

State Pension component	Problems respondents faced with State Pension components
State Pension overview	<p>Respondents assumed that the State Pension was a fixed rate that everybody received automatically.</p> <p>Respondents thought that they would not be entitled to any State Pension because they had never worked, or were not currently working.</p>
State Pension age	<p>There was confusion between State Pension age and retirement age.</p> <p>There was low knowledge of the changes in State Pension age, which led to surprise and resentment for those whose age appeared to have 'gone up'.</p>
Qualifying years	<p>There was low awareness of National Insurance and how it relates to pensions. This knowledge was required before respondents could begin to develop an understanding of how qualification for the State Pension could be achieved.</p> <p>The concept was quite intangible, respondents naturally referred back to the idea of National Insurance stamps or tried to visualise a record.</p> <p>Respondents found it hard to relate this concept to their own situation – they wanted to know 'do I qualify?' rather than what the general rules are.</p>
Basic and additional State Pension	<p>There was low awareness of the fact that the State Pension is made up of more than one component.</p> <p>Respondents found it hard to understand the basic and additional components of the State Pension in isolation; they needed to see a comparison of the two components together to understand how they are different.</p> <p>The idea of continuing to pay the same amount of National Insurance even when 30 qualifying years for the maximum basic State Pension has been achieved was confusing.</p> <p>The additional State Pension is extremely complicated and encompasses a long legacy of different iterations such as State Earnings Related Pension (SERPs), and State second pension (S2P). Respondents wanted to know whether they would get it and how much they would get, rather than how the scheme works.</p>
Voluntary National Insurance contributions	<p>This idea felt too abstract for respondents. They were looking for ways to visualise the concept (such as National Insurance stamps) or individual case studies to help them understand.</p>
Contracting out of the additional State Pension scheme	<p>Respondents found the language of 'occupational pension', 'stakeholder pension' and 'personal pension' new and therefore, confusing or daunting.</p> <p>Respondents wanted to know how to find out if they were contracted out or not and what this meant for them.</p>

There was one information component which respondents found much easier to understand than the others. The responses to the State Pension deferral information were more positive:

'It's a bit more colloquial.'

'It's straightforward, it gives you examples of situations that you might find yourself in or choose to be in.'

Figure 3.1 An example of current State Pension information

State pension deferral

What is State Pension deferral?

State Pension deferral is when you put off claiming or decide to give up getting your State Pension until a time that suits you. This means that when you do claim, or claim again, you could get more money.

What are my choices?

You can choose when you want to start claiming your State Pension.

Your State Pension age is the earliest age you can start getting your State Pension. You can:

- stop working and claim your State Pension
- carry on working and claim your State Pension
- carry on working and put off claiming your State Pension to build up more money for the future; or
- stop working and put off claiming your State Pension.

There were three key elements of this presentation that were instructive for the development of information:

- the question and answer presentation made the information seem more relevant and allowed respondents to feel as if they were talking to someone on ‘their level’;
- the use of bullet points, white space and the breaking down of information into short ‘bite-sized pieces’ made the information seem more accessible;
- the use of clear layperson’s language and of ‘you’ also built empathy and relevance.

3.3 Effect of the materials

The effect of the information materials on respondents is generated across all stages of the information-use journey described in Chapter 2.

3.3.1 The ‘pick it up/open it’ stage

Respondents made very quick judgements about the approachability of written materials, and initial impressions and hooks were hugely important in setting initial expectations. At the ‘pick it up/open it’ stage, initial judgements determined not only how respondents approached materials but also whether they read on. The impression the existing materials gave was that they were lengthy and difficult:

‘Looks like typical government booklets.’

‘It’s geared for the people that want to read loads and loads of books about something.’

As a result, respondents struggled to get started. The volume of information in particular was important, as it indicated the amount of time and effort likely to be required. Many respondents were discouraged by the volume of the materials, which didn't make them appear user-friendly or approachable:

'[It seems designed for] someone who works in an office or someone who wants to know the ins and outs of everything 'cause that tells you everything. But if you're someone like me that just wants to know when you can retire and what you're going to get, it's a lot of pages to read just to get to that point.'

As the above quotation illustrates, the information could be viewed as intimidating.

3.3.2 The 'flick or scroll through' stage

A quick 'flick test' set respondent expectations of whether materials were written for them. Respondents made quick judgements about tone and user-friendliness on the basis of an initial glance through. Respondents were asking themselves:

- is there a balance of text/illustrations/diagrams/tables/white space?
- does it cater for the processing of information in different ways?
- can I find my way around it easily?

At the 'flick or scroll through' stage, the findings show that respondents viewed the existing material as text-heavy and conveying a high volume of information:

'A big long page of black and white writing makes you think, "Oh God! I've got to read all that".'

'It's a lot to take in and it's like the small print on most letters, do you read that?'

There was a risk that a quick flick through current materials reinforced respondents' preconceptions and fears, that the State Pension was complex.

3.3.3 The 'read a bit' stage

At this stage, the impression was that the material was technical, used difficult language, had a complex structure, and was dominated by text. Because this stage was the main focus of our customer research and development work, the different communication elements are broken down into four main areas: content, format, language and layout.

Content

Content is the information that should be communicated within each information package (which can be a whole website or booklet, or just a page or section). But the way that content was structured made information difficult to digest.

There were several reasons for this:

- information jumped around asking the respondent to turn backwards and forwards to different pages;
- all information was communicated on an equal basis, which meant that more complex issues (e.g. additional State Pension) received similar emphasis, while what was really important to the respondent (e.g. how much most people get) was missed;

- exceptions, caveats and changes appeared more important than the basic rules; it was hard for respondents to understand new concepts and learn when they were not able to build up a foundation understanding before moving into trying to understand the detail;
- there was a strong focus on policy, history and future changes, rather than on customer needs.

Format

The information packages relied heavily on text, making it difficult for respondents to pick out what was and wasn't relevant to them, meaning that they had to read everything in order to find out. This over-emphasis on text made information appear overly wordy, academic and long-winded.

The materials also didn't cater to the different ways which respondents have of absorbing information. Some respondents were very happy and used to reading large chunks of text. However, others found it very difficult to absorb information in this way, and much preferred to have information presented in a variety of different ways.

'Rather than sheets of writing, a graph is always easier to look at. It goes straight in your mind.'

The reliance of the current material on a single predominant format meant that not everyone will feel as though they are being catered for, leaving some with the feeling of being excluded.

Language

The language of the current communications packages – the combined effect of words, figures, sentence structure, syntax and tone, was a barrier to understanding for most respondents. There were several key areas where respondents experienced difficulties to do with language:

1. Volume of words

Sentences and paragraphs were long, which made it hard for respondents to take in the information (short sentences and paragraphs provide breaks in which to 'digest' information). Many sentences had multiple sub-clauses which respondents found hard to follow.

2. Assumed technical knowledge/vocabulary

All too often the existing communications materials were considered to assume prior knowledge and to miss out explaining basic concepts like what National Insurance is and how it works, how State Pension builds up, and what the State Pension age is.

'I don't think it's ever explained to you when you start work. This goes towards that, this goes towards this and this is because. I started here when I was 19 but before that I was in a job and I never got told what my tax, National Insurance went for and I didn't have no idea about pensions.'

The material was not seen to provide an accessible structure to build information, and consequently respondents found it hard to fit information together:

'Why do my National Insurance payments affect my qualifying years? What do they have to do with each other?'

Respondents needed to know the basics before being able to relate larger pieces of information. For example, there was a lack of understanding that there are potentially three parts to the State Pension, and about how the basic and additional State Pension link together. The different parts of this information would have been much easier to grasp if they had been linked.

3. Not my language

Respondents frequently could not understand the language used in the literature, and struggled with the meaning of ‘complex’ or technical words and jargon. This made respondents feel that the literature had been written by ‘experts’ with specific required knowledge, and consequently led to a feeling of disengagement from the subject.

‘That’s come from somebody who works in the department that wrote this, who knows what the jargon is. I don’t understand that.’

This is an example of a piece of text that respondents found difficult:

‘The aim of the basic State Pension is to provide anyone who has paid (or been credited) sufficient UK National Insurance contributions the chance to earn a pension, payable by the state, generally from when they reach State Pension age. The government pays the basic State Pension to people who are entitled to it, have reached State Pension age and have claimed it. You qualify for basic State Pension if you have a minimum number of years when you: paid enough National Insurance contributions, were treated as paying National Insurance contributions, or were credited with National Insurance contributions.’

Language such as ‘credited’ and ‘treated’ was alien to many respondents, which left it open for them to disengage or come to their own conclusions:

‘I guess credited means for those who are signed on or at uni.’

‘When you’re credited something, that’s when you’ve usually paid, you don’t get NI contributions paid to you, do you?’

Vague phrases such as ‘chance to earn’ and ‘generally’, frustrated respondents by not being direct:

‘a chance to earn...I’ve already earned it, I’m entitled to it! It should say “a chance to receive a pension”.’

“‘Generally’, what does that mean?”

Long or convoluted sentences also added to confusion:

“‘The government pays the basic State Pension to people who are entitled to it, have reached State Pension age and have claimed’ – I don’t understand what that is saying, it’s trying to say too much.’

‘It sounds like someone putting forward a policy for parliament. Cabinet talk.’

There were several examples of commonly misunderstood language:

‘Stakeholder’: a term unknown to many, or which indicated someone in business.

‘Occupational’: for some this sounded like an ‘option’.

‘Treated’: replicated language used around gifting, thus was seen as a benefit of some kind.

‘Credited’: again, this could be seen as some form of ‘gift’ or benefit but with no indication for whom.

‘Home Responsibilities Protection’: ‘This sounds like Bricks and Mortar, it should be some kind of mortgage or home insurance.’

4. Frightening numbers

Some respondents found numbers and numerical concepts intimidating and hard to take in when expressed exclusively in words:

'I need a chart or something that just says 'if you work x years you will have paid x contributions, you need to work x more years to qualify'. I need to see a chart or a case study so I can understand what they are going on about.'

Fractions also proved difficult for many respondents:

'I'm not very good at maths. Percentages, fractions. It doesn't mean nothing to me. What is one over thirty of the full basic pension? Why do you need to know that? It's not giving you more information, it's confusing you.'

5. Twists and turns

Respondents were easily put-off or confused by information that did not flow logically. Too many 'twists and turns' were found in the material, such as information in brackets or sub clauses, with references to other pages or sections. This disrupted the reading and understanding experience:

'It's things that stop you like gates when you're reading through and then you have to go back and "oh what's that again?" And like it explains it after – I'd like a paragraph maybe when it's explaining that part – so when you've read it, you understand it and then these little pieces "defer" you, they're stopping you. Just like a gate.'

6. One size fits no-one

At times respondents found it hard to identify the pieces of information that were relevant to them, particularly when they were already unsure of what they needed to know. Disentangling the relevant from the irrelevant means that energy was wasted trying to understand the wrong pieces of information, which easily distracted from the task at hand. Respondents often felt that the information was not personal to them, and suggested that case studies or working examples might help 'translate' the information. A 'one size fits all' approach could risk connecting with no-one.

'So what if you've been a married woman and you've been widowed? Do you know what I mean? And I wouldn't know about married woman's reduced rate National Insurance 'cause I've never been married so I didn't even know that that existed.'

'It's OK but it's not eye catching or anything like that. There's nothing that stands out that would make you think "oh I'll look at that bit cos that looks a bit like me".'

Layout

Elements of layout and sign-posting in the materials helped respondents navigate its complexity, but in general it suggested that they needed to read all the information. While some of the ways in which information was laid out were working fairly well, in general it was felt that all elements were treated as equally important, with little guidance about how best to find what was most important for them. The effect of this could be that materials give a false sense of usability, which was then not realised.

3.3.4 The ‘use it’ stage

The effect of current materials meant that few respondents found them actually useful. Respondents generally only read this material for a specific purpose, to find out what it meant for them, and in particular, to answer simple questions such as ‘how much will my State Pension be?’, ‘how can I check that I’m getting everything I should?’, and ‘what does it mean for the choices I make?’. But the materials had too theoretical a feel, and so using the information required extra steps.

‘It feels like I was in a lecture – you shouldn’t really ask questions. If you don’t understand it, well you should. That’s how I feel about the tone of it.’

‘To me if I wanted to know something I would sooner just phone that number up, rather than read books and books on it.’

The information tested was encouraged passive reading rather than active engagement.

3.4 Summary of responses to current materials

To summarise, although information was accurate and comprehensive, containing all the detail required, these important standards alone were not enough to ensure that customer need was fulfilled with regards to information about the State Pension.

There was a risk that the respondent ‘got lost’, that they switched off before they had the information they need to make informed decisions about planning for later life, because they found the information too difficult to understand.

Therefore, although it is important that sufficient information is provided, it is also important that the information provided is engaging and easily understood.

3.5 Implications for information development

The feedback from respondents clearly indicated that there were significant implications for developing the existing material into more effective communications.

Six main ways in which the presentation of information could be improved were identified:

- 1 using layperson’s terms;
- 2 presenting information in bite-sized pieces;
- 3 using a sequenced build up and a joined-up approach;
- 4 making it textual and graphic;
- 5 making it tangible: using rules of thumb;
- 6 making it actionable: explaining what it means.

The plan in this phase was to enable a move away from the customers’ existing journey, in which they found pensions difficult to understand, which made them ignore the issue, defer or make uninformed decisions, and thereby potentially end up with inadequate savings for later life.

By designing information around customer need, the aim should be to make pensions information simpler and easier to understand, thereby encouraging people to take action, which should help them make informed decisions earlier, potentially leading to a happier later life for more people.

Figure 3.2 Understanding is a driver of effective action



Understanding can be a driver of action. Transforming this journey from one of confusion, inertia, disinterest and fear to one of understanding, empowerment and action could enable the Department for Work and Pensions to produce information which helps people plan successfully for later life, articulated by this respondent:

‘You should be able to read through something like this ‘cause your life’s depending on this in years to come. You should be able to read it and know exactly what it’s meaning.’

4 Developing the new prototype materials

4.1 Principles established in the workshop

The aims of the workshop were to translate the insight gained in the first phase of the project, to challenge convention and break through assumptions. The aim was to achieve this by bringing new external perspectives to the problem and to focus specifically on improving the communication of certain components of the State Pension, whilst at the same time establishing general principles for improving all information communication.

From the broad range of perspectives that participants in the workshop brought to the issues of communicating the State Pension, a number of core principles were established. Techniques and standards suggested were as follows:

- Information management:
 - paring information back as far as possible. This is an iterative process involving constant distillation of information until it gets to the real basics;
 - capturing common questions/concerns/myths and learning from these, providing information to respond to these customer needs.
- Information structure:
 - designing a framework for the information that first of all establishes the big picture, moves on to examples and supporting information, and then follows this with greater detail;
 - beginning any package of information with the starting point of the journey and then leading the customer through the information via a road map;
 - providing structure and maps for sections – helping people know where they are in the information journey;
 - using in-context jargon boxes where technical terms are really necessary – putting the information in plain English where people need it to make a smoother journey.
- Presentation:
 - using a mixture of different presentation formats – dynamic pictures of systems, flow charts, decision trees, bullet points, illustrations, tables;
 - contrasting different elements and emphasising comparisons and differences;
 - using active learning – examples, case studies and interactive tools alongside the theory and reinforcing learning through actions;
 - layering information – demonstrating principles visually and simply before trying to attach the numbers/detail;
 - finding common metaphors and comparison points that give information relevance to people's everyday lives;
 - presenting the same information in different ways to allow different types of people to access it, e.g. a picture, a table and text description of the same topic.

- Positioning:
 - making it human and putting the information into context with people's lives – using human stories detail to build relevance through emotional connection with the information;
 - making it personal, helping people identify information relevant to them;
 - making it practical (not passive) – helping people know what to do. Using in-context action boxes and giving next steps, e.g. other resources to use, information to find out.

4.2 Development of materials for phase 2 testing

The first round of stimulus materials development was completed in the workshop, where the principles laid out in Section 4.1 were applied to six information components:

- State Pension overview;
- qualifying years;
- basic versus additional State Pension;
- Carer's Credit;
- voluntary National Insurance contributions;
- marriage/civil partnership State Pension (Cat BL).

A range of ideas was generated as to how this information could be communicated to members of the public and these were used to develop customer-facing packages of information. The structure of information and the foundation understanding required to make the topics accessible was taken into account during development.

The documents created represented a move away from the existing policy-facing components to a more user-facing overview. It was decided as a result, that the following headings should be used within further structured testing:

- Introducing the State Pension.
- Building up the State Pension.
- Understanding how much State Pension you will get.
- How much will that be worth when I retire?

The materials used can be found in Appendix D.

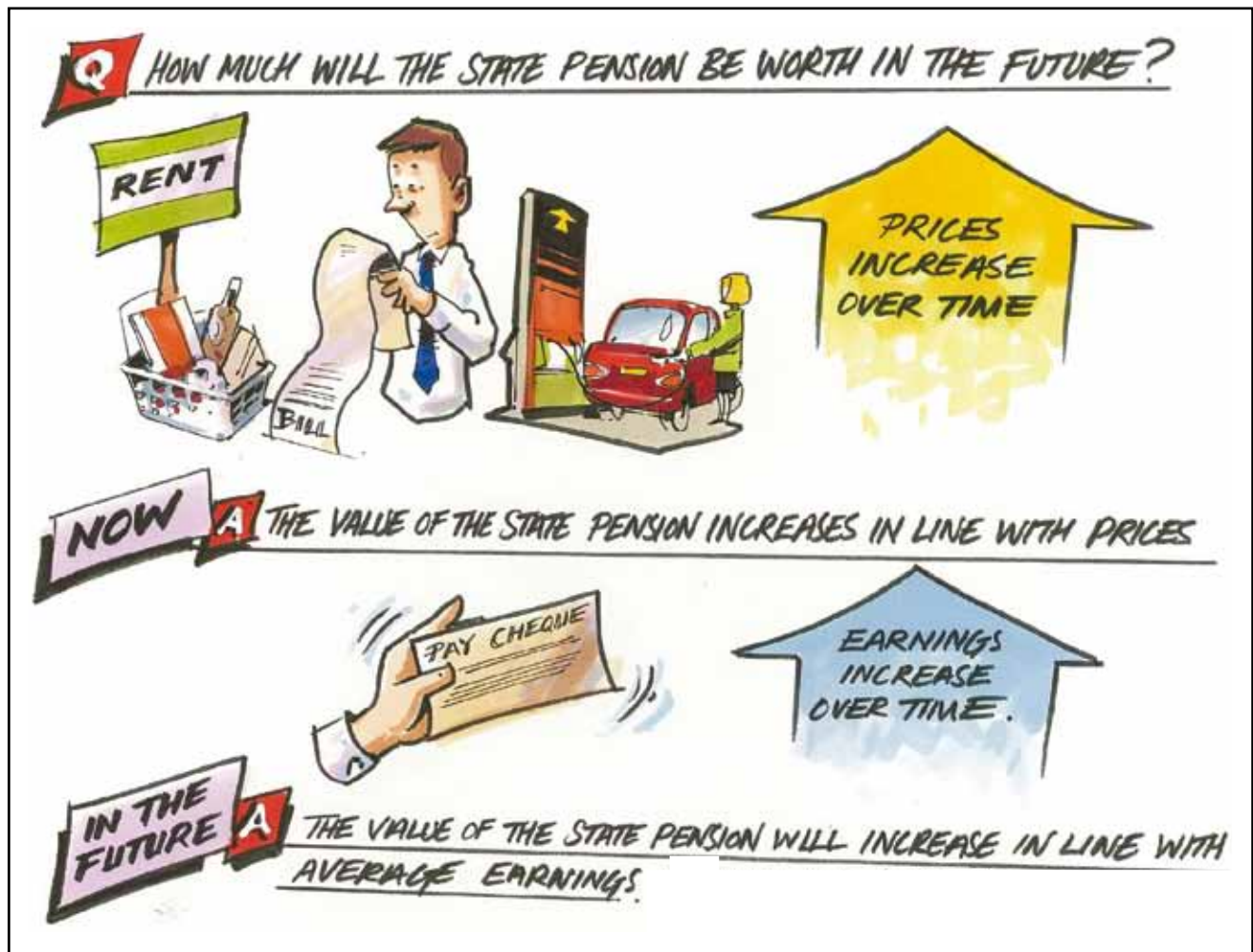
These materials formed the basis of the stimulus used in the first round of user development and testing for Phase 2. The response to the materials at this stage was largely positive; the materials were considered to be reasonably accessible and engaging, and covered most of what people felt they wanted and needed to know. However, respondents did identify three main gaps in the information presented at this stage:

- What is the State Pension?
- When I can claim it.
- What is my State Pension age?
- Where can I look for more information if I am an exception to a rule (especially for the self-employed)?

In addition, it was established that a combination of text, images and case studies (rather than the use of one format in isolation) best helped to build understanding.

Some of the diagrams used, failed to connect, either because they were too complex, found to be confusing, or struck the wrong tone. Two examples were:

Figure 4.1 An example of the research stimulus materials (The retention of State Pension value over time)



The above illustration tried to address two concepts at the same time, revaluation of the State Pension and the change from price-linking to earnings linking. As a result, respondents didn't understand either concept. In addition, they were not interested in the price versus earnings link and felt this went into an unnecessary amount of detail for an overview.

As another example, the comparison between building up qualifying years and building up points on a 'totaliser' did not aid understanding, and instead added a layer of complexity. However, the initial test showed that visualising qualifying years building up in a different way could help respondents understand the concept.

Responses from the Phase 2 discussion groups were used to refine the materials further, including addressing the identified gaps, before the Phase 3 testing.

Figure 4.2 An example of research stimulus materials (The build up of State Pension)



4.3 Development of materials for phase 3 testing

This phase involved the further refinement of the materials. It concentrated on the following areas:

Figure 4.3 The focus of Phase 3 testing

Overview of the State Pension:

- what is the State Pension?
- how do I build up my State Pension?
- how is the amount I get worked out?
- when will I get it?

Value of the State Pension:

- how much is it?
- how much will it be worth when I retire?
- will it be enough for me?

Additional State Pension:

- what is the additional State Pension?
- who builds up additional State Pension?
- how much additional State Pension will I get?
- what is contracting out?
- how is the additional State Pension made up?

National Insurance Credits:

- voluntary National Insurance contributions.

It was decided that these would be the most valuable topics to focus on in the next phase of work, as from a customer's point of view they represented the key components of the State Pension understanding. This included using a 'basic guide' to State Pension that included the additional elements and issues previously identified. The optimised version of this 'basic guide' can be found in Appendix B.

4.4 Ongoing iterative development

Refinement of the materials was conducted iteratively throughout the project, with a number of stages of development and review. This process involved clarifying misunderstandings, breaking concepts down further into their constituent parts, finding alternative methods (words, images, layouts) to address issues that are difficult for people to connect with, and changing the sequencing of information. An example of how material was developed iteratively over the course of the project is outlined below:

4.4.1 The starting point – the existing materials

Figure 4.4 An example of current DWP State Pension information materials

Basic State Pension

The aim of the Basic State Pension is to provide anyone who has paid (or been credited) sufficient UK National Insurance contributions the chance to earn a pension, payable by the state, generally from when they reach State Pension age. The Government pays the basic State Pension to people who are entitled to it, have reached State Pension age and have claimed it.

You qualify for basic State Pension if you have a minimum number of years when you:

- paid enough National Insurance contributions
- were treated as paying National Insurance contributions, or
- were credited with National Insurance contributions

4.4.2 Second iteration

Figure 4.5 An example of the research stimulus materials (Introducing the State Pension)

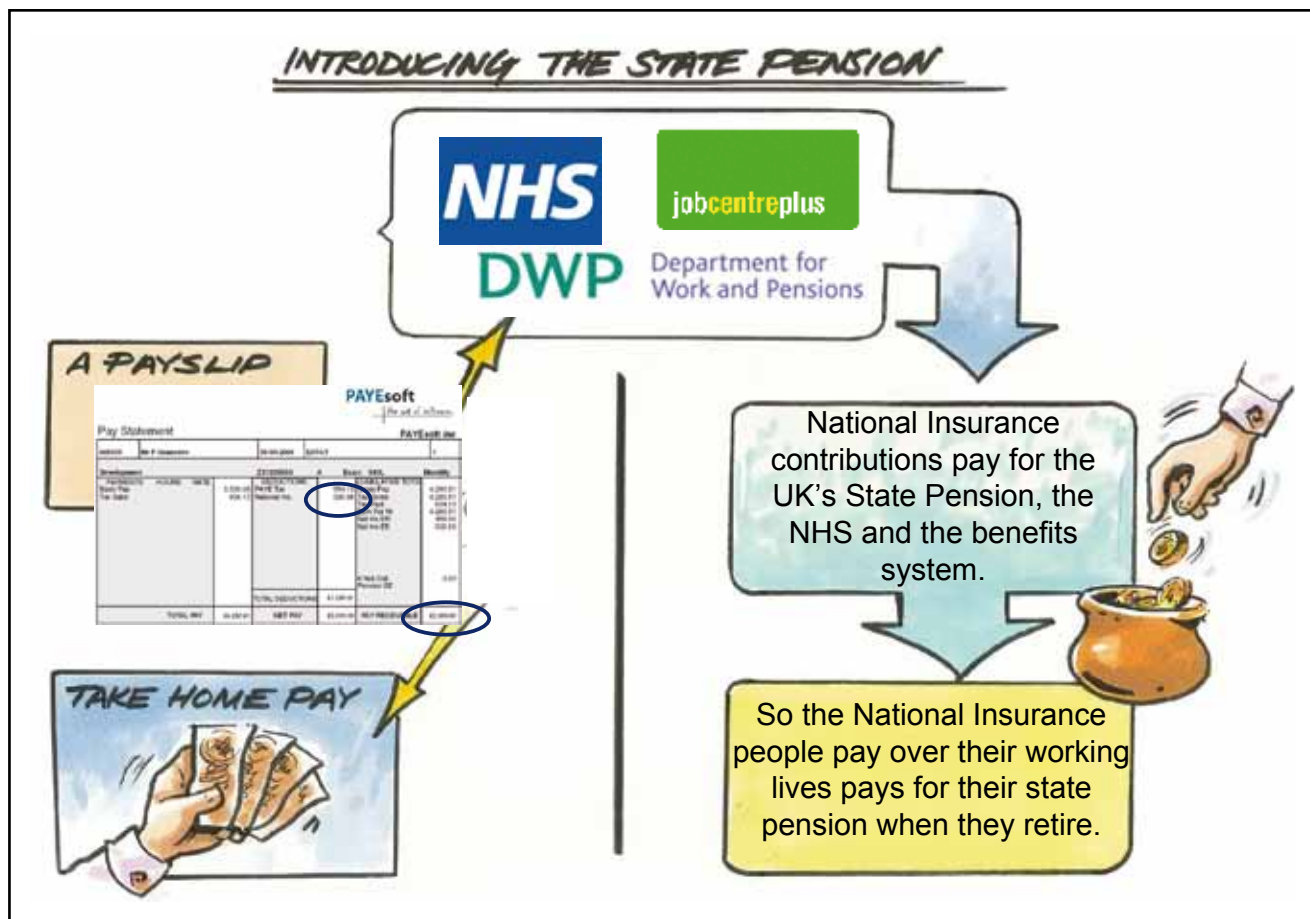
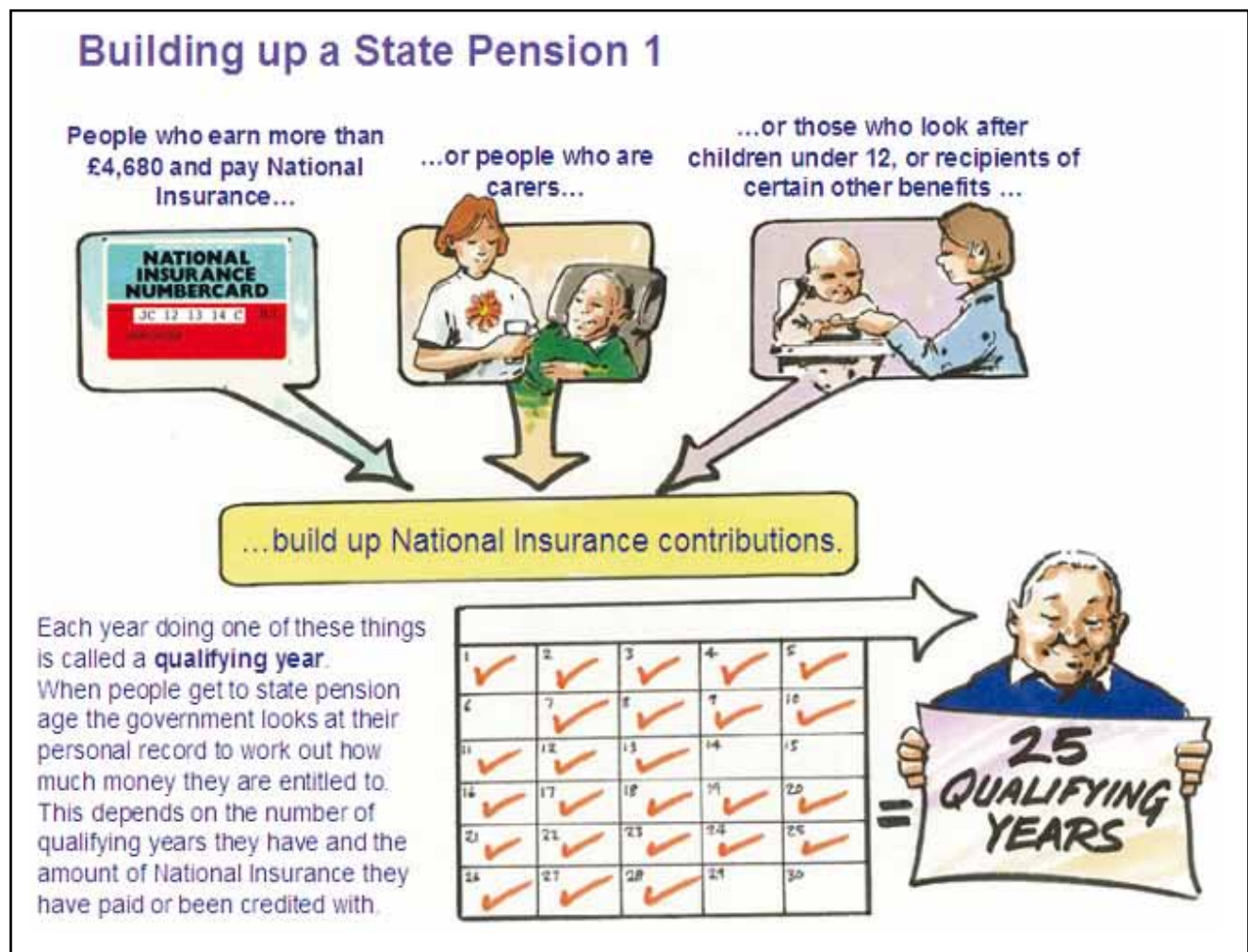



Figure 4.6 An example of the research stimulus materials (Building up a State Pension)



4.4.3 Third iteration

Figure 4.7 An example of the research stimulus materials (What is the State Pension?)

What is the State Pension?



Although it might feel like a long way off, your retirement could be a quarter of your life, so it's important to start planning now. The choices you make now can have a big impact on the money you have to live on in the future.

The State Pension should be part of your retirement planning. It is a regular payment people who have worked in the UK can claim when they reach State Pension Age. The earliest age you can claim the State Pension is gradually increasing to 68 for both men and women, but may be earlier depending on when you were born – see [page 6](#) for details.

Most people (but not everyone) get something, and the amount people gets varies.

Today, the average state pension is £130 per week.

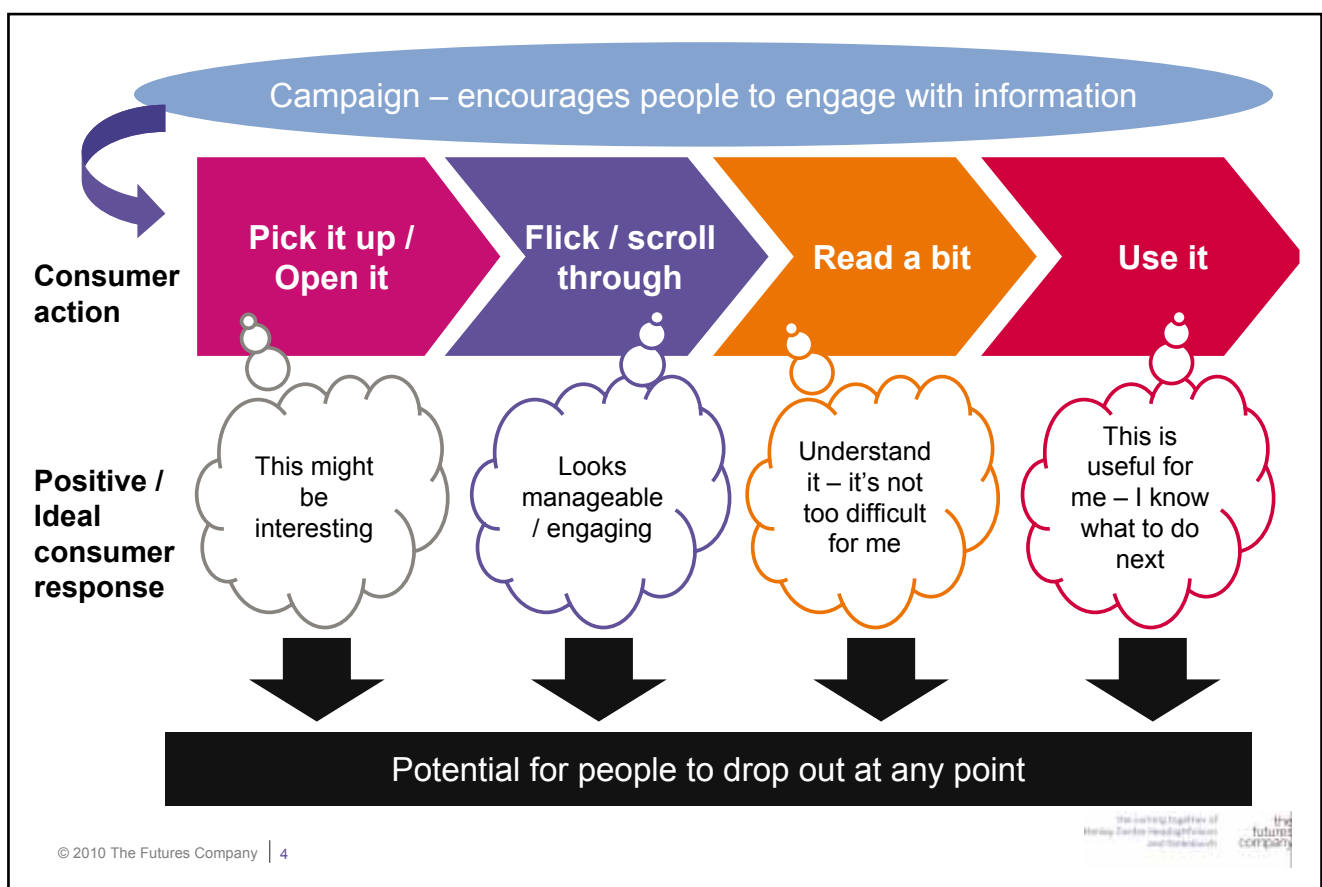
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5 Performance of prototype materials

5.1 Response to the materials⁹

The new customer-driven materials appeared much more approachable and effective throughout the information-use journey.

Figure 5.1 Response to the new information materials



At the 'pick it up/open it' stage, because the materials had been cut down into bite-sized chunks, they were found to be less intimidating and overwhelming. The new bright and customer-friendly look made them seem more approachable and interesting, and the immediate impression the documents gave of being easy to read indicated that not too much effort was required.

'That's a lot better. With the illustrations as well, it makes you look...I'm going to read that and then what's underneath, it's helping me go through it.'

⁹ Please note that all the prototype materials can be found in Appendix D of this report in the section 'Research stimulus materials'.

However, each part of the information still required ‘hooks’ to draw respondents in. It was not sufficient to simply assume that they would stay interested after a good first impression.

At the ‘flick/scroll through’ stage, respondents found that a quick look through the materials now reassured them that they would be able to cope with understanding the contents relatively easily. This was felt to be the result of using a variety of different ways of presenting information: a mix of text, images, tables, charts and diagrams; colour and visual appeal; creating more human interest by talking about real people; balancing information and white space; and using signposting to suggest easy navigation.

At the ‘read a bit’ stage the same breakdown of elements as outlined in Chapter 3 was used to consider responses in terms of content, format, language and layout.

5.1.1 Content

Despite the changes which had been made, overall the subject matter remained complex and hard to engage with:

‘I felt pretty confused by it...What I found the most useful was how much you would get, how to calculate it, but that confused me because my maths is terrible.’

Respondents still found the State Pension a complex subject to understand, but structuring content around fundamental questions helped to build understanding and engagement. This included key questions such as:

- What is the State Pension?
- How much will it be worth when I retire?
- When will I get it?
- Roughly how much will I get?
- Where does it come from?
- How do I build it up?
- How is the amount worked out?
- What can I do to increase my retirement income?

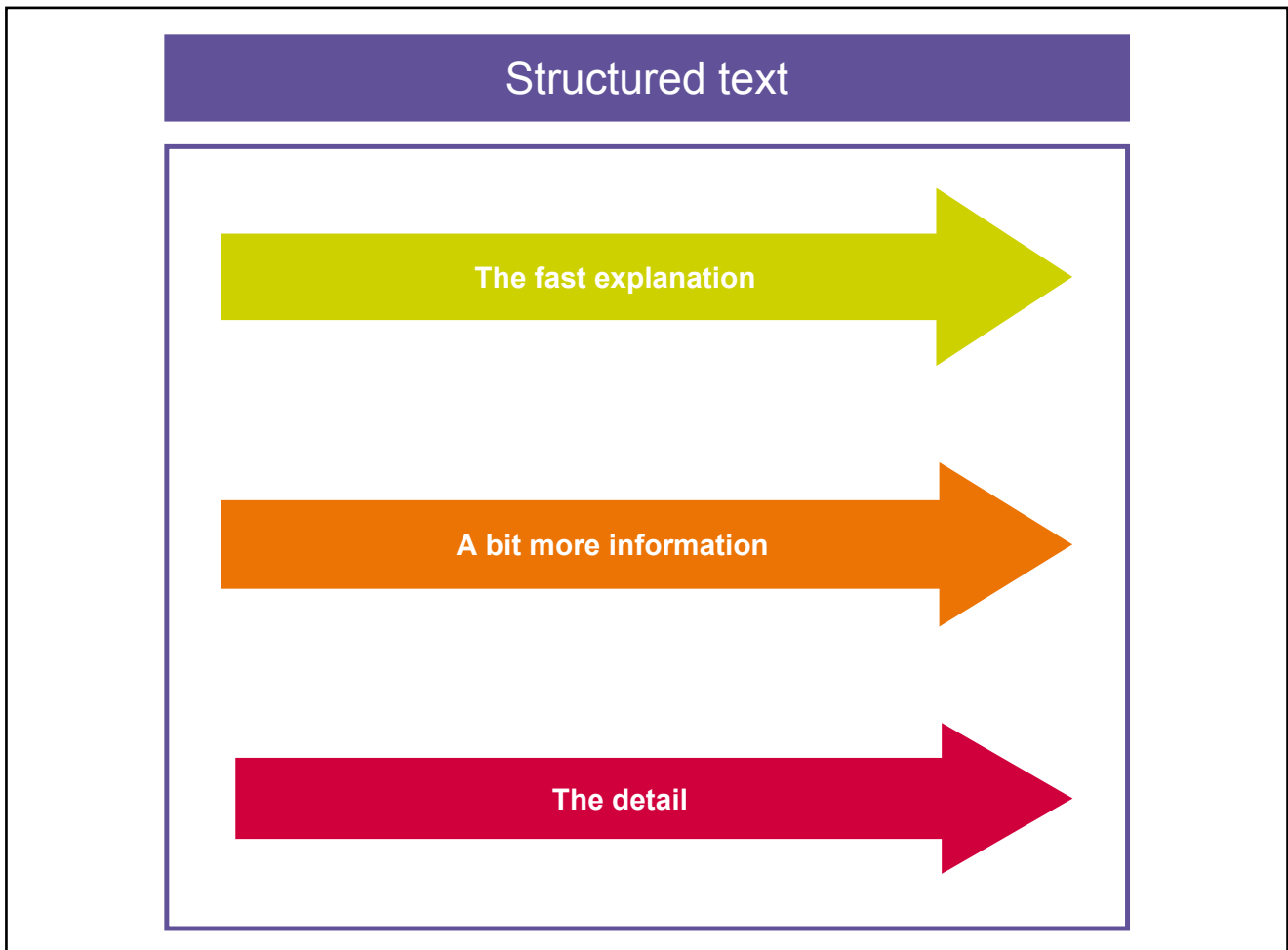
Respondents found it helpful to have a basic introduction to first principles and concepts before getting into the detail of how the system works:

‘[The first six pages] tells you basically everything: what is the State Pension, what will it be worth when I retire, when will I get it, how it builds up. It tells you basically everything you want to know....’

‘It gives you a layman’s basic package that explains about the pension. It doesn’t go into all the nooks and crannies – what percentage of this or what percentage of that – because most people don’t want to know that. They just want to know the basics. It covers virtually everything that you need to know. It answers most of your questions quickly – a little diagram but not loads and loads of pages. A lot of it’s self-explanatory.’

It was also found that tiering and signposting helped respondents to find the pieces of information they wanted and needed to pay attention to. Tiering information so that there was a ‘fast read’, supported by more information and detail accessible below it, worked well:

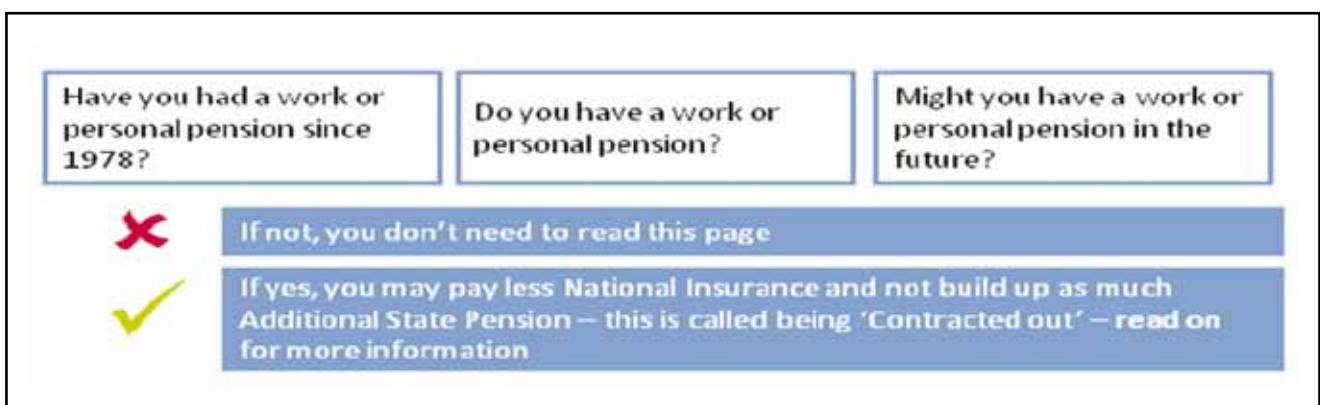
Figure 5.2 A proposed structure for text-based information



This kind of structure was helpful for respondents coming from different base levels of knowledge, and worked by building understanding in manageable chunks. For some people, 'the quick read' proved sufficient.

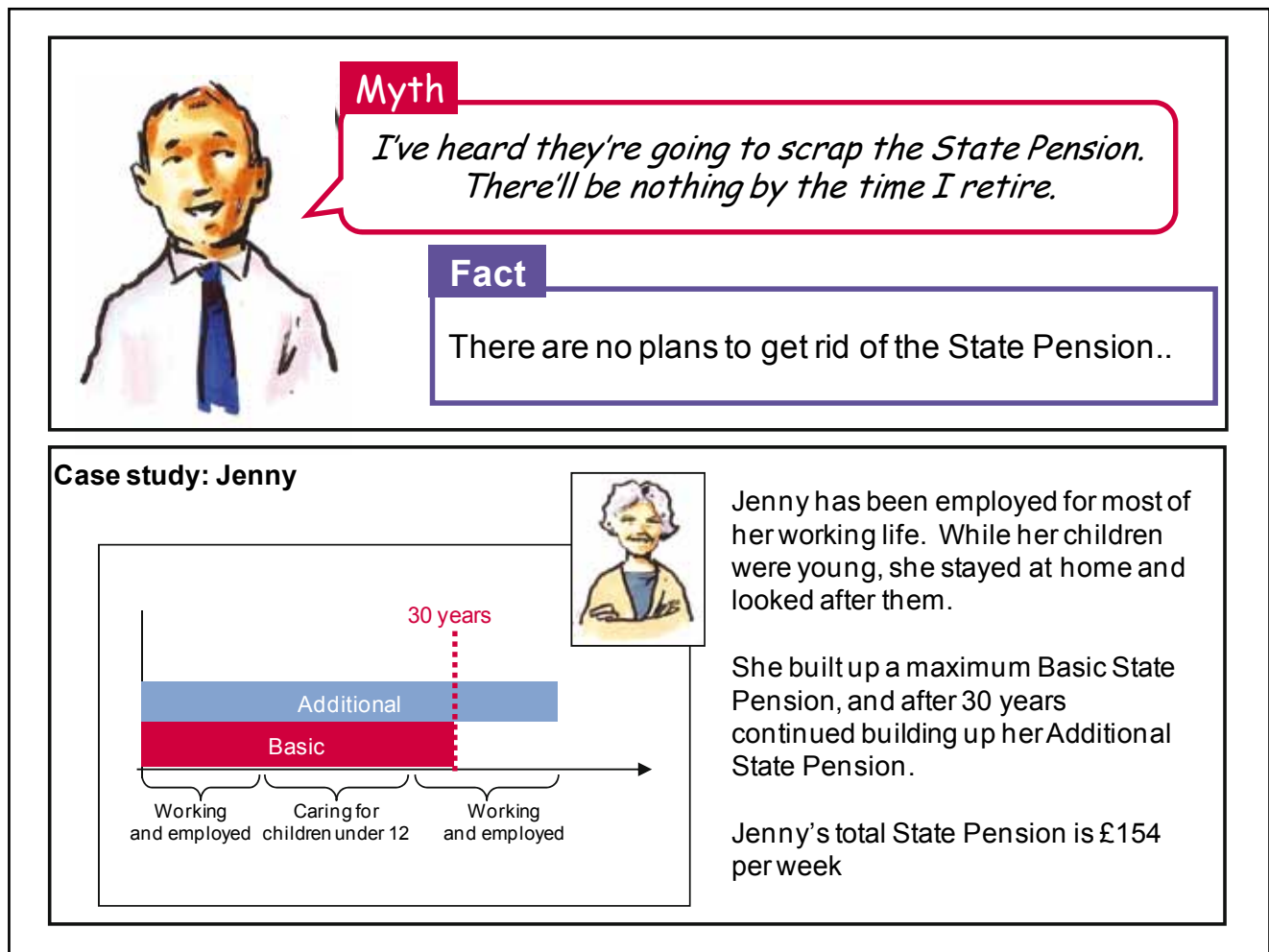
A more graphic signposting helped people find information relevant to them, for instance:

Figure 5.3 An example of graphic information sign-posting



Human examples and 'real life' case studies helped build connection and engagement:

Figure 5.4 Two examples of personally relevant information

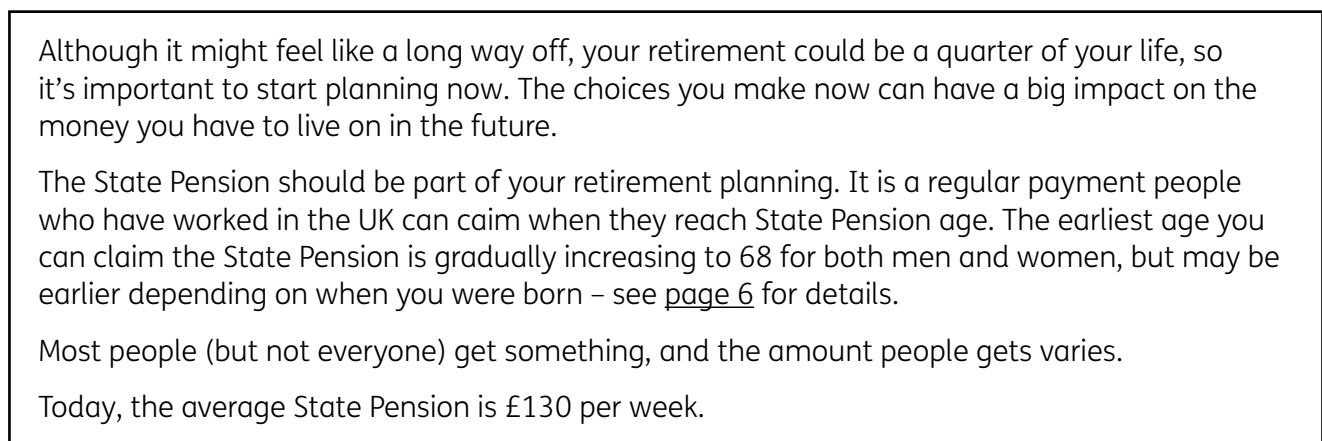


Human detail also helped build a sense of empathy and that this information appeared to respondents as being 'for me':

'Someone's actually listening for a change, perhaps they are actually in touch.'

What became clear was that the most important piece of information to communicate was the approximate amount of State Pension people may get.

Figure 5.5 An example of individualised State Pension information



The amount of State Pension entitlement quoted in Figure 5.5 above was used for research purposes only and does not necessarily represent any real-life scenario.

Individualised State Pension information

Through the iterative development and testing of new information components it became clear that respondents sought individualised information about their State Pension entitlement. The most important piece of information to communicate was the approximate amount of State Pension people may get. It helped to significantly generate interest and engagement.

This was the information that respondents were interested in, but which few had any idea of. It was also the one piece of information that was most likely to have provoked consideration of the personal implications for financial planning, and therefore, to effectively encourage action, if necessary. It offered respondents a reason to read on, because they wanted to know how to maximise the figure and ensure they got more than the average.

Due to lack of knowledge about the subject, general surprise was expressed once respondents became aware of the amount of the State Pension. This awareness acted as a key driver of consideration and engagement, as did the understanding that not everybody gets the same amount.

It was found that a rough estimate of State Pension entitlement was enough for most respondents, especially if they knew how to get a more precise figure. The availability of quick estimation tools could, therefore, be extremely important to engage people in learning more about the State Pension and making better plans for later life. An average amount was enough to help most respondents start planning for the future:

‘If that had something on the front about increasing their pension – “your pension could be worth £95 or it could be worth £130, what are you going to get?”.’

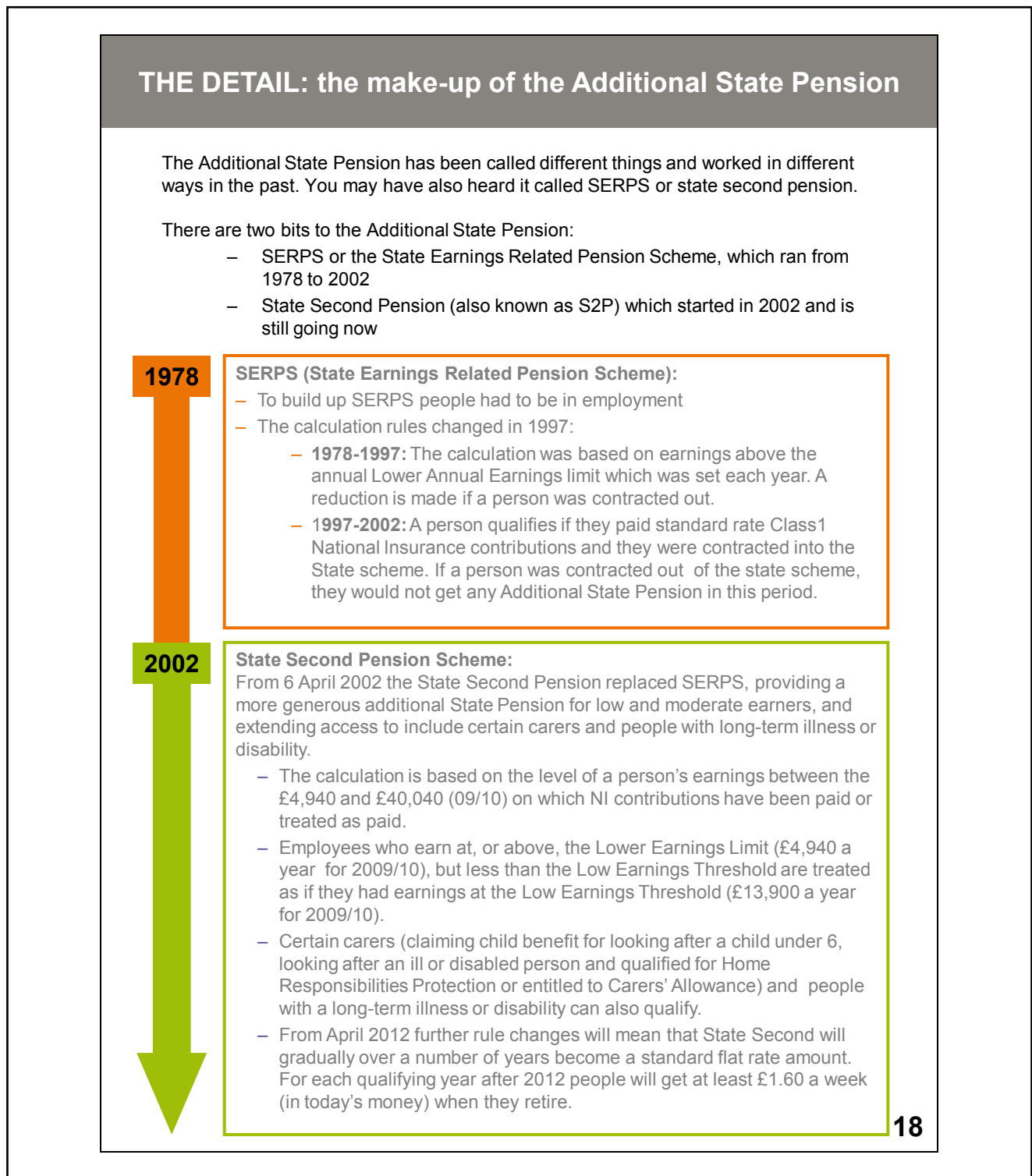
‘Money appeals to everyone whether you’re rich, skint, all walks of life – money is always the root of everything. Just that basic thing, even if it was only to get them to open the first page. That 20-30 per cent that might have chucked it in the bin might actually sit down and read it.’

The research highlighted that the availability of quick estimation tools could be extremely important to engage people in learning more about the State Pension and making better plans for later life.¹⁰

In some areas the new information packets were still felt to go into an undesirable level of detail. This included discussion of ‘contracting in/out’ of the additional State Pension. References to the State Earnings Related Pension (SERPS)/State Second Pension (S2P) also added unwanted complication, and information on previous rules or future changes were seen as unnecessary detail.

¹⁰ A quick estimation tool is available on the Pensions Advisory Service website at <http://www.pensionsadvisoryservice.org.uk/state-pensions/how-much-will-you-get>

Figure 5.6 A history of additional State Pension



Although there was clearly a need for this detailed content to be communicated, it was important that it was managed carefully so that it did not cause people to switch off. Respondents wanted to know **why** the detail was important and how it affected them before getting into it.

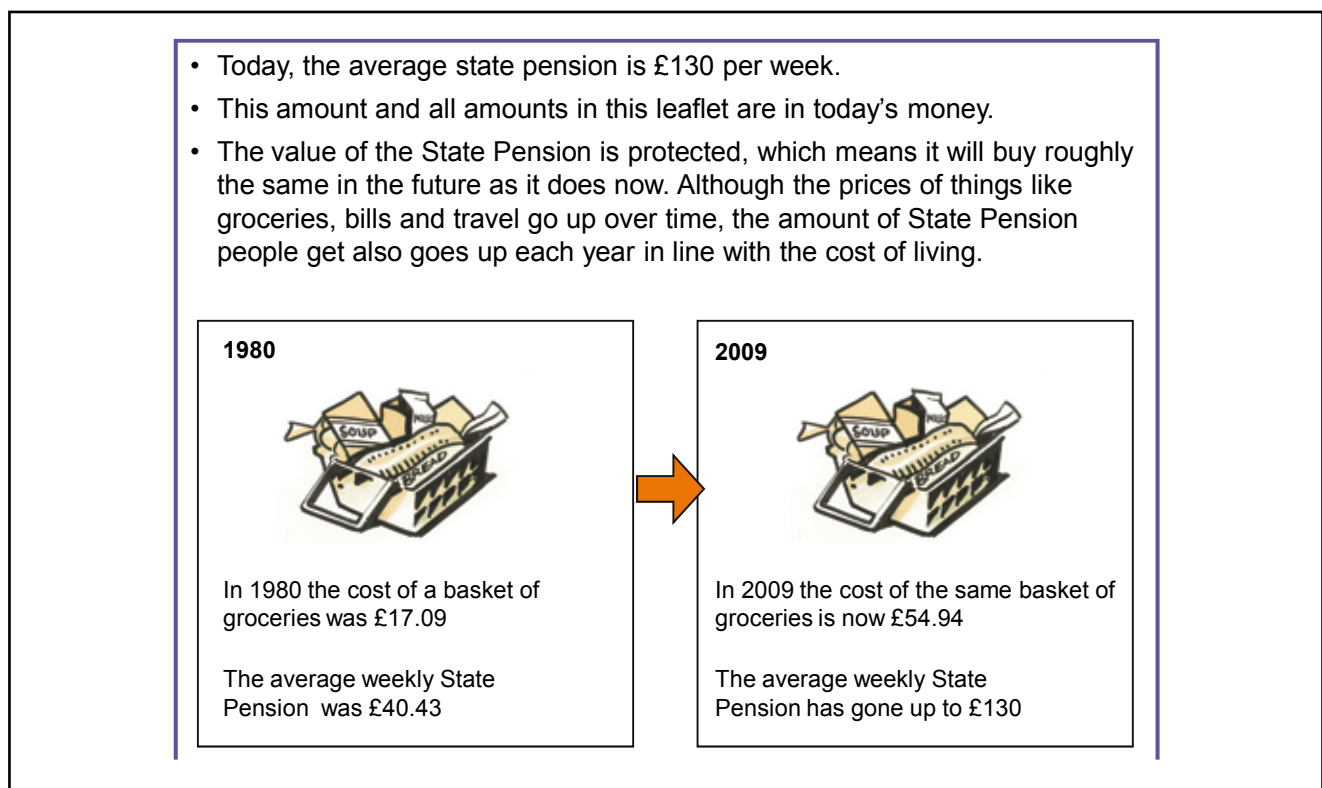
The illustration style of the first version of materials, although providing visual interest, was felt by many to be too 'childlike' or 'jokey'. In this sense, the style could be seen as trivialising the subject.

The illustrations were subsequently refined to show more realistic depictions of people. On re-testing, it was felt that that the refined illustrations were more fitting to the subject matter. A fine balance of tone, therefore, needs to be struck when dealing with illustrations.

Format

The research showed that using a variety of formats aided comprehension and engagement for different people. For example, a mixture of illustration and simple text used to explain how the amount of State Pension has changed since 1980, showed how this kind of combination helped to clarify and reinforce understanding:

Figure 5.7 An example of how to portray changing amounts of State Pension over time



'You can tell it's gone up to £130. It's saying the State Pension will go up once you reach retirement age. But how much will it go up again when you're that age? We're not retired yet so we can't judge that. So I would say that this is just an example, a very good example, but again it's only a rough guide.'

Ideally, complex issues should, therefore, be explained in more than one way, mutually reinforcing comprehension and catering for different ways of processing information. This variety of different formats also added visual interest.

Different formats should be used according to the type of information they suit best. For example information about how a system or process works (such as how National Insurance contributions build up, or how contracting out of the additional State Pension works) may be best visualised as a diagram or graphic image as well as explained in plain text.

Similarly, where information makes a comparison between two components (such as the basic and additional State Pensions), it may help to present the two things graphically next to each other, for example as a graph or table.

Finally, it is worth noting that getting to the right communication format does take some trial and error to test different approaches.

5.1.2 Language

The response to the new materials suggested that it was necessary to translate jargon and legalese-type language into layperson's terms, and translate policy- and economics-speak into straightforward language. This involved identifying what was important to respondents as well as using the right words.

Where appropriate, complex, circuitous sentences also needed to be broken down into a combination of schematics and simpler language.

One language idea that was developed in the creative workshop failed on testing and this is worth further consideration. It was felt in the workshop that 'qualifying years' was difficult terminology and that perhaps it could be replaced with a term that respondents would be more familiar with, such as 'points' (as used in supermarket loyalty schemes). Both 'qualifying years' and 'points' were tested in Phase 2 of the research.

Both terms had advantages. 'Qualifying years' conveyed an impression of building up savings over time, and were linked to the concept of earning. 'Points' on the other hand, was an easy user-friendly concept which was more tangible. Using points, however, required the respondent to translate from earnings (£s) to points, and back to pension (£s) which added a layer of complexity to understanding the information.

Overall, respondents found that the term 'qualifying years' better helped understanding than 'points.' This demonstrated that respondents were satisfied for technical language to be used where necessary, as long as concepts were explained and established first, rather than understanding being assumed at the outset.

5.1.3 Layout

Layout was vital in letting respondents know what they were reading and what they should take from it.

Four useful points on layout were:

- to use a clear headline, to let respondents know exactly what they were reading;
- to place the most important information in the most prominent position;
- sign-posting – so that respondents worked out for themselves which bits to read, and which to avoid;
- to present information topic by topic, thereby helping respondents to see where it started and ended.

At the 'use it' stage the respondent response to reading the new materials was generally:

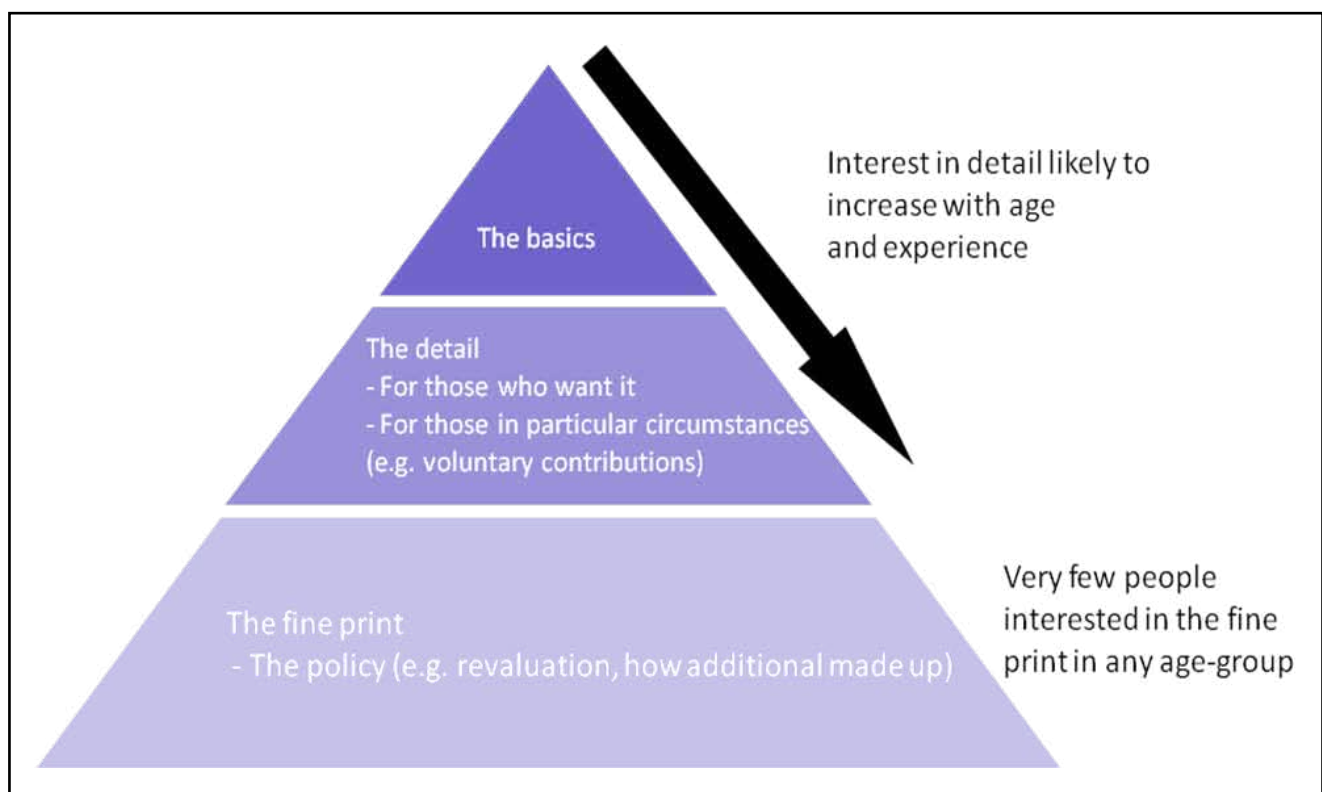
- 'so what does it mean for me?'
- 'how can I make sure I'm getting the maximum?'
- 'where do I find out more?'

The research showed that action boxes and pointers to further information drove engagement and should be integrated at all stages. Because it was difficult to predict exactly when people will be spurred to action, contact information should be embedded throughout the materials. Providing a spur to action will help drive active learning and engagement, turning the material from simply informative to being useful and relevant.

5.1.4 Response by age group

The responses to the materials were broadly consistent across the two age groups. However, those in the older group were more likely to be interested in a bit more detail once they had established 'the basics' and to be interested in personalised information, for example wanting a pension forecast rather than a rough estimate. Hardly anyone in either age group was interested in the 'fine print'; at this level information was felt to be more appropriate for specialists.

Figure 5.8 Responses to the new materials



5.2 The result: The effect of the new materials

The research showed that there was a significant change in responses to the new materials, and that they could enable respondents to make progress.

Generally, respondents found the new materials to be:

- **accessible:** *'it's basic – just getting the information across in the simplest way possible so everyone would understand it';*
- **approachable:** *'it's written for people like me who haven't got a clue about pensions';*

- **engaging:** *‘I’ve seen a section, it makes you look at common myths, and you look and you think, “ooh I never knew that” and you are onto the next one because you are interested’;*
- **empowering:** *‘I just thought it was really easily explained [...] I thought it was dead simple and all of a sudden I know what a State Pension is through reading one leaflet’.*

The potential for building relationships with respondents became clear:

‘It feels like someone is trying to help me, the government, they are trying to give you some positive information.’

While recognising that some of the content was still too complex to communicate simply, and always will be, overall, first impressions were good. Respondents found that above and beyond the content, the new materials built an impression of empathy, trust and confidence.

There was also a clear shift in the role of the respondent from one of passive recipient to one of engagement in active learning with early awareness of responsibility. The clearer understanding of basic concepts, along with the provision of benchmarks and examples in the new materials, encouraged an exploration of personal implications:

‘Well it did get me thinking, how long have I got, and I know that because I’m married, it will be taken into account, it started us thinking “have I earned enough, have I qualified?”’.

‘In order to work out how much you will need, you need to look at how much people get now, how this compares with your current earnings. So I really need to sit down and think when I retire will I still have a mortgage, what sort of rates, council taxes, bills and write all that down and work it out, and in some way do a rough calculation.’

The findings from the research indicate that building engagement and empathy across all stages of the information journey can help people who are not well prepared and are not confident, think about planning more successfully for later life:

At the ‘pick it up/open it’ stage, the prototype materials were producing a positive response (‘this might be interesting’), which was doing the job of initially attracting them towards the materials.

At the ‘flick/scroll through’ stage, respondents were thinking that the materials ‘look manageable and engaging’, thereby achieving the aim of engagement.

At the ‘read a bit’ stage, respondents were demonstrating that they could understand the materials and didn’t find them too difficult to understand. This led to the possibility that respondents were encouraged to read on and find out more. The materials at this stage helped to **inform**.

And finally, **at the ‘use it’ stage**, people were thinking ‘this is useful for me – I know what to do next’, in other words, **motivating** respondents to take further action.

Given this generally positive response, however, there was still a risk that the approach to communicating information around the State Pension could still present difficulties which might have led to poor decisions being made, or to inaction.

Although it was clear that creating and developing innovative communications around customer needs, preferences and capabilities helped to overcome the barriers to engagement and understanding, it was still a task of considerable proportions, for several reasons:

- the State Pension remains a low interest and engagement topic;
- the policy content is complex;
- the workings of the State Pension are not always seen to be logical.

Even the best prepared materials will, therefore, still have to compete for attention, which suggests that wider communication activity is, therefore, required.

Once attention on the subject is captured it is of vital importance that engagement and interest are maintained. This can best be done by implementing the kind of step change suggested here, in the way that information around the State Pension is presented.

Given that there is low interest in pensions policy or how the system works and is changing, the provision of answers to people's questions and explaining what it means for them, is the most effective means of increasing understanding and engagement.

6 Conclusions and recommendations

6.1 Summary of findings

The starting point when coming to information materials produced by the Department for Work and Pensions (DWP) is often one of low knowledge, engagement and confidence. There are also high levels of misconception and cynicism.

The information DWP were providing about the State Pension did not always address these issues. Respondents found the information difficult to understand and the questions they had that were most relevant and important to them, such as ‘what will I get?’ and ‘when will I get it?’ were left unanswered. The failure to find the information that met their needs led to frustration and disengagement. There was a risk that the materials discouraged the very people who were keen to know more, and who sought to engage with the subject and take action.

Through the iterative development and testing of new information components, it became clear that respondents sought individualised information about their State Pension entitlement. The most important piece of information to communicate was the approximate amount of State Pension people may get. It helped to significantly generate interest and engagement.

This was the information that respondents were interested in, but which few had any idea of. It was also the one piece of information that was most likely to have provoked consideration of the personal implications for financial planning, and therefore, to effectively encourage action, if necessary. It offered respondents a reason to read on, because they wanted to know how to maximise the figure and ensure they got more than the average.

Due to lack of knowledge about the subject, general surprise was expressed once respondents became aware of the amount of the State Pension. This awareness acted as a key driver of consideration and engagement, as did the understanding that not everybody gets the same amount.

It was found that a rough estimate of State Pension entitlement was enough for most respondents, especially if they knew how to get a more precise figure. The availability of quick estimation tools could, therefore, be extremely important to engage people in learning more about the State Pension and making more informed plans for later life.¹¹

Other information development principles that helped to increase understanding and engagement were:

- to organise information from a user perspective, in a logical order and under headings written as likely customer questions;
- to provide clear navigation and signposting;
- to tier information so that basic concepts and rules of thumb were introduced before going into more detail;

¹¹ The DWP has used this principle in the provision of an on-line tool, the State Pension profiler, designed to communicate messages around ‘What am I entitled to from the State Pension’ to give users an approximate idea of their basic State Pension entitlement.

- to break information down into manageable pieces with plenty of white space around them;
- to use more than one method to present information, other than just text;
- to use simple layperson's language, with technical terms used only when necessary, and explained as they are introduced;
- to directly address common myths and misconceptions;
- to provide action boxes and interactive tools.

Presenting information in a more user friendly manner could enable understanding and build confidence and engagement in thinking about planning financially for the future.

6.2 Recommendations

The project clearly outlines both the potential benefits and the risks involved in customer-centric information development and design. Applying this approach to the State Pension highlights and accentuates both the benefits and the risks, as it is a subject that is extremely important, but one which some people can find complex and challenging.

The findings from this study have broad relevance and application across DWP's public information products. Information materials that fully consider the needs of the customer have the potential to build confidence, engagement and involvement, and lead to positive action that can make a real difference to people's lives. In addition, there is potential for the findings to inform the development of engaging, accessible information that can empower the individual.

The risk of information not being customer friendly, is that it is perceived as complex and inaccessible, which can lead to disengagement. In addition, apart from the consequence of inertia and lack of planning, this can also result in hearsay, rumour and myth, filling the information void. Such misunderstanding can quickly become common knowledge, leading to poor planning decisions.

With regards to information about the State Pension, the findings from this study clearly suggest that information should be tiered. At the top level, the basic information is enough to help the majority of people to plan for the future. At the next level down, a certain amount of detail should be provided for those who want it, or for those in particular circumstances (for example those making voluntary contributions). This can help promote better understanding of the system, particularly at the point when it is needed and relevant to the individual.

At the third level is what might be called the 'fine print', the detailed policy information (such as information about revaluation, or how the additional State Pension is made up) for people who need or want to know everything. This information structure gives people permission to just read the basics and ignore the rest if that suits them. Given that interest in the subject generally is likely to increase with age and experience, this also suggests producing tailored information for different age groups.

Tiering information in this manner does not mean that complexity should be hidden. It is more about helping people to process information in a way that makes sense and aids navigation and prioritisation. It is important that technical information describing a key foundation concept (such as the concept of qualifying years) is not hidden away, but given prominence and communicated in a number of different ways, ensuring that it can be understood and used widely.

The process of developing customer friendly information and communications involves achieving a balance. There is detail that people want to know and there is also information that people are unaware of that they also need to know. The development process, therefore, needs to balance policy objectives with customer needs, wants and capabilities.

Achieving this balance requires close-working with policy teams in information development and the input of DWP policy colleagues throughout this process has been helpful, as has the input of customer insight at different stages of the process, but particularly early on.

It is vital to understand the customer's starting point, so that information can fit into their context, and so that their most pressing questions can be addressed. It is also essential that common misconceptions are addressed, otherwise these will persist and cause confusion or rejection.

The on-going development of information is an iterative process, involving the application of a broad range of creative techniques and appropriate customer input. In this study, it was only through multiple iterations of materials that the information became truly customer-facing.

Appendix A

Information development guidelines

In order to aid the ongoing development of State Pensions materials, some general information development guidelines identified in this research have been noted below. It is worth remembering though that this is not a one step process, and several iterations are needed to test, hone and refine information. Multiple distillations are the key to making communications work, and having these different perspectives adds real value.

1. Use laypersons's terms

Using language that people use in their everyday lives can have two results:

- firstly it makes information easier to understand and absorb; and
- secondly, it creates empathy, indicating that materials have been written for the use of the average person, rather than experts or those interested in policy detail.

Writing materials in layperson's terms does not preclude the use of technical terminology (e.g. such as 'qualifying years'). However, it should be used only where absolutely necessary and where there is not another simpler term that can be used as an alternative. The considered and limited use of technical terminology can be beneficial.

Where this terminology is explained sufficiently it can indicate to users that an important concept is being conveyed that is worth investing time and effort understanding. This can have the effect of empowering people to believe that the information is in fact accessible and that they can get to grips with it.

2. Present information in bite-sized pieces

Many people are wary when approaching information about topics such as the State Pension as they expect it to be difficult and complex. Information that is presented in large text-based sections tends to confirm these expectations and hence acts as a barrier to engagement. People's attention span is often short with this type of information, particularly people who are not used to reading large amounts of written material on a regular basis.

It is, therefore, essential that materials are written and presented in manageable pieces. This involves dealing with one subject at a time and helping people understand why what they are reading is important. It is also important that the text is interspersed with illustrations and white space. White space and gaps help people digest the information that is presented to them at a suitable pace.

3. Use a sequenced build up and a joined-up approach

Building an understanding of the State Pension is not necessarily straightforward. In order to grasp the implications of different elements people need to have a good base understanding of how the system works.

Any materials which are designed to help people must therefore help build this base understanding. Key to this is that the materials start with the general and the basic before moving on to the specific and the more complex areas. This project demonstrated that people are on the whole very happy to have the very basic elements of the State Pension explained to them (such as how National Insurance works, and who gets a pension). For some people this is new information, for others it confirms what they already knew and can be passed over. For all users, sequencing helps build confidence and helps people address the more important and complex elements.

4. Make it verbal and graphic

Information materials need to cater for different ways in which people process information. Some are satisfied to read text, whereas others feel more comfortable with more graphic representations. Generally, a combination of different types of communication will help meet everyone's needs.

Information materials should, therefore, look for multiple ways of presenting information. As much as possible there should be two or more ways that information is presented simultaneously, textually and graphically. This can also be supported by case studies and other means of ensuring understanding.

The graphics used should suit the information to be conveyed, for example:

- flow diagrams can be used to describe or illustrate a process (e.g. contracting out of the additional State Pension);
- charts to make mathematical concepts more tangible (e.g. 30 qualifying years to get maximum basic State Pension);
- simple graphs to help demonstrate how things change over time (e.g. basic and additional State Pension building up simultaneously);
- images to represent easily referenced concepts (e.g. cost of a basket of groceries);
- tables to help organise information in a logical way and help people find what is relevant to them (e.g. the way in which different credits work).

It is also important that a variety of different tools is used as they add visual interest and helps communicate in a way that engages a range of different people and learning styles.

5. Make it tangible: using rules of thumb

Many people find it difficult to connect to information presented only in abstract form. Seeing examples of what they are reading applied to real-life situations and recognisable people helps drive absorption of information and also assists people in seeing the implications of what they are reading. Rules of thumb can also help simplify what can appear complex. People often don't feel the need to know the fine detail if they feel they have the means to gain a broad understanding of a concept.

The use of case studies, in addition to aiding understanding can also help bring information to life. They can help engage people in thinking about what the consequences are for them.

6. Make it actionable: explaining what it means.

Giving people possible actions throughout this type of information helps people use it effectively. There is a risk that if information is presented as being theoretical, then it stays as such in people's minds. By giving people actions (such as getting a forecast, checking their payslip or speaking to their employer), the information immediately appears more practical and useful. This has the twofold effect of helping people use it and encouraging them to continue reading.

Appendix B

Optimised basic guide

What is the State Pension?



Although it might feel like a long way off, your retirement could be a quarter of your life, so it's important to start planning now. The choices you make now can have a big impact on the money you have to live on in the future.

The State Pension should be part of your retirement planning. It is a regular payment people who have worked in the UK can claim when they reach State Pension Age. The earliest age you can claim the State Pension is gradually increasing to 68 for both men and women, but may be earlier depending on when you were born – see [page 6](#) for details.

Most people (but not everyone) get something, and the amount people gets varies.

Today, the average state pension is £130 per week.

How do I build up my State Pension?

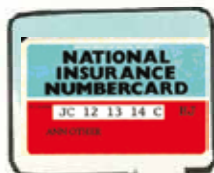
Most people build up some state pension

People who are in employment, earning more than £4940 per year in one job

...or people who are carers...

...or those who look after children under 12...

...or recipients of certain other benefits (see [pages 21 & 22](#) for details)



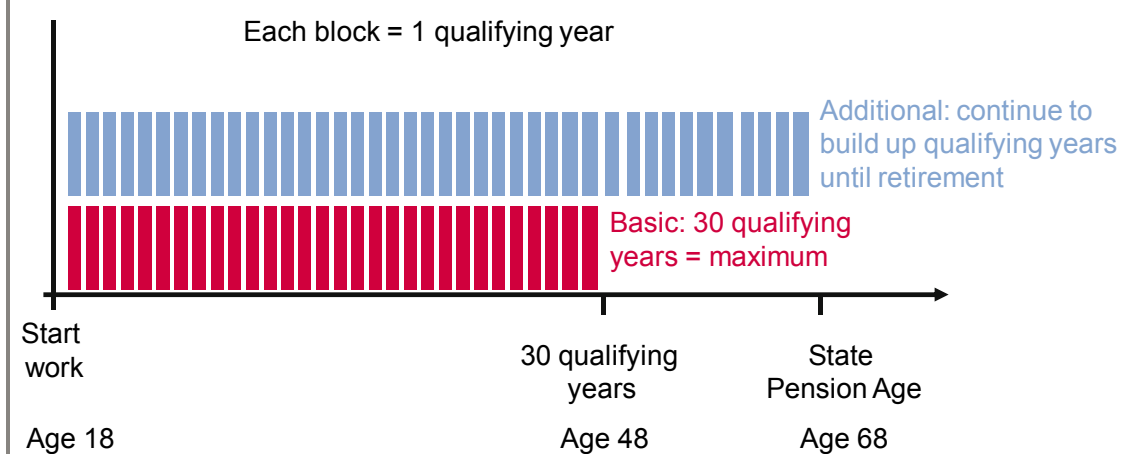
...build up National Insurance contributions.

The Additional State Pension

What is the Additional State Pension?

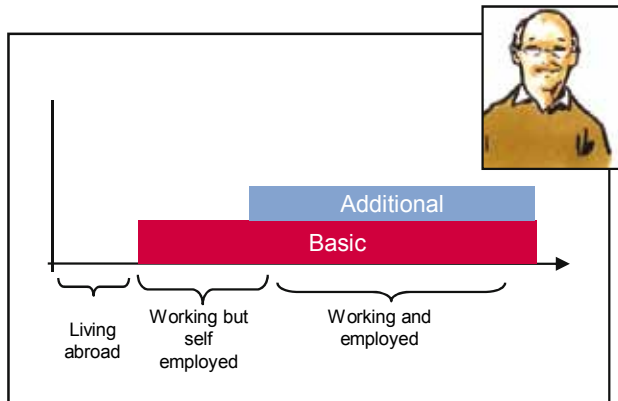
In some circumstances people build up an Additional State Pension **at the same time** as building up a Basic State Pension.

Unlike the Basic State Pension, there is no limit to the number of years you can build up Additional State Pension – every year means that you get more when you retire.



Some examples

Case study: Bill



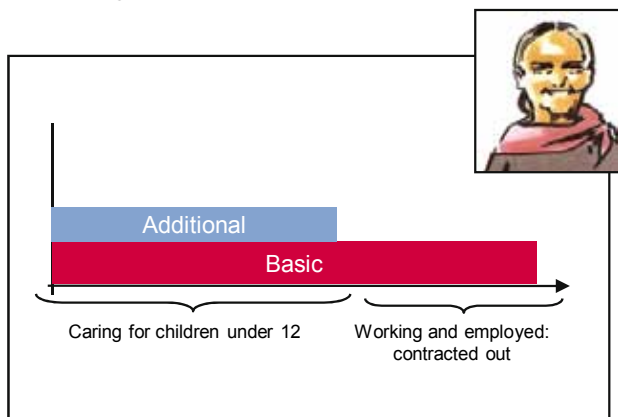
When Bill wasn't working he didn't build up any State Pension record.

When he was self-employed he built up entitlement to Basic State Pension only.

When he worked for an employer he built up both Basic and Additional State Pension entitlement.

Bill's total State Pension is £120 per week (£95 Basic and £35 Additional)

Case study: Sal

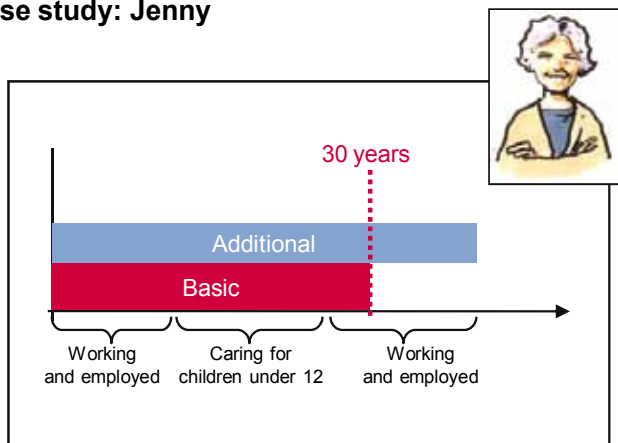


Sal built up both Basic and Additional State Pension when she was claiming child benefit for looking after her children when they were under twelve.

She then started working full time and joined her work's pension which was a scheme that was contracted out of the Additional State Pension

Sal's total State Pension is £122

Case study: Jenny



Jenny has been employed for most of her working life. While her children were young, she stayed at home and looked after them.

She built up a maximum Basic State Pension, and after 30 years continued building up her Additional State Pension.

Jenny's total State Pension is £154 per week

Credits

- In some situations if you are unable to pay National Insurance, for example if you are sick, unemployed and actively looking for work or have caring responsibilities, the government may pay your contribution for you to make sure your National Insurance record is protected and you continue to build up your State Pension. These payments are known as credits.
- Depending on your situation, the credit may mean that you build up entitlement to just the Basic State Pension, or to both Basic and Additional State Pension. Most payments are made automatically and others you have to claim (see overleaf for details).
- The people who get credits are:

People in full time training



**Full-time carers
(including people who receive Child Benefit for a child under 12)**



People who are unable to work because of illness or disability



People aged 16-18



People who are getting working tax credit



People who are unemployed but looking for work



Appendix C

Creative workshop details

Workshop outline

Time	Activities	Objectives
10.00-10.10 (10 mins)	Introductions and warm up	Get to know each other and start building a sense of team work.
10.10-10.40 (30 mins)	Introducing the challenge	Explain and engage participants in the communications problem and the surrounding contextual insight ensuring they have enough knowledge to move forward and are motivated for the task. Check understanding with active listening and playback exercise.
10.40-11.10 (30 mins)	Simplifying complexity: show and tell	Establishing principles for developing communications that connect with people and explain complex subjects in a way that can be easily understood – each participant to explain techniques used in a comparable project and draw out learnings for this problem.
11.10-11.20 (10 mins)	Briefing: State Pension overview + Qualifying years	Explain the communication problem and take questions and check understanding. Suggest starting points for development.
11.20-11.50 (30 mins)	Small group work: State Pension overview + Qualifying years	Each small group to find 2-3 ways to communicate an engaging overview of the State Pension and qualifying years.
11.50-12.00	Break	
12.00-12.10 (10 mins)	Briefing: Basic and Additional State Pension	Explain the communication problem and take questions and check understanding. Suggest starting points for development.
12.10-12.40 (30 mins)	Small group work: Basic and Additional State Pension	Each small group to find 2-3 ways to communicate an understanding of the different State Pension parts.
12.40-13.15 (35 mins)	Present back:	Each group to present their work and general principles established.
13.15-13.45 (30 mins)	Lunch	Refresh and recharge!
13.45-14.00 (15 mins)	Briefing: Additional components	Explain circuits: there will be three rotations for the rest of the afternoon. Each small group to find 1-3 ways of presenting each.

Time	Activities	Objectives
14.00-14.30 (30 mins)	Rotation 1	At each station there will be a short briefing by facilitators. Components covered will be: - Cat BL - Carers Credit - Voluntary contributions
14.30-15.00 (30 mins)	Rotation 2	
15.00-15.30 (30 mins)	Rotation 3	

Appendix D

Research stimulus materials

Phase 1 recruitment screener

This form is confidential property of:

Job Name: _____

Date: 12/01/09

PLEASE WRITE IN BLOCK CAPITALS

Mr/Mrs/Miss/Ms: Initials: _____ Surname: _____

First name: _____

Address: _____

Postcode

Tel home:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Tel work:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Depth Details:

Interview Number:

Date:

Time:

Location:

Researcher:

Recruiter tel no

RECRUITER'S DECLARATION

The person named above has been recruited by me in accordance with the instructions and within the Market Research Society Code of Conduct.

Signed: _____

Print name: _____ Date: _____

BACKCHECKED

Signed: _____

Print name: _____ Date: _____

QUOTAS:

Area

☐ Newcastle

Gender

☐ Male☐ Female

Age

☐ 18-30☐ 31-45☐ 46-55☐ SPA +/- two years

Employment Status

☐ Employed☐ Self Employed☐ Unemployed☐ Retired

Household Earnings

☐ Low☐ Medium

Savings

☐ Yes☐ No

Pension

☐ State pension alone☐ Stage pension and other☐ Private/ company

Face to face recruitment 1

Telephone recruitment 2

“Good morning/afternoon, I’m from an independent research organisation. We have been asked by the Department for Work and Pension (DWP) to carry out research to explore how best to improve the communications for the State Pension. This research is happening because the Government is committed to providing individuals with high quality information to assist their retirement planning.

The research is completely anonymous. Any of the information you share with The Futures Company will be kept completely confidential, and your personal details will not be passed on to DWP. The Futures Company are totally independent of DWP.

I now need to ask you a few questions. This would be to check that firstly you are eligible to attend the research, and secondly that you would be willing to attend the research. Please note that answering these questions alone does not necessarily mean you will be eligible for the research. May I continue to ask you a few questions?

Recruiter information - If respondents have any concerns or want more information about the study, please give them the below phone numbers:

Explain to everybody

- ☐ The nature of the methodology – e.g. group discussions/depth interviews
- ☐ Confidentiality and anonymity of respondents
- ☐ That depths/groups will be recorded
- ☐ About The Futures Company

Note: If respondent does not want to participate could you ask them to please provide a reason as to why and record their answer below:

Recruiter please fill in

1. Area

Newcastle 1

2. Note gender:

Female	1	} Recruit a spread of gender
Male	2	

3. Age

Recruit Note: SPA +/- 2 yrs = Females 58-62yrs, Males 63-67yrs

18 or under	1	} Close
18 – 30	2	} Recruit to quota and go to Q4
31 – 45	3	
46 – 55	4	
55 – two years before SPA age	5	} Close
SPA + / - two years	5	} Recruit to quota and go to Q4

4. Employment status

Which of the following statements applies to you:

I am currently employed	1	} Record
I am currently self-employed	2	
I am currently unemployed	3	
I am retired	4	

5. Household income

Excluding benefits and the income of children or lodgers, which of the following bands does your household income fall into?

NB: Ensure the respondent understands that during the research we will not want to discuss your personal finances, we are asking this question so that we can ensure a spread of incomes within the groups so that the findings can be representative to the general public.

For Newcastle groups:

If living alone	If living with partner		
Up to £15k (low)	Up to £30k (low)	1	} Recruit to quota and go to Q6
£16k – £24k (medium)	£31k – £49k (medium)	2	
£25k+ (high)	£50k + (high)	3	} Close for high

6. Savings

Do you have any savings or other form of investment such as a property that is SPECIFICALLY EARMARKED for your retirement?

Yes	1	} Recruit to quota and go to Q7
No	2	

7. Pension

7a. Aside from a state pension, have you contributed towards, or will you receive any other kind of pension upon retirement? E.g private, company, widows

Yes	1	} Recruit to quota and go to Q7b
No	2	

7b. What would you consider to be your primary income for retirement?

NB: IF RESPONDENT IS UNSURE, PLEASE PROBE FOR ANTICIPATED OR EXPECTED PRIMARY INCOME.

State Pension	1	} Recruit to quota and go to Q8
Company Pension	2	
Personal pension	3	} Thank and close

8. Recruitment

We would like you to take part in a depth/group discussion to talk about the type of information you might need when planning for your retirement.

Pre Task

Before you attend the discussion we would like you to first find an example of where you have seen or heard, clear and easy to understand, information about the state pension or other financial matters e.g. tax, benefit, savings, loan repayments etc. This could be in the form of a leaflet, advice from a trained advisor, a news article, a utility bill, a financial break down, anything at all! It doesn't matter what it is, we're just interested in hearing about it!

During the group/depth we will be asking you to briefly say what you bought and why. This will be to help us understand what kind of information you find helpful and easy to understand. Please note that as this information will be shared with the group and/or the moderator you may not want to bring something that you consider to be private.

Depths will be audio recorded and groups will be both video and audio recorded. BMRB adhere to the data protection and all information will be used in the strictest of confidence. No recordings or will passed to any third parties, nor will the findings be attributed to any individual taking part in the research.

Would you be willing to take part?

Yes	1
No	2

If No, please give reason.....

.....

.....

RECONTACT QUESTION

Q Thank you for taking part in this research. There may be occasions in the future where we would like to contact you again about research. Would you be happy for us to do this?

Yes

It depends what the research is about

No, definitely not

1

2

3

Record and close

The interview/group will be held on:

...../...../..... (date), at (time)

(place)

.....

.....

Note to recruiter- please remind respondents that we will be recording the interviews.

Contact details (e.g. best time of day/number to ring)

.....

THANK AND CLOSE

Phase 1 topic guide

RESEARCH AIMS:

- To explore:
 - o what works in terms of explaining the state pension in a way that effectively positions it within people's retirement plans; and
 - o what pieces of information generate understanding of the state pension.
- To understand:
 - o what people understand about the state pension, identifying aspects that people do and do not understand;
 - o how people view the state pension, it's value and its role in their retirement planning;
 - o the language that people use to describe and discuss the state pension.

1. INTRODUCTION (5 MINS)

- About BMRB – independent research organisation
- Commissioned by DWP
- Aims of the project
- Content of interview
 - o *Note that we will be talking about financial issues, pensions, etc. and we may need to know a little about their financial circumstances but we will NOT be asking about how much in savings, etc. they have*
- Confidentiality/recording. Reassure respondent/s the research is totally confidential as are recordings and findings from the research. Findings from the research will be written up by BMRB for DWP but responses and quotes will not be directly attributed or identifiable.
- Duration of group discussion (2 hours)

2. BACKGROUND/CONTEXT (KEEP BRIEF – 10 MINS)

- Contextual information
 - o First name
 - o Age
 - o Marital status
 - o Current employment status

3. FINANCIAL PROVISION & PLANNING FOR RETIREMENT (10 MINS)

A) Planning

- Ask group if anyone has started to plan financially for their retirement. Distinguish between ‘thinking’ about it and actually making planning for it.
 - o If yes; when did they decide to start planning
 - o What prompted their planning
 - o What kind of planning has taken place
 - o (Prompt) If State Pension is not mentioned ask why
- If they do not have a plan, why haven’t they got a plan
- Do they think they will make one
 - o When will they start to plan for retirement
 - o What is likely to trigger them making a retirement plan
 - o Why is this a good time to start planning
 - o Should they have started thinking about retirement plans before this
- Views on the importance of planning for retirement
 - o As Individual/as couple
- Intended age of retirement
 - o When would they like to retire
 - o When do they think they will retire
 - Is there is a difference, why
 - o Why do they believe they will retire at the specific age
 - What influences this decision
 - o If intending to work after SPA, reasons for this
 - o Perceptions of whether plans will work out as expected
 - o Reasons why/why not

B) The Role of State Pension

4. THE STATE PENSION – WHAT DO THEY KNOW? (15 MINS)

Moderator Note: Brainstorm knowledge of the state pension; list every issue arising on flipcharts and then work through each in turn. Use projective technique outlined in section 4 of the Agenda if necessary.

Moderator to ask: ‘When you retire you may be eligible to receive a pension from the state. Tell me what you know about the state pension’.

Prompts on issues such as:

- o ...what do you think the State Pension is*
- o ...what else do you know*
- o ...tell me more about that*
- o ...what do others understand/know*
- o ...how do you know that*
- o Add items to the list and ask as below...*
- How do they think State Pension works
 - o How is state pension accumulated? Where does it come from
 - o How do the public/they pay for their state pension (check understanding of link between NI and state pension)
 - o How long does it take to build up entitlement to a state pension
 - o What does this mean
 - o Who is entitled to the receive state pension
 - Will they as individuals receive a state pension
 - How do they know this
 - o When is state pension age (SPA)
 - o What will their individual SPA be
 - o When can you receive the state pension
 - Can you receive it before SPA, how
 - Can you receive it after SPA, how

Moderator to hand out Stimulus A to respondent/s which details their retirement age based on their year of birth. Ask respondents to cross reference this information with their current knowledge of SPA retirement (20 mins)

- o Was the age you thought you were going to retire at correct*
- o If no, ask how it differs*
- o How do they feel about their SPA now, why*
- o Could this of been prevented, if so, how*
- The value of the state pension
 - o How much is the state pension worth (generally)
 - o How much is it worth to them as individuals
 - o Do they think this will be enough
 - o Does everyone receive the same amount
 - Reasons for variations

- o How often is the state pension paid
 - Does this align with how they currently manage their finances, how
 - How often would they expect the state pension to be paid; probe on expectation vs. preference
- Weekly/monthly
 - o How do they view the state pension
 - Wage/salary,
 - Benefit
 - Other
 - Reasons why
- How does the state pension keep it's value over time?
- Prompt: the state pension can be valued through prices or earnings do they know what that means?

Given what we've talked about today, how would you describe the State Pension to others.

Prompt: Some people described the State Pension as a foundation on which to build additional retirement income

How do they feel about this. Is it helpful.

What additional sources of income might they use to build their retirement income.

Awareness and knowledge of other state pension issues

Moderator to use Stimulus B and follow Section 4 of the Moderator Agenda (45 mins) Use flash cards and definitions

For each of the following, gauge awareness and understanding...

- o Basic State Pension
- o Qualifying years
- o Voluntary NI contributions
- o State second pension (S2P)/SERPS
- o Contracted-out
- o State pension deferral
- o Home Responsibilities Protection
- o Widows pension

5. FINALLY (15 MINS). MODERATOR TO USE FLIP CHART

We have discussed the state pension and your retirement for some time now...

- What issues about the state pension do they find hard to fully understand
 - o What makes them hard to understand
 - o What would make them easier to understand
 - o Does a more appealing presentation of information make it easier to engage, provide examples
- What information do they think they would need in order to make the state pension the foundation of their retirement planning
 - o What pieces of information are key
 - o How might this be presented
 - o When would they like to receive it
 - o Who would they like to receive it from
 - o Any 'additions' to other sources or retirement income e.g. private pension, inheritance, house sale etc. they would want to know more about
- Anything else they wish to add
- Moderator to handout pension information leaflets to those who require more information

THANK AND CLOSE

Phase 1 stimulus

Stimulus A

Basic State Pension

The aim of the **Basic State Pension** is to provide anyone who has paid (or been credited) sufficient UK National Insurance contributions the chance to earn a pension, payable by the state, generally from when they reach State Pension age. The Government pays the basic State Pension to people who are entitled to it, have reached State Pension age and have claimed it.

You qualify for basic State Pension if you have a minimum number of years when you:

- paid enough National Insurance contributions
- were treated as paying National Insurance contributions, or
- were credited with National Insurance contributions

State second pension (also known as SERPS)

The additional State Pension is money paid to you by the Government each week. The amount you get depends on your earnings and National Insurance contributions paid during the whole of your working life. You do not have to be getting the basic State Pension to get additional State Pension.

Your additional State Pension is also called the State Second Pension. This used to be known as the State Earnings-Related Pension Scheme (SERPS).

You may get a shared additional State Pension if you got divorced, your marriage was annulled or your civil partnership (see page 12) ended after December 2000.

For any period you are self-employed you cannot get any additional State Pension for the National Insurance contributions you pay.

Contracted-out

‘Contracting out’ is the term used when you leave (contract out of) the State Second Pension.

If you are an employee, you can do this if you join a contracted-out:

- occupational pension scheme; or
- personal pension or stakeholder pension scheme. (You might choose these types of pension if your employer does not run an occupational scheme, or they do but you do not want to join it.)

If you do decide to contract out, you will lose some or all of your entitlement to the State Second Pension. In general you only lose this for the time you are contracted out. The decision to contract out will not affect your right to the basic State Pension.

Home Responsibilities Protection

Home Responsibilities Protection (HRP) is not a benefit, but a scheme which helps you protect your basic State Pension. You may also get extra pension through State Second Pension. If you do not work or your earnings are low and you are caring for someone, you may be able to get Home Responsibilities Protection. From April 2003, HRP is also available to registered foster carers.

You can receive Home Responsibilities Protection if receive either of the following:

- Child Benefit in your name for a child under the age of 16, and you have told us your National Insurance number?
- Income Support and it has been agreed that you are substantially engaged in caring for a sick or disabled person.

If you have any of the above, you should get HRP automatically.

Or are you:

- regularly spending at least 35 hours a week looking after someone who is getting Attendance Allowance, Disability Allowance, Disability Living Allowance at the middle or highest rate for personal care, or Constant Attendance Allowance? (These links will take you to the Directgov website.)
- a registered foster carer throughout a full tax year and are not receiving Child Benefit and are not in paid work, or do not earn enough in a tax year for it to count towards the basic State Pension (below £4,680 in the 2008/09 tax year).

If YES to one or both of the above, you should apply for HRP.

State pension deferral

What is State Pension deferral?

State Pension deferral is when you put off claiming or decide to give up getting your State Pension until a time that suits you. This means that when you do claim, or claim again, you could get more money.

What are my choices?

You can choose when you want to start claiming your State Pension.

Your State Pension age is the earliest age you can start getting your State Pension. You can:

- stop working and claim your State Pension
- carry on working and claim your State Pension
- carry on working and put off claiming your State Pension to build up more money for the future, or
- stop working and put off claiming your State Pension.

If you do not work, you can also get your State Pension at State Pension age or put off claiming it.

If you are already getting State Pension, you can choose to stop getting it for a while to build up more money for the future. (If you already get your State Pension you can only choose to stop getting it once.)

If you choose to work for even a year or two longer, this can give you money while you're working and more money for your future. Many people expect to do this unless they have savings and investments that will give them enough money to retire.

If you claim Pension Credit while you are putting off claiming your State Pension, we will work out your Pension Credit as if you were getting your State Pension. If you are entitled to Pension Credit we cannot pay Pension Credit instead of the State Pension you have chosen not to take.

How much more money could I get?

How much money you could get will depend on how much State Pension you would get if you made a claim at State Pension age and how long you put off claiming it.

You may be able to choose between:

- extra State Pension each week for the rest of your life when you claim your State Pension, or
- a one-off, lump-sum payment.

Which ever you choose you may have to pay tax on it.

Qualifying years

The State Pension is made up of basic State Pension and additional State Pension. If you have built up enough qualifying years during your working life, you will receive the full basic State Pension when you reach State Pension age. Qualifying years are the years in which you have been paying or treated as paying National Insurance contributions.

In certain circumstances, you can be credited with National Insurance contribution if you have been unable to do paid work. You can get a number of different types of National Insurance credits.

How many qualifying years do I need?

Men need 44 qualifying years by the age of 65 to get a full basic State Pension and women who reach the age of 60 before 2010 need 39 qualifying years.

If you do not have the full number of qualifying years, you may still get a percentage of the full basic State Pension depending on the number of qualifying years you have.

To get the minimum basic State Pension (25%) you normally need 10 or 11 qualifying years. If you are more than four months away from State Pension age, you can find out how much you will get by requesting a State Pension Forecast.

The Pensions Act 2007 has reduced the number of qualifying years needed for a full basic State Pension to 30 for people who reach State Pension age on or after 6 April 2010.

Voluntary NI contributions

Buying voluntary National Insurance contributions for tax years 1996/97 to 2001/02 to improve your State Pension

Some people may not be aware that if they have gaps in their National Insurance contributions record during their working life, they may get a lower basic State Pension.

People usually get a letter if they have not paid or been credited with enough National Insurance contributions in a tax year to make it a qualifying year for State Pension. We call these letters deficiency notices.

Deficiency notices for tax years 1996/97 to 2001/02 were not sent until 2004 or 2005. Because of this, special terms apply if you want to pay voluntary contributions for these years to improve your State Pension. These special terms apply whether or not you got a deficiency notice. The special terms end on 5 April 2009.

War Widow's or Widower's Pension

A War Widow's or Widower's Pension is a tax-free pension you may be entitled to if your wife, husband or civil partner died as a result of their service in Her Majesty's (HM) Armed Forces or during a time of war.

Who is eligible?

You may be entitled to a War Widow's or Widower's Pension if any of the following apply.

Your husband, wife or civil partner:

- died as result of their service in HM Armed Forces before 6 April 2005
- was a civil defence volunteer or a civilian and their death was a result of the 1939 to 1945 war
- was a merchant seaman, a member of the naval auxiliary services, or a coastguard and their death was a result of an injury or disease they got during a war or because they were a prisoner of war
- died as a result of their service as a member of the Polish Forces under British command during the 1939 to 1945 war, or in the Polish Resettlement Forces
- was getting a War Pensions Constant Attendance Allowance at the time of their death, or would have been had they not been in hospital
- was getting a War Disablement Pension at the 80 per cent rate or higher and was getting Unemployability Supplement

For those who served after 6 April 2005, the Armed Forces Compensation Scheme offers financial help.

Unmarried partners

You may be entitled to a pension if you lived with your partner or civil partner as husband or wife.

Stimulus B

Women who were born before the 6th of April 1950, retirement age will be 60.

Men who were born before 6th of April 1959, retirement age will be 65.

Table 1: Your State Pension age if you are a woman and you were born on or after 6 April 1950 but before 6 April 1959, based on your date of birth.

Date you were born	Date you will reach State Pension age
6 April 1950 to 5 May 1950	6 May 2010
6 May 1950 to 5 June 1950	6 July 2010
6 June 1950 to 5 July 1950	6 September 2010
6 July 1950 to 5 August 1950	6 November 2010
6 August 1950 to 5 September 1950	6 January 2011
6 September 1950 to 5 October 1950	6 March 2011
6 October 1950 to 5 November 1950	6 May 2011
6 November 1950 to 5 December 1950	6 July 2011
6 December 1950 to 5 January 1951	6 September 2011
6 January 1951 to 5 February 1951	6 November 2011
6 February 1951 to 5 March 1951	6 January 2012
6 March 1951 to 5 April 1951	6 March 2012
6 April 1951 to 5 May 1951	6 May 2012
6 May 1951 to 5 June 1951	6 July 2012
6 June 1951 to 5 July 1951	6 September 2012
6 July 1951 to 5 August 1951	6 November 2012
6 August 1951 to 5 September 1951	6 January 2013
6 September 1951 to 5 October 1951	6 March 2013
6 October 1951 to 5 November 1951	6 May 2013
6 November 1951 to 5 December 1951	6 July 2013
6 December 1951 to 5 January 1952	6 September 2013

Table 1: Your State Pension age if you are a woman and you were born on or after 6 April 1950 but before 6 April 1959, based on your date of birth.

Date you were born	Date you will reach State Pension age
6 January 1952 to 5 February 1952	6 November 2013
6 February 1952 to 5 March 1952	6 January 2014
6 March 1952 to 5 April 1952	6 March 2014
6 April 1952 to 5 May 1952	6 May 2014
6 May 1952 to 5 June 1952	6 July 2014
6 June 1952 to 5 July 1952	6 September 2014
6 July 1952 to 5 August 1952	6 November 2014
6 August 1952 to 5 September 1952	6 January 2015
6 September 1952 to 5 October 1952	6 March 2015
6 October 1952 to 5 November 1952	6 May 2015
6 November 1952 to 5 December 1952	6 July 2015
6 December 1952 to 5 January 1953	6 September 2015
6 January 1953 to 5 February 1953	6 November 2015
6 February 1953 to 5 March 1953	6 January 2016
6 March 1953 to 5 April 1953	6 March 2016
6 April 1953 to 5 May 1953	6 May 2016
6 May 1953 to 5 June 1953	6 July 2016
6 June 1953 to 5 July 1953	6 September 2016
6 July 1953 to 5 August 1953	6 November 2016
6 August 1953 to 5 September 1953	6 January 2017

Table 1: Your State Pension age if you are a woman and you were born on or after 6 April 1950 but before 6 April 1959, based on your date of birth.

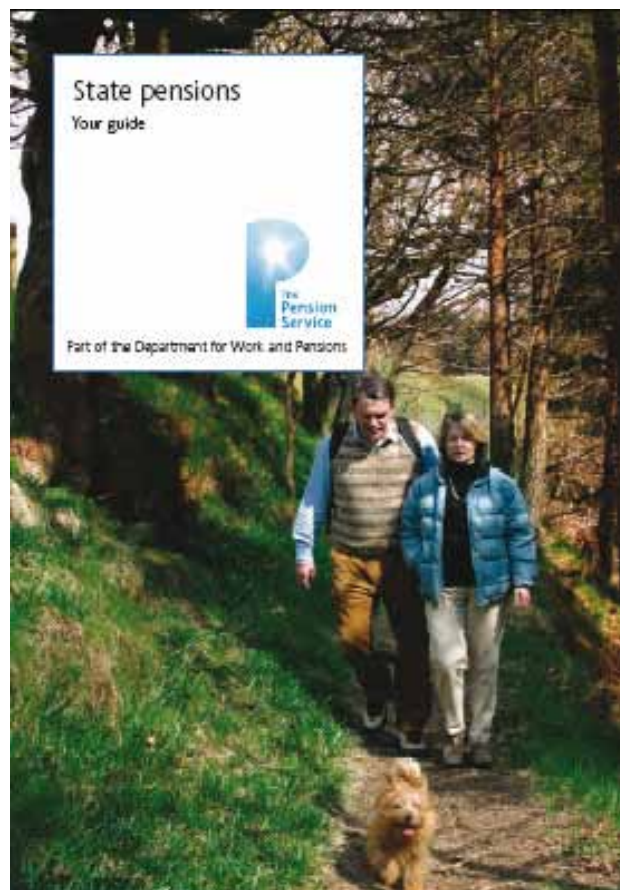
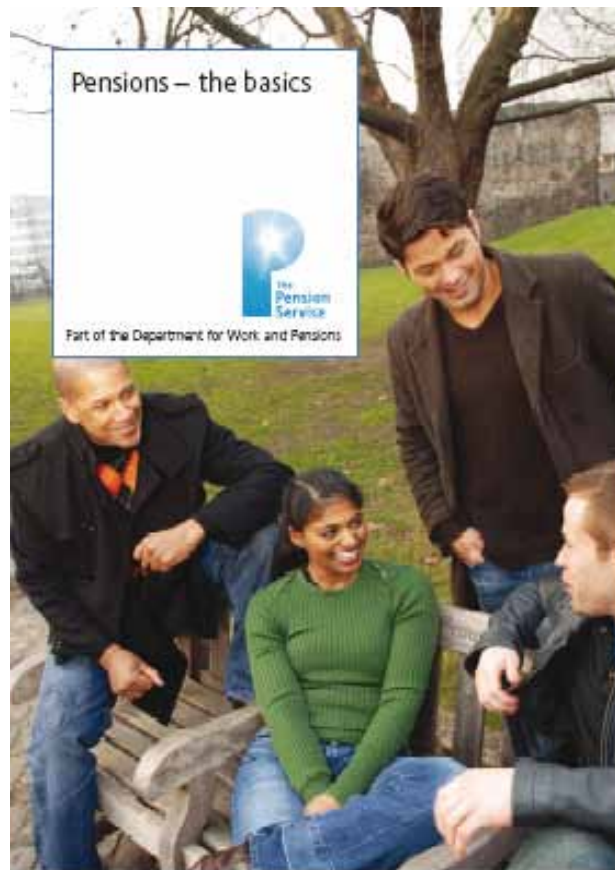
Date you were born	Date you will reach State Pension age
6 September 1953 to 5 October 1953	6 March 2017
6 October 1953 to 5 November 1953	6 May 2017
6 November 1953 to 5 December 1953	6 July 2017
6 December 1953 to 5 January 1954	6 September 2017
6 January 1954 to 5 February 1954	6 November 2017
6 February 1954 to 5 March 1954	6 January 2018
6 March 1954 to 5 April 1954	6 March 2018
6 April 1954 to 5 May 1954	6 May 2018
6 May 1954 to 5 June 1954	6 July 2018
6 June 1954 to 5 July 1954	6 September 2018
6 July 1954 to 5 August 1954	6 November 2018
6 August 1954 to 5 September 1954	6 January 2019
6 September 1954 to 5 October 1954	6 March 2019
6 October 1954 to 5 November 1954	6 May 2019
6 November 1954 to 5 December 1954	6 July 2019
6 December 1954 to 5 January 1955	6 September 2019
6 January 1955 to 5 February 1955	6 November 2019
6 February 1955 to 5 March 1955	6 January 2020
6 March 1955 to 5 April 1955	6 March 2020
6 April 1955 to 5 April 1959	Your 65th birthday

Table 2: Your (both men and women) State Pension age (rising from 65 to 68) if you were born on or after 6 April 1959, based on your date of birth.	
Increase in State Pension age from 65 to 66	
Date you were born	Date you will reach State Pension age
6 April 1959 to 5 May 1959	6 May 2024
6 May 1959 to 5 June 1959	6 July 2024
6 June 1959 to 5 July 1959	6 September 2024
6 July 1959 to 5 August 1959	6 November 2024
6 August 1959 to 5 September 1959	6 January 2025
6 September 1959 to 5 October 1959	6 March 2025
6 October 1959 to 5 November 1959	6 May 2025
6 November 1959 to 5 December 1959	6 July 2025
6 December 1959 to 5 January 1960	6 September 2025
6 January 1960 to 5 February 1960	6 November 2025
6 February 1960 to 5 March 1960	6 January 2026
6 March 1960 to 5 April 1960	6 March 2026
6 April 1960 to 5 April 1968	Your 66th birthday

Table 2: Your (both men and women) State Pension age (rising from 65 to 68) if you were born on or after 6 April 1959, based on your date of birth.	
Increase in State Pension age from 66 to 67	
Date you were born	Date you will reach State Pension age
6 April 1968 to 5 May 1968	6 May 2034
6 May 1968 to 5 June 1968	6 July 2034
6 June 1968 to 5 July 1968	6 September 2034
6 July 1968 to 5 August 1968	6 November 2034
6 August 1968 to 5 September 1968	6 January 2035
6 September 1968 to 5 October 1968	6 March 2035
6 October 1968 to 5 November 1968	6 May 2035
6 November 1968 to 5 December 1968	6 July 2035
6 December 1968 to 5 January 1969	6 September 2035
6 January 1969 to 5 February 1969	6 November 2035
6 February 1969 to 5 March 1969	6 January 2036
6 March 1969 to 5 April 1969	6 March 2036
6 April 1969 to 5 April 1977	Your 67th birthday

Table 2: Your (both men and women) State Pension age (rising from 65 to 68) if you were born on or after 6 April 1959, based on your date of birth.	
Increase in State Pension age from 67 to 68	
Date you were born	Date you will reach State Pension age
6 April 1977 to 5 May 1977	6 May 2044
6 May 1977 to 5 June 1977	6 July 2044
6 June 1977 to 5 July 1977	6 September 2044
6 July 1977 to 5 August 1977	6 November 2044
6 August 1977 to 5 September 1977	6 January 2045
6 September 1977 to 5 October 1977	6 March 2045
6 October 1977 to 5 November 1977	6 May 2045
6 November 1977 to 5 December 1977	6 July 2045
6 December 1977 to 5 January 1978	6 September 2045
6 January 1978 to 5 February 1978	6 November 2045
6 February 1978 to 5 March 1978	6 January 2046
6 March 1978 to 5 April 1978	6 March 2046
6 April 1978 onwards	Your 68th birthday

Stimulus C Existing State Pension Information



Phase 2 recruitment screener

This form is confidential property of:

Job Name:
Date: 10/02/09

PLEASE WRITE IN BLOCK CAPITALS

Mr/Mrs/Miss/Ms: Initials: _____ Surname: _____

First name: _____

Address: _____

Postcode

Tel home:

--	--	--	--	--	--	--	--	--	--	--	--	--	--

Tel work:

--	--	--	--	--	--	--	--	--	--	--	--	--	--

QUOTAS :

Area

☐ London

Gender

☐ Male

☐ Female

Age

☐ 18-35

☐ 36-50

Employment Status

☐ Employed

☐ Self Employed

☐ Unemployed

Household Earnings

☐ Low

☐ Medium

Savings

☐ No

Pension

☐ State pension alone

Group details:

Group Number:

Date: Tuesday 17th March

Time:

Location:

Researcher: Recruiter tel no

RECRUITER'S DECLARATION

The person named above has been recruited by me in accordance with the instructions and within the Market Research Society Code of Conduct.

Signed: _____

Print name: _____ Date: _____

“Good morning/afternoon, I’m from an independent research organisation. We have been asked by the Department for Work and Pension (DWP) to carry out research to explore how best to improve the communications for the State Pension. This research is happening because the Government is committed to providing individuals with high quality information to assist their retirement planning.

The research is completely anonymous. Any of the information you share will be kept completely confidential, and your personal details will not be passed on to DWP.

I now need to ask you a few questions. This is to check that firstly you are eligible to attend the research, and secondly that you would be willing to attend the research. Please note that answering these questions alone does not necessarily mean you will be eligible for the research. May I continue to ask you a few questions?

Recruiter information - If respondents have any concerns or want more information about the study, please give them the below phone numbers:

Explain to everybody

- ☐ The nature of the methodology i.e. group discussion
- ☐ Confidentiality and anonymity of respondents
- ☐ That groups will be viewed, filmed and recorded
- ☐ About The Futures Company

Note: If respondent does not want to participate could you ask them to please provide a reason as to why and record their answer below:

Recruiter please fill in**1. Area**

London

1


2. Note gender:

Female

Male

1

2

Recruit a spread of
gender per group**3. Age**

Under 18

20 – 35

36 – 50




50+

1

2

3

4

CloseRecruit to Group 1Recruit to Group 2Close**4. Employment status**

Which of the following statements applies to you:

I am currently employed full time



I am currently employed part time/on a shift basis

I am currently unemployed
(includes student/homemaker/carers)

1

2

3

Recruit to Group 1,
at 6pmRecruit to Group 2,
at 3pmCLOSE

5. Household income

Excluding benefits and the income of children or lodgers, which of the following bands does your **household** income fall into?

NB: Ensure the respondent understands that during the research we will not want to discuss your personal finances, we are asking this question so that we can ensure a spread of incomes within the groups so that the findings can be representative to the general public.

For London groups:

If living alone	If living with partner		
Up to £20k (low)	Up to £40k (low)	1	} Recruit mix of low/medium to quota and go to Q6
£20k – £30k (medium)	£41k - £60k (medium)	2	
£31k+ (high)	£61K+ (high)	3	} Close on high

6. Savings

People plan for their retirement in different ways and at different stages of their life. Do you have any financial plans, savings, work or property investment specifically for your retirement?

Yes	1	} Close if YES
No	2	} Recruit if NO and go to Q7

7. Pension

7a. Aside from the State Pension, have you contributed towards, or will you receive any other kind of pension upon retirement? e.g. private, company, widows

Yes	1	} Close if YES
No	2	} Recruit if NO and go to Q7b

7b. Which of the following pensions will provide your main retirement income?

NB: IF RESPONDENT IS UNSURE, PLEASE PROBE FOR ANTICIPATED OR EXPECTED MAIN INCOME.

State Pension	1	}	Recruit if 1 and go to Q8
Company Pension	2		
Personal pension	3	}	Close

10. Knowledge of pensions and retirement savings

I'm going to read you a question and I'd like to know your one response from the following options – choose one only. PLEASE READ OUT OPTIONS.				
	Nothing	Patchy	Reasonable	Good
1. My knowledge of pensions and retirement savings is...	CONTINUE	CONTINUE	CLOSE	CLOSE

9. Assessment of willingness to engage in group discussion

I'm going to read you 2 statements and I'd like to know how much each does or does not describe you personally. For each statement I read, please tell me if you agree completely with the statement, agree somewhat, agree slightly, disagree somewhat or disagree completely with the statement.						
	Agree Completely	Agree Somewhat	Agree Slightly	Disagree Slightly	Disagree Somewhat	Disagree Completely
1. I am comfortable sharing my views on things to other people						
2. Every now and then I enjoy a good discussion						

ALL MUST AGREE COMPLETELY/SOMEWHAT TO ALL STATEMENTS

10. Recruitment

We would like you to take part in a group discussion to talk about the type of information you might need when planning for your retirement.

The interview/group will be held on Tuesday 17th March
Please check your invitation for the correct time.

For Groups – 2 hours:

Would you be willing to take part?

Yes

1



Recruit

No

2



Thank and
close

If No, please give reason.....

.....

Phase 2 topic guide

Objectives of these groups:

- 1) To assess levels of understanding of and engagement with new comms materials
- 2) To investigate which types of communication work best in (a) increasing understanding of the State Pension and (b) giving people the tools to act in order to provide better for themselves in later life
- 3) To explore what the minimum amount of information people need is
- 4) To use the above information to refine materials for Phase 3 of the project

1) INTRODUCTION AND WARM UP

10 MINS

- Thanks, confidentiality, MRS Code, recording and filming
- Reassurance: moderator neutrality and non-judgemental position
- How it works: no right or wrong answers
- Introduce topic:
 - Purpose of the research is to help develop some new communications materials – part of an on-going process so materials are not yet finished. Idea is to find out how well they work (and you, the respondents are the experts). Should feel free to praise/criticise – materials are not the work of the moderator.
 - All figures used are illustrations only – they are ballparks to give an idea of amounts and are not absolutely accurate.
- Personal introductions
 - Name, household set up, level of interest in finance etc

2) ASSESSMENT OF MATERIAL – THE DETAIL

Rotate order of materials by group

1ST GROUP	2ND GROUP
1 – TEXT VERSION EXISTING TERMINOLOGY – WHOLE WAY THROUGH (25 MINUTES)	1 – TEXT VERSION WITH POINTS AND DIAGRAM VERSION WITH EXISTING SIDE BY SIDE – GO THROUGH TOPIC BY TOPIC (50 MINUTES)
2 – DIAGRAM VERSION WITH POINTS (25 MINUTES)	2 – DIAGRAM VERSION WITH POINTS AND TEXT VERSION WITH EXISTING SIDE BY SIDE (30 MINUTES)
3 – TEXT VERSION WITH POINTS (15 MINUTES)	
4 – DIAGRAM VERSION WITH EXISTING TERMS (15 MINUTES)	

FOR EACH ROTATION, TAKE EACH VERSION PAGE BY PAGE i.e. 1 - INTRODUCING THE STATE PENSION, 2- BUILDING UP STATE PENSION, 3- UNDERSTANDING HOW MUCH, 4- HOW MUCH IT WILL BE WORTH IN THE FUTURE

- First we would like you to read this page of information on your own. While you are doing so, please circle any terms, phrases or illustrations that you find difficult and put a tick next to anything that you think would help people understand this topic. Please also suggest any alternative terms, phrases or illustrations that you feel would help people better understand this topic.
- When finished, discuss as a group (or in pairs first and then as a group)
 - What is this information trying to tell you? CHECK UNDERSTANDING OF WHOLE GROUP
 - What is easy to grasp?
 - What is more difficult?
 - Words
 - Language
 - Phrases
 - Length of the text
 - Presentation format
 - Flow/sequencing
 - Illustrations

What is missing from this explanation? What else do you need to know?

- What information do you think isn't needed/too much detail?
- How does this compare to other versions we've seen?
- How could you go about improving this to make it clearer?
 - How would you go about explaining this to somebody who had just arrived from a different country (e.g. Australia) and didn't know how the system worked?
 - Note and explore words/phrases/devices that help unlock understanding

3) OVERALL

30 MINS

- Thinking about all of the materials we've looked at today, which do you think were the most helpful?
 - Why was that?
 - Prompt: Words, language, phrases, illustrations, length of text, presentation format
 - How has your understanding of the State Pension changed?
 - Do you think you will do anything different having been to this group?

- Explore different elements
 - Existing vs points
 - Tiered text
 - Text vs diagrams
 - Role of case studies
 - The use of ‘you’ vs ‘people’
 - Level of detail
 - Flow/sequencing
 - Illustrations
- If you were in charge of trying to increase the public’s understanding of the State Pension, what one thing would you do?
 - When you go home after this group, what one piece of information do you think you will pass on?

WRAP UP/FINAL COMMENTS

Phase 2 Stimulus

Tiered text version: existing language to describe qualifying

Introducing the State Pension


The quick read

When you work you pay part of your earnings to the government so that when you retire you can get some regular income from the State Pension. The money that you pay is called a National Insurance contribution.

In some situations if you are unable to pay National Insurance, for example if you are caring for young children or if you are off work because of illness, the government will pay your contribution for you to make sure you continue to build up your State Pension.

A bit more information

Bill's National Insurance contributions over time pay for his State Pension when he retires.



The detail

National Insurance is a tax that you pay from your earnings. National Insurance is used by the government to pay for the UK's State Pension, National Health Service and benefits system.

If you are employed your contribution to National Insurance will be taken off your earnings before you are paid. If you get a payslip you will be able to see how much National Insurance you have paid.

When you start work you are given your own National Insurance number which is used to keep a record of your National Insurance history so that the government knows how much State Pension should be paid to you when you get to retirement.

Building up a State Pension

The quick read

People build up their State Pension by:

- Being employed
- Caring for other people
- Claiming certain benefits


Each year that you do one of these things you build up more National Insurance contributions, which allow you to build up a bigger State Pension.

A bit more information

Employed, paid National Insurance = 1 qualifying year

Lived abroad for a year, paid no national Insurance

Retired early, paid no national Insurance



The detail

	Basic	Additional
There are two parts to the State Pension.		
They are called Basic State Pension and Additional State Pension.		
They are built up in different ways.	<p>A year qualifies if:</p> <ul style="list-style-type: none"> - you have earned over £4850 - you are unemployed or disabled - you have claimed child benefit for a child under 12 years old - you are an approved foster carer - you are caring for at least 20 hours a week for people who are getting Attendance Allowance, Disability Living Allowance (the middle or highest rate care component) or Constant Attendance Allowance <p>If you build up 30 years you can claim the maximum Basic State Pension.</p>	<p>A year qualifies if:</p> <ul style="list-style-type: none"> - you have earned over £4850 - you have claimed child benefit for a child under 12 years old - you are an approved foster carer - you are caring for at least 20 hours a week for people who are getting Attendance Allowance, Disability Living Allowance (the middle or highest rate care component) or Constant Attendance Allowance. <p>You do not build up Additional State Pension if you are self-employed or unemployed.</p> <p>There is no limit to the number of qualifying years you can build up before you reach State Pension age.</p>

Understanding how much State Pension you will get

The quick read

Everybody is different – how much State Pension you get depends on your situation and employment history.

Currently the most anybody can get is around £240 a week, (equal to around £12,480 a year or £1040 a month.)

The least anybody can get is around £3 a week, (equal to around £156 a year or £13 a month.)

You can get an estimate of how much you may get by calling The Pension Service on 0845 300 0168 and ask for a forecast.

A bit more information

Dave is self employed so the maximum state pension he can expect will be worth the equivalent of £90 per week

Bill worked for 40 years and gets a state pension of £154 per week



Gladys worked for 20 years and then was an approved foster carer for 20 years. Her state pension is £122 per week.

The detail

The two bits of the state pension are calculated differently.

How much Basic State Pension will I get?

Today people get around £3 per week for each qualifying year they have up to a maximum Basic State Pension of £90.70 a week, (equal to £4716.40 a year or £393.03 a month.)

This amount is what you would receive in today's prices, that is, the amount you would receive if you were receiving your State Pension now.

How much Additional State Pension will I get?

Contracted In – People get around £1.60 per week for each qualifying year they have. Many people also get some extra money on top of this depending on how much they have earned and whether they were working when the previous systems used by the government called SERPS and State Second Pension were in place.

Contracted Out – People get around £1.60 per week for each qualifying year they have. Some of this will be paid as part of your State Pension and some will be paid with your private pension.

How much will that be worth when I retire?

The quick read

The cost of most things goes up with time. To make sure that the value of your pension is protected when you retire, the government puts the amount of pension people receive up with time as well.

A bit more information



The detail

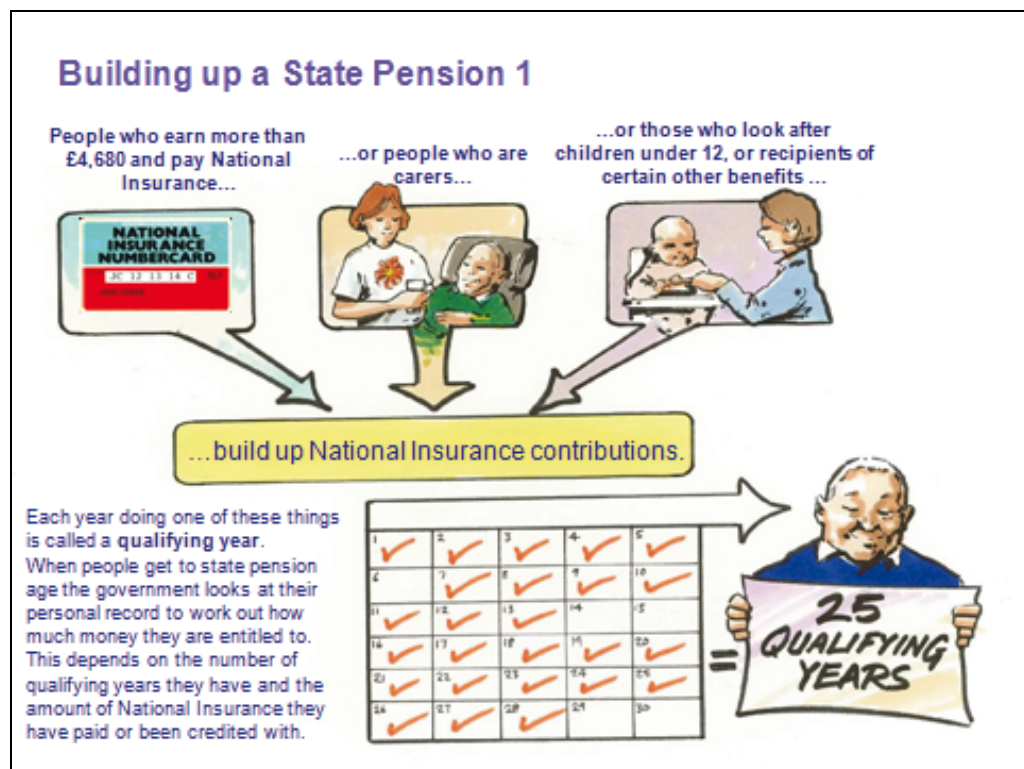
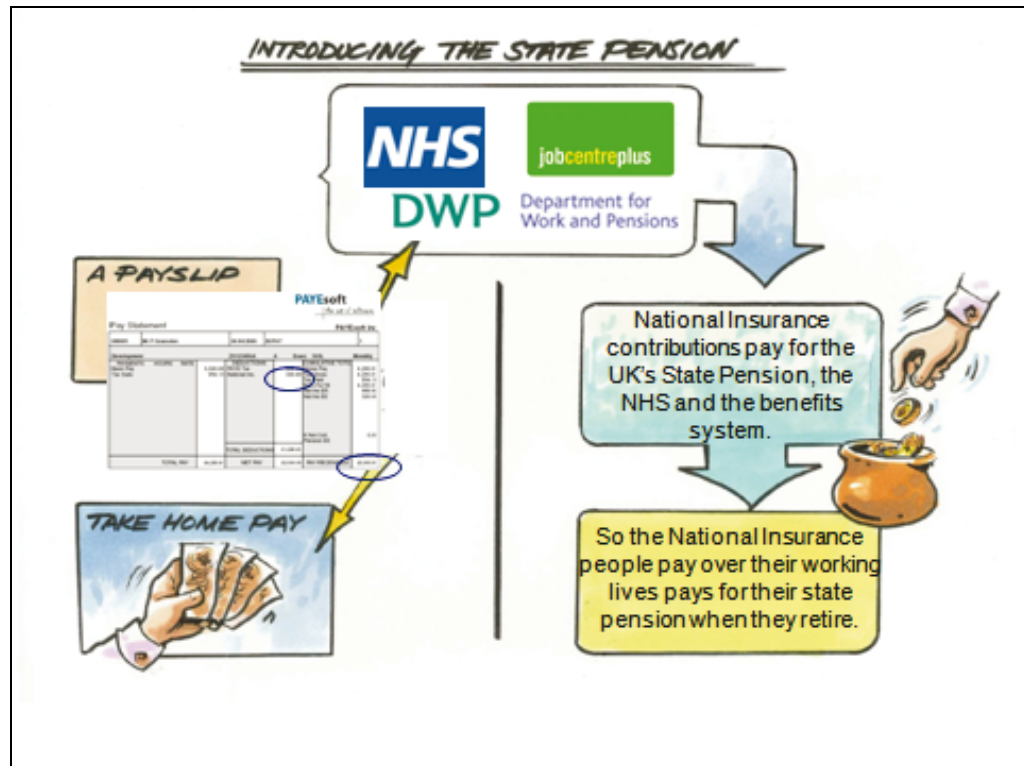
The two bits of the State Pension are increased in different ways:

The value of a Basic State Pension point is increased each year in line with prices, to help protect its value;

The Additional State Pension is revalued each year by earnings, in a similar way to how your employer may increase your wages, until you retire when it is then increased annually by prices.

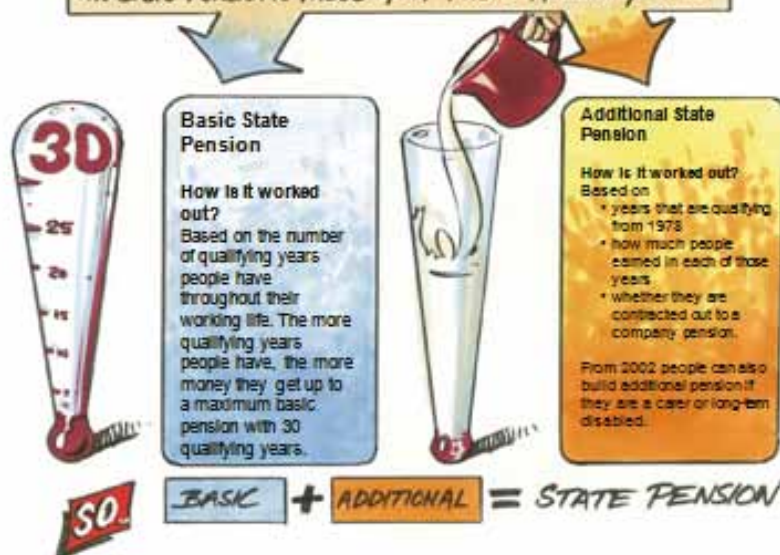
At some point in the next Parliament, basic state pension will be also linked to earnings. This will mean that both components of the State Pension will be valued in the same terms until retirement. Based on the experiences of the last 30 years, an earnings link will mean a higher annual state pension increase compared to a prices link.

Diagrams and illustrations: existing language



Building up a State Pension 2

The State Pension is made up of two different parts



Understanding how much State Pension people get



Joe is 87.
He worked for 40 years at the same factory. He is a moderate earner (£20,000 per year) and has always been contracted in. He has 30 qualifying years of Basic State Pension, and 40 qualifying years of Additional State Pension.

National Insurance Record: Joe

1	2	3	4	5
6	7	8	9	10
11	12	13	14	15
16	17	18	19	20
21	22	23	24	25
26	27	28	29	30

Joe's state pension is £154 per week

£154 per week =
£667 per month
£8,008 per year



Doris is 62.
She worked for 10 years before she had kids, and then stayed at home looking after them for 20 years (they were under 12 years old for 16 of those years) which increased both her Basic and Additional pension entitlement. She has 26 qualifying years of both Basic and Additional.

National Insurance Record: Doris

1	2	3	4	5
6	7	8	9	10
11	12	13	14	15
16	17	18	19	20
21	22	23	24	25
26	27	28	29	30

If Doris works for 5 more years, her pension will be £138 per week. If she doesn't, her pension will be £115.

£138 per week =
£598 per month
£7,176 per year



Fred is 85.
He worked for 10 years as a self-employed accountant, before moving to Australia for 30 years. For the last 5 years he's been retired. He has 10 qualifying years of Basic State Pension.


National Insurance Record: Fred

1	2	3	4	5
6	7	8	9	10
11	12	13	14	15
16	17	18	19	20
21	22	23	24	25
26	27	28	29	30


Fred's state pension is £30 per week

£30 per week =
£130 per month
£1,560 per year

Q *How much will the state pension be worth in the future?*



NOW **A** *THE VALUE OF THE STATE PENSION INCREASES IN LINE WITH PRICES*



IN THE FUTURE **A** *THE VALUE OF THE STATE PENSION WILL INCREASE IN LINE WITH AVERAGE EARNINGS*

In the future Basic State Pension will increase in line with earnings but Additional Pension will increase in line with prices. Based on the experiences of the last 30 years, an earnings link will mean a higher annual State Pension increase compared to a prices link.

Action Box

What should I do next?

1. Get a forecast

A State Pension forecast gives you an estimate of how much State Pension you may get based on your National Insurance contributions so far in today's money values.

Knowing how much you may get can help you to make better plans for your future.

To get a forecast call the Pension Service:
0845 3000168.

2. Understand your options

The State Pension will give you a basic income for when you retire but you need to think about the kind of lifestyle you will want, and what else you may need to do to achieve it.

There are a number of options you can consider to help increase your income when you retire, including saving in an work or personal pension scheme, or working longer.

For more information visit:
www.thepensionservice.gov.uk
www.moneymadeclear.fsa.gov.uk

Phase 3 recruitment screener

Screening Questionnaire

State Pensions Communication - phase 3

This form is confidential property of:

PLEASE WRITE IN BLOCK CAPITALS

Mr/Mrs/Miss/Ms: Initials: _____ Surname: _____

First name: _____

Address: _____

Postcode

Tel home:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Tel work:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Group details:

Group Number:

Date:.....

Time:

Location:

RECRUITER'S DECLARATION

The person named above has been recruited by me in accordance with the instructions and within the Market Research Society Code of Conduct.

Signed: _____

Print name: _____ Date: _____

QUOTAS:

Area

- ☐ London
☐ Newcastle

Gender

- ☐ Male
☐ Female

Age

- ☐ 20-35
☐ 36-50

Employment Status

- ☐ Employed

Household Earnings

- ☐ Low
☐ Medium

Savings

- ☐ No

Pension

- ☐ No
☐ Not main provision

“Good morning/afternoon, I’m from an independent research organisation. We have been asked by the Department for Work and Pensions (DWP) to carry out research to explore how best to improve communications about the State Pension. This research is happening because the Government is committed to providing individuals with high quality information to assist their retirement planning.

The research is completely anonymous. Any of the information you share will be kept completely confidential, and your personal details will not be passed on to DWP. I now need to ask you a few questions. This is to check that firstly you are eligible to attend the research, and secondly that you would be willing to attend the research. Please note that answering these questions alone does not necessarily mean you will be eligible for the research. May I continue to ask you a few questions?

Recruiter information - If respondents have any concerns or want more information about the study, please give them the below phone numbers:

Explain to everybody

- ☐ The nature of the methodology i.e. group discussion
- ☐ Confidentiality and anonymity of respondents
- ☐ That groups will be viewed, filmed and recorded

Note: If respondent does not want to participate could you ask them to please provide a reason as to why and record their answer below:

Recruiter please fill in

1. Area

London 1

Newcastle 2

2. Note gender:

Female 1

Male 2

Recruit spread of
gender per group

3. Age

Under 18 1

CLOSE

20 – 35 2

Recruit to Group 1

36 – 50 3

Recruit to Group 2

50+ 4

CLOSE

4. Employment status

Which of the following statements apply to you?

I am currently employed on a full time basis 1

Recruit at least
3 per group

I am currently employed on a part time / shift basis 2

Recruit maximum
of 3 per group

I am self employed 3

I am currently unemployed
(includes student/homemaker/carer) 4

CLOSE

5. Household income

Excluding benefits and the income of children or lodgers, which of the following bands does your **household** income fall into?

NB: Ensure the respondent understands that during the research we will not want to discuss your personal finances, we are asking this question so that we can ensure a spread of incomes within the groups so that the findings can be representative to the general public.

For Newcastle groups:

If living alone	If living with partner		}	Recruit mix of low/medium to quota and go to Q6
Up to £15k (low)	Up to £30k (low)	1		
£16k – £24k (medium)	£31k – £49k (medium)	2	}	CLOSE IF HIGH
£25k+ (high)	£50k + (high)	3		

For London groups:

If living alone	If living with partner		}	Recruit mix of low/medium to quota and go to Q6
Up to £20k (low)	Up to £40k (low)	1		
£20k – £30k (medium)	£41k – £60k (medium)	2	}	CLOSE IF HIGH
£31k+ (high)	£61K+ (high)	3		

6. Pensions

People plan for their retirement in different ways and at different stages of their life.

6a. Can you tell me if you have either of the following pensions:		
	Yes I have this	No I don't have this
A personal pension	Recruit 3 per group	Recruit 3 per group
A work pension		

6b. Can you tell us which of the following statements most accurately describes your source of income for retirement:

For respondents who are unsure at this time – please probe for what they expect to be their source of income during retirement

I'm relying entirely on my state pension	1	}	Recruit 3 per group
I will mostly rely on the state pension but I have a small Pension/some savings to help me out	2		
I won't really need to rely on the state pension because I have other plans in place (pensions/savings/property/investment)	3	}	CLOSE

7. Knowledge of pensions and retirement savings

I'm going to read you a question and I'd like to know your one response from the following options – choose one only. PLEASE READ OUT OPTIONS.				
	Nothing	Patchy	Reasonable	Good
My knowledge of pensions and retirement savings is...	CONTINUE	CONTINUE	CAN RECRUIT MAXIMUM OF 2 PER GROUP	CLOSE

8. Allowances and benefits

Can you tell me if you have done any of the following:

Claimed carers allowance



RECRUIT AT LEAST 1 PER GROUP

Cared for under 12yr olds at home whilst not working



RECRUIT AT LEAST 2 PER GROUP

Claimed incapacity benefits

Been in full time training

Claimed working tax credits



Aim for at least 1 per group from mix of these

9. Assessment of willingness to engage in group discussion

I'm going to read you 2 statements and I'd like to know how much each does or does not describe you personally. For each statement I read, please tell me if you agree completely with the statement, agree somewhat, agree slightly, disagree somewhat or disagree completely with the statement.						
	Agree Completely	Agree Some what	Agree Slightly	Disagree Slightly	Disagree Some what	Disagree Completely
1. I am comfortable sharing my views on things to other people						
2. Every now and then I enjoy a good discussion						

ALL MUST AGREE COMPLETELY/SOMEWHAT TO ALL STATEMENTS

10. Recruitment

We would like you to take part in a group discussion to talk about the type of information you might need when planning for your retirement.

The interview/group will be held on TBC. There is a £40 gift payable to all of those who take part

Would you be willing to take part?

Yes

1



Recruit

No

2



Thank & close

If No, please probe for a reason.....

.....

Phase 3 topic guide

SP Comms Research – Phase 3 groups Group Discussion Guide (2 hours)

29.05.2009

Objectives of these groups:

- 1) To assess levels of understanding of and engagement with new communications materials
- 2) To investigate which types of communication work best in (a) increasing understanding of the State Pension and (b) giving people the tools to act in order to provide better for themselves in later life
- 3) To explore what the minimum amount of information people need is
- 4) To use the above information to refine materials for re-testing

1) INTRODUCTION AND WARM UP

10 MINS

- Thanks, confidentiality, MRS Code, recording and filming
- Reassurance: moderator neutrality and non-judgemental position
- How it works: no right or wrong answers
- Introduce topic:
 - Purpose of the research is to help develop some new communications materials – part of an on-going process so materials are not yet finished. Idea is to find out how well they work (and you, the respondents are the experts). Should feel free to praise/criticise – materials are not the work of the moderator.
 - All figures used are illustrations only – they are ballparks to give an idea of amounts and are not absolutely accurate.
- Personal introductions
 - Name, household set up, level of interest in finance etc.

2) ASSESSMENT OF MATERIAL – THE DETAIL

Moderator to repeat questions for each of information packages

- First we would like you to read this page of information on your own. While you are doing so, please circle any terms, phrases or illustrations that you find difficult and put a tick next to anything that you think would help people understand this topic. Please also suggest any alternative terms, phrases or illustrations that you feel would help people better understand this topic.
- When finished, discuss as a group (or in pairs first and then as a group)
- What is this information trying to tell you? CHECK UNDERSTANDING OF WHOLE GROUP

- What is easy to grasp?
- What is more difficult?
 - Words
 - Language
 - Phrases
 - Length of the text
 - Presentation format
 - Flow/sequencing
 - Illustrations
- What is missing from this explanation? What else do you need to know?
 - What information do you think isn't needed/too much detail?
 - How does this compare to other versions we've seen?
- How could you go about improving this to make it clearer?
 - How would you go about explaining this to somebody who had just arrived from a different country (e.g. Australia) and didn't know how the system worked?
 - Note and explore words/phrases/devices that help unlock understanding

3) OVERALL

30 MINS

- Thinking about all of the materials we've looked at today, which do you think were the most helpful?
 - Why was that?
 - Prompt: Words, language, phrases, illustrations, length of text, presentation format
 - How has your understanding of the State Pension changed?
 - Do you think you will do anything different having been to this group?
- And what worked less well/was least helpful? What should they stop doing?
- Explore different elements
 - Text vs diagrams
 - Role of case studies
 - Level of detail
 - Flow/sequencing
 - Illustrations

- If you were in charge of trying to increase the public's understanding of the State Pension, what one thing would you do?
 - When you go home after this group, what one piece of information do you think you will pass on?

WRAP UP/FINAL COMMENTS

Phase 3 depth interview pre-task

Many thanks for agreeing to take part in this research.

Before the interview itself, we would like you to do a bit of homework. You will also have been given a short booklet. We would like you to read this, make a few notes while you are reading and answer a few questions once you have finished.

This will be the basis of the interview so it's important that you spend a bit of time doing this before you meet Jo or Josh.

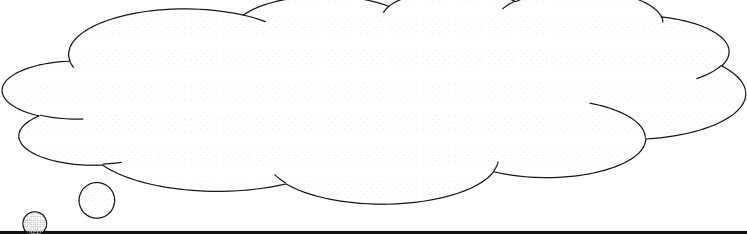
While you are reading

Circle any bits that you find difficult to follow

Put a tick by anything you found helpful

When you have finished

How did reading this make you feel? Use as many words / phrases as you like



What was the most useful information in the booklet?

- 1.
- 2.
- 3.

PTO

When you have finished (continued)	
<p>What information do you think was missing?</p>	<p>What information didn't you need?</p>
<p>What do you think of the graphics / illustrations? What difference do they make?</p>	
<p>What sort of person do you think this was written for? (e.g. think about age, how bright they are, how much they know about this kind of thing)</p>	
<p>What sort of person do you imagine wrote this? (e.g. think about age, what kind of job they normally do, how in touch they are)</p>	
<p>Any other thoughts or comments about what you have read?</p>	

Phase 3 stimulus

The State Pension: A guide

Contents

- 1. Introducing the State Pension
- 2. How is the amount is worked out
- 3. Credits
- 4. Estimating how much State Pension you can expect
- 5. Voluntary contributions

How to read this guide

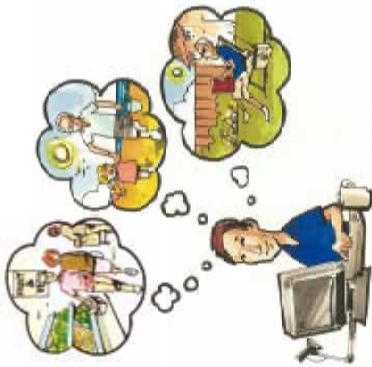
Through this guide the sections in **purple** give general information. You should read the bits that are relevant to you.

The sections in **grey** give additional detail. You can read this bits of you are interested, but you don't have to read them to understand the other information.

2

1. Introducing the State Pension

What is the State Pension?



Although it might feel like a long way off, your retirement could be a quarter of your life, so it's important to start planning now. The choices you make now can have a big impact on the money you have to live on in the future.

The State Pension should be part of your retirement planning. It is a regular payment people who have worked in the UK can claim when they reach State Pension Age. The earliest age you can claim the State Pension is gradually increasing to 68 for both men and women, but may be earlier depending on when you were born – see [page 6](#) for details.


Most people (but not everyone) get something, and the amount people gets varies.

Today, the average state pension is £130 per week.

How much will be it worth when I retire?

- Today, the average state pension is £130 per week.
- This amount and all amounts in this leaflet are in today's money.
- The value of the State Pension is protected, which means it will buy roughly the same in the future as it does now. Although the prices of things like groceries, bills and travel go up over time, the amount of State Pension people get also goes up each year in line with the cost of living.


1980



In 1980 the cost of a basket of groceries was £17.09


The average weekly State Pension was £40.43

2009



In 2009 the cost of the same basket of groceries is now £54.94

The average weekly State Pension has gone up to £130



- In order to work out how far your State Pension will go when you reach retirement age, you need to think about how much people get now, how this compares with your current earnings, and what you could afford with that.

5

When will I get it?

The UK state pension age is between **60** and **68**.
The earliest age at which you are able to claim depends on when you were born.

ACTION:
To find out your exact retirement age, visit www.thepensionservice.gov.uk

The detail: how State Pension Age is changing

Born before 1950	At present, the basic state pension is paid to women at 60 and men at 65. This applies to people born before 6 April 1950.
Born between 1950 & 1955	The state pension age for women is gradually being increased from age 60 to 65 to make it equal to men's. If you are a woman born between 6 April 1950 and 5 April 1955 this will affect you. The Government will write to you to confirm your exact State Pension age. If you are a man your State Pension age will still be 65.
Born between 1955 & 1959	The state pension age for both men and women will be 65. This will apply to anyone born between 6 April 1955 and 5 April 1959.
Born between 1959 & 1978	The state pension age will gradually increase from 65 to 68 for both men and women. This will affect anyone born between 6 April 1959 and 5 April 1978.
Born after 5 April 1978	The state pension age will be 68.

6

How do I build up my State Pension?

Most people build up some state pension

People who are in employment, earning more than £4940 per year in one job

...or people who are carers...

...or those who look after children under 12...

...or recipients of certain other benefits (see pages 21 & 22 for details)



...build up National Insurance contributions.

People who are not working, not actively seeking work and not claiming any state benefit do not build up National Insurance contributions

How is the amount I get worked out?

Each year that people build up enough National Insurance contributions by doing one of the things above or a mixture of these things is called a **qualifying year**.

When people get to State Pension age the Government looks at their personal record to work out how much money they are entitled to. This depends on the number of qualifying years they have and the amount of National Insurance contributions they have built up.

If you want to know more about National Insurance and how it works, see [page 9](#).

7

Some common myths about the State Pension

Myth

I've heard they're going to scrap the State Pension. There'll be nothing by the time I retire.

Fact

There are no plans to get rid of the State Pension...



Myth

There's no point saving your own money for retirement - it just means that you get less State Pension

Fact

The State Pension is not means tested. If you have savings, personal pensions, property or other sources of income, your State Pension will not be affected.

People sometimes confuse the State Pension with Pension Credit, which is means tested. People who are on a low income in retirement may get Pension Credit to top up their income. To find out more, see [here](#).



Myth

Being married means that you both get less State Pension

Fact

The State Pension is based on people's individual National Insurance record. This means it will never be reduced because you are married.

People who are married or in a civil partnership may get more State Pension based on their partner's National Insurance record. Also people who are divorced or bereaved may be able to increase their State Pension based on their late partner's National Insurance record. See [here](#) for more details.



8

The detail: How does National Insurance work?

You pay National Insurance from your earnings. It is used by the government to pay for the UK's State Pension, National Health Service and benefits system.

If you are employed your contribution to National Insurance will be taken off your earnings before you are paid. If you get a payslip you will be able to see how much National Insurance you have paid.

If you are self-employed you pay your National Insurance yourself.

The screenshot shows a portion of a payslip with the following data:

PAYE: 10/10/10	
Net Pay	£1,200.00
Basic Rate	£1,200.00
Higher Rate	£0.00
Overseas	£0.00
Other	£0.00
Total	£1,200.00

Below the table, it shows:

National Insurance	
Class 1	£72.00
Class 2	£3.00
Class 3	£0.00
Class 4	£0.00
Class 5	£0.00
Total	£75.00



When you reach the age of 16 you are given your own National Insurance number which is used to keep a record of your National Insurance history so that the government knows how much State Pension should be paid to you when you retire.

2. How the amount is worked out

The amount people get varies

The amount of State Pension that people get when they retire differs according to their circumstances and employment history. It depends on

- The number of qualifying years they have
- How much National Insurance credits they have paid
- Their National Insurance credits (see [pages 21 & 22](#))
- Whether they get the Additional State Pension (see [pages 14 to 17](#))

The calculation is complicated and is worked out separately for each individual.

Today, the **average** State Pension is £130 a week (equal to £6,760 a year or £563 a month)

The **most** anybody claiming the State Pension can get is around £240 a week, (equal to £12,480 a year or £1040 a month.)

The **least** anybody can get is around £3 a week, (equal to £156 a year or £13 a month.)



Bill gets a State Pension of £120 per week

Jenny gets a State Pension of £154 per week

Sal's State Pension is £122 per week

To find out why Sal, Jenny and Bill get different amounts, and how much you can expect, you need to understand a bit more about how the State Pension works. If you want to know more, read on...

Basic and Additional State Pension

There are two parts to the State Pension: the Basic State Pension and the Additional State Pension.



What about other pensions?

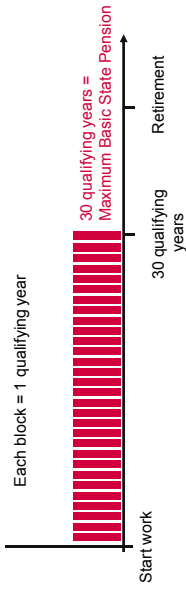
Many people also have other types of pension – e.g. personal pensions or work pensions. These are separate to the state pension and work differently.
To find out more about other types of pension, see [here](#).

The Basic State Pension

How much is the Basic State Pension?

Today people get around £3 per week for each qualifying year they have up to a maximum Basic State Pension of £95.25 a week, (equal to £4,953.00 a year or £412.75 a month.)

To get the maximum amount people must have 30 qualifying years. Once you have achieved 30 qualifying years it is not possible to build up any more Basic State Pension entitlement. You do have to carry on paying National Insurance once you have achieved 30 qualifying years.



Who builds up Basic State Pension?

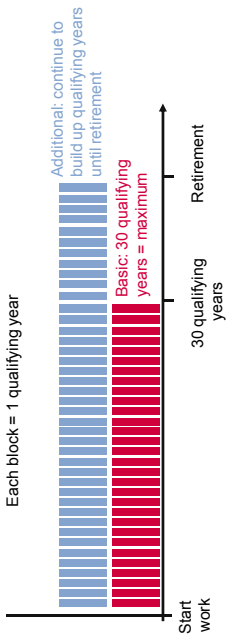
Most people get the maximum Basic State Pension. However, in some circumstances, you may have fewer than 30 qualifying years (e.g. if you lived abroad or were not working and not claiming any benefits), and may therefore get a smaller State Pension.

The Additional State Pension

What is the Additional State Pension?

In some circumstances people build up an Additional State Pension at the same time as building up a Basic State Pension.

Unlike the Basic State Pension, there is no limit to the number of years you can build up Additional State Pension – every year means that you get more when you retire.



How much is the Additional State Pension?

When they retire, people with an Additional State Pension get extra money each week on top of their Basic State Pension.

Building up an Additional State Pension can make a big difference to the amount of State Pension people get when they retire.

- Currently the average amount people receive on top of their Basic State Pension is around £35 a week (£152 a month or £1,820 a year).
- The highest amount people can receive is £150 a week (£650 a month or £7,800 a year), but very few people receive this amount).

The Additional State Pension

Who builds up Additional State Pension?

People build up entitlement to Additional State Pension if they are

- Employed and earn over £4,940 (in any one job)
- Looking after children under 12 years old and claiming child benefit
- A full time carer or foster carer
- Recipients of certain other benefits paid due to illness or disability
- Not contracted-out (see [next page](#) for more details)



People do not build up entitlement to Additional State Pension if they are

- Self-employed people do not build up an Additional State Pension. This is because when you are self-employed, you pay lower National Insurance contributions.
- Unemployed people, people in full time training and people aged 16-18 do not build up Additional State Pension, even if they are being credited with Basic State Pension while they are not working.
- In some cases people who are unable to work because of illness or disability do not build up Additional State Pension.
- Contracted out to a personal or work pension (see [next page](#) for more details) (Although it is also possible to be contracted out and still earn some Additional State Pension)



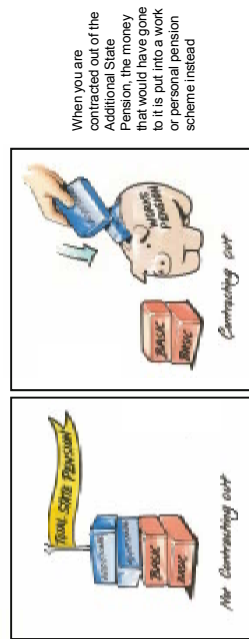
ACTION:

If you are not building up Additional State Pension entitlement have you thought about putting more money in a personal or work pension to make up for it? See [here](#) for more details.

15

The Additional State Pension: Contracting out

- Since it started in 1978, some work pension schemes have **contracted out** of the Additional State Pension. This means that employees who are members of these schemes pay less National Insurance.
- The money that would have gone to the Additional State Pension is instead put into their work or personal pension scheme. This would mean that their Additional State Pension will be reduced or not payable, but that their work or personal pension pot will increase.



- Contracting out of the Additional State Pension does not affect a person's Basic State Pension – it is not possible to contract out of the Basic State Pension
- From 2012 people will no longer be able to contract out of the State scheme into some work and personal pensions schemes. If you are already in one of these schemes, your contracting out will stop automatically. See [here](#) for more details.

ACTION:

Find out whether you are or were contracted out at any stage and if so review the personal or work pension the money went into – ask your employer or pension provider. If you think you may have an old pension but can't remember the details you can call the Pensions Tracing Service on 0845 6002 537 to try to find it.

16

The Additional State Pension: How is it worked out?

- People get around £1.60 per week for each qualifying year they have. You might also get more on top of this, depending on
 - Your National Insurance record based on the working and caring you have done in your working life
 - Your earnings: how much you earned in each (tax) year of work
 - Whether you have chosen to 'contract out' of the Additional State Pension into a work or personal pension at any point



- The calculation to get the exact number is very complicated because the way that the Additional State Pension is worked out has changed several times since it was introduced in 1978. As a result the calculation needs to be done on an individual basis in order to get an accurate picture. If you are interested to know a bit more detail about the history of the Additional State Pension and how it is calculated please see next page.

ACTION:

To get a personal estimate of how much Additional Pension you could get when you reach retirement you can get a pensions forecast by visiting www.thepensionservice.gov.uk or calling The Pension Service on 0845 3000 168

17

THE DETAIL: the make-up of the Additional State Pension

The Additional State Pension has been called different things and worked in different ways in the past. You may have also heard it called SERPS or state second pension.

There are two bits to the Additional State Pension:

- SERPS or the State Earnings Related Pension Scheme, which ran from 1978 to 2002
- State Second Pension (also known as S2P) which started in 2002 and is still going now

1978

SERPS (State Earnings Related Pension Scheme):

- To build up SERPS people had to be in employment
- The calculation rules changed in 1997:
 - **1978-1997:** The calculation was based on annual Lower Annual Earnings limit which was £10,000
 - **1997-2002:** A person was contracted out of National Insurance contributions and they were not get any Additional State Pension
 - **1997-2002:** A person qualifies if they paid standard National Insurance contributions and they were not get any Additional State Pension

2002

State Second Pension Scheme:

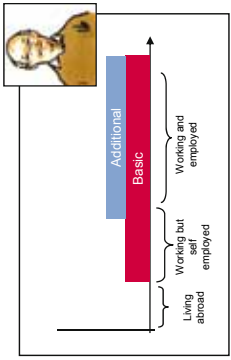
From 6 April 2002 the State Second Pension replaced SERPS, providing a more generous additional State Pension for low and moderate earners, and extending access to include certain carers and people with long-term illness or disability.

- The calculation is based on the level of a person's earnings between the £4,940 and £40,040 (09/10) on which NI contributions have been paid or treated as paid.
- Employees who earn at, or above, the Lower Earnings Limit (£4,940 a year for 2009/10), but less than the Low Earnings Threshold are treated as if they had earnings at the Low Earnings Threshold (£13,900 a year for 2009/10).
- Certain carers (claiming child benefit for looking after a child under 6, looking after an ill or disabled person and qualified for Home Responsibilities Protection or entitled to Carers' Allowance) and people with a long-term illness or disability can also qualify.
- From April 2012 further rule changes will mean that State Second will gradually over a number of years become a standard flat rate amount. For each qualifying year after 2012 people will get at least £1,60 a week (in today's money) when they retire.

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Some examples

Case study: Bill



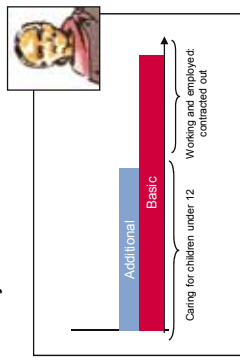
When Bill wasn't working he didn't build up any State Pension record.

When he was self-employed he built up entitlement to Basic State Pension only.

When he worked for an employer he built up both Basic and Additional State Pension entitlement.

Bill's total State Pension is £120 per week (£95 Basic and £35 Additional)

Case study: Sal

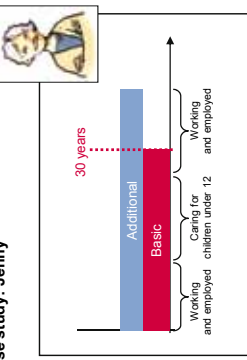


Sal built up both Basic and Additional State Pension when she was claiming child benefit for looking after her children when they were under twelve.

She then started working full time and joined her work's pension which was a scheme that was contracted out of the Additional State Pension

Sal's total State Pension is £122

Case study: Jenny









Jenny has been employed for most of her working life. While her children were young, she stayed at home and looked after them.

She built up a maximum Basic State Pension, and after 30 years continued building up her Additional State Pension.

Jenny's total State Pension is £154 per week

3. Credits

The Detail: what credits people can get and how

Who?	How?	Which parts of State Pension?	Action required?
People aged 16-18		Basic only	None
People aged over 18 in full-time training (not university students)		Basic only	Need to apply to HMRC if not gov't sponsored
Full time carers		Basic + Additional	None
People who are unemployed but looking for work		Basic	If not on Jobseeker's Allowance, must apply to Jobcentre office
People who are unable to work because of illness or disability		Basic	None
People getting working tax credit		Basic + Additional	None

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Credits

- In some situations if you are unable to pay National Insurance, for example if you are sick, unemployed and actively looking for work or have caring responsibilities, the government may pay your contribution for you to make sure your National Insurance record is protected and you continue to build up your State Pension. These payments are known as credits.
- Depending on your situation, the credit may mean that you build up entitlement to just the Basic State Pension, or to both Basic and Additional State Pension. Most payments are made automatically and others you have to claim (see overleaf for details).
- The people who get credits are:

People in full time training



Full-time carers (including people who receive Child Benefit for a child under 12)



People who are unable to work because of illness or disability



People aged 16-18



People who are unemployed but looking for work



People who are getting working tax credit



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4. Estimating how much State Pension you can expect

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General guidance

To get a rough idea of whether you can expect to get more or less than the average State Pension when you retire...

The infographic features a central pink box with the text 'Average State Pension = £130 a week'. To its left is a yellow box with an orange arrow pointing towards the center, and to its right is a light blue box with a blue arrow pointing towards the center. Below the central box is a large, stylized funnel graphic.

You may get more than the average if you:

- Are or have been a higher earner
- Work for more years
- Are or have been a full-time carer

Average State Pension = £130 a week

You may get less than the average if:

- You have spent any time, or expect to spend any time
- Self-employed
- Living abroad
- Unemployed
- Not claiming benefits
- Contracted out

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If your circumstances are reasonably straightforward you may be able to do a rough calculation to give you an first idea...

MY BASIC STATE PENSION

Do expect to have 30 qualifying years by the time you retire?

- If so, you can expect to get the maximum Basic State Pension = equivalent to **£95 a week**
- If not, the following calculation will give you an estimate

MY ADDITIONAL STATE PENSION

This gives an indication about how much Additional State Pension you can expect if you anticipate being employed from 18 until State Pension Age

		Income (now and expected in the future)*	
		£18,000 per year	£30,000 per year
Age now	20	£76 a week	£88 a week
	30	£73 a week	£100 a week
	40	£64 a week	£112 a week
	50	£56 a week	£133 a week

Basic	+	Additional	=	Total State Pension
-------	---	------------	---	---------------------

* Calculated on the basis that earnings are constant over 50 year working life and contributing on a contracted-in basis

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Exact estimate

If you have a more complicated working and caring history, or if you want a more personalised estimate...



**You can get a pensions forecast by visiting
www.thepensionservice.gov.uk
or calling
The Pension Service on 0845 3000 168**

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How much will the State Pension mean for me?

Will it be enough for me?

It's difficult to predict whether the State Pension will be enough to live on when you retire, as it depends on your lifestyle and how much money you need to live on. In order to try and work out whether it will be enough, you could use the following calculator:

Now

Income =
(salary, benefits,
other income)

Outgoings =
(rent / mortgage, bills,
debts, food, travel etc)

Disposable £s =
Subtract outgoings
from income

Retirement

Income =
(pension, benefits,
other income)

Outgoings =
(rent / mortgage, bills,
debts, food, travel etc)

Disposable £s =
Subtract outgoings
from income

Now I can compare my income and outgoings now and in retirement. Will I have enough?

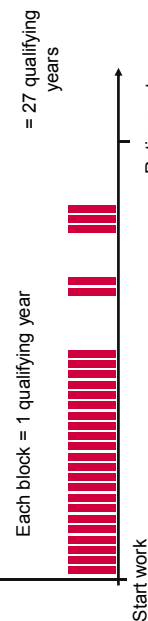
Depending on circumstances, some people may also be entitled to other benefits in retirement, some of which are means tested such as Pensions Credit. To find out more, see [here](#).

ACTION:
If you have a big gap in retirement, you might want to start thinking of other sources of retirement income. See [here](#) for more information.

5. Voluntary contributions

Voluntary Contributions

- To build up a full Basic State Pension entitlement you need to have a National Insurance record of at least **30 qualifying years**. You may have a shortfall in your record if you did not make enough National Insurance contributions or build up enough credits in any particular year.
- There could be a gap in your contribution if you have been:
 - Employed and had low earnings (below £87 per week), or only worked for part of the year
 - Unemployed and not claiming benefit
 - Self-employed and not paying Class 2 contributions
 - Living abroad



- If you have a year that does not qualify HM Revenue and Customs may send you a letter to inform you that you have a shortfall.
- You can then choose to make that year qualify by paying an extra 'voluntary contribution'. You have up to 6 years after the end of the year to pay.

- Voluntary Contributions **only apply to the Basic State Pension**.
- If you have missed a qualifying year for the Additional State Pension it is not possible to make a Voluntary Contribution to make it up.
- It's up to you to decide whether you want to pay to make up the difference – it can be a good way to build extra retirement income for the future, but it is not the right option for everyone.

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Voluntary Contributions

How do I decide whether to pay a Voluntary Contribution?

- It is difficult to decide whether or not to pay a voluntary contribution – it depends on quite a lot of different things.
- Here are some of the issues that may be worth considering:

It may not be worth paying if:

You think you will build up a total of 30 qualifying years before you retire

Remember you only need 30 qualifying years to get the maximum Basic State Pension. If you don't know how many qualifying years you have, it may be worth getting a pension forecast – go to www.thepensionservice.gov.uk or phone 0845 3000168

You are married or are in a civil partnership

You may be able to increase the amount of Basic State Pension by using your partner's National Insurance contributions. See [here](#) for details.

You are divorced or widowed

You may be able to increase your number of qualifying years by using your former partner's National Insurance contributions if you are divorced or divorced. See [here](#) for details.

You also need to consider:

Bereavement benefit

If you are married or in a civil partnership, you need to consider how important Bereavement Benefit might be to you, because the rules are different to the State Pension. You need up to 39 qualifying years for women and up to 44 for a man for the maximum entitlement. See [here](#) for details.

Other benefits

Additional contributions may limit your entitlement to other benefits – for example means-tested benefit. This could affect your decision. See [here](#) for details

Tax implications

Additional contributions may affect the amount of tax you pay which could affect your decision. See [here](#) for details

ACTION:

If you are unsure what to do, the Citizen's Advice Bureau may be able to help you www.citizensadvice.org.uk or you could speak to an Independent Financial Advisor (be aware that they may charge for their time)

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Appendix E

Methodology

Sample overview

The decision was taken to concentrate the resources of this project on understanding and meeting the needs of the people who are likely to find information about the State Pension most difficult to understand. As a result, a broad range of people were asked to participate in the research. A focus was however, placed on those more likely to be reliant on the State Pension in the future, that is, having little or no private or occupational pension provision. In addition, this group had lower levels of knowledge and confidence in the subject. The hypothesis was that if we could design information to meet the needs of this 'highest risk' group, then people with greater knowledge and confidence would also be able to understand the same information.

In total, we spoke to 132 respondents. All had low financial engagement, confidence and knowledge. They also had limited retirement plans, or no plans at all in place. All were currently either relying on the State Pension as their primary provision, or had limited occupational or personal pension provision.

As is usual in qualitative research, the sample was designed to ensure full coverage of the key sub-groups within the target population outlined above, in order to identify and explain variations in the nature of experiences and views between them. In order to achieve this, the sample was purposively selected according to a range of additional characteristics identified as relevant, including: age, employment/caring history and status, income level, gender and location.

The sample structure and research design have made it possible to provide robust explanations from which wider inferences can be drawn to the wider population, although no attempt has been made to draw numerical conclusions from the research.

Sample variables

More detail on each of the key sample variables is given below:

Level of confidence and engagement

In order to focus on the most difficult audience for information to communicate to, the research sample was concentrated on people who felt that their own knowledge of pensions and retirement savings was low or non-existent.

Existing retirement provision

It was felt that people for whom State Pension forms, or is likely to form, their sole or primary retirement provision or income would be likely to have very different perspectives compared to those for whom State Pension may be a 'top up' or 'bonus'. Their information needs and methods of engagement would also be likely to differ in many respects. For this reason the focus of the research was focused on people with little or no private provision for retirement – that is those who were relying wholly or partly on the State Pension to provide their income for retirement.

Age

It was important to explore the effect that age has on information needs and receptiveness to communication. For example, people in their 50s may take a greater interest in pensions and be more knowledgeable about them, as well as having more experience of retirement planning. They are likely to have different perspectives from those for whom retirement feels a distant possibility.

As they may well have already seen information about the State Pension however, it was important to tap into their experiences as a means of identifying the hurdles they had surmounted in order to reach their current level of understanding. At the other end of the spectrum, those for whom retirement feels a long way off may be better able to articulate their future hopes and fears, and how they imagine the State Pension fitting with these plans.

In order to cover the wide range of perspectives, we simplified age into four broad groups for the first phase of the research:

- Early years – people aged 18-30 for whom retirement is a long time in the future and who may have other priorities such as finding work, setting up home, young families and repaying student loans.
- Middle years – people aged 31-45, a wide demographic but includes those likely to have more settled lives and priorities such as mortgages and growing families through to children leaving home.
- Later years – people aged 46-55, which includes people who may have begun to consider retirement provision generally and pensions specifically.
- Pre- and post-retirement, respondents who are within two years of State Pension age. This gave an insight into the information that respondents felt they needed whilst going through the process of thinking about retirement and applying for their State Pension.

For the second and third phases we reviewed our sampling approach to concentrate on two age groups: 20-35 year olds, and 36-50 year olds.

Income

This research focused on people living in households with low to median income as these people are most likely to be relying wholly or partly on the State Pension to provide for their future. The annual income bands were adjusted to the area of the country in which recruitment was taking place (see Appendix D for details of the exact income bands used).

Gender

In order to reflect the broad spectrum of the population, we included a mix of gender.

Geographical location

We did not consider that the communication packages arising out of the research were likely to differ according to geographical location. Consequently, we conducted the research in two main locations, London/Kent and Newcastle.

Recruitment

The recruitment for this project was done using ‘free-find’ methods, whereby recruiters find respondents by stopping people in the street, asking if they are interested in taking part in a piece of research and then using a screening questionnaire to determine their eligibility to participate in the

research. Only once this has been carried out and it is clear that the person meets the requirements will they be invited to participate in the research. Participation is voluntary and care is taken to ensure that consent is informed.

Table E.1 Phase 1 sample overview

Age/retirement income provision	18-30	31-45	46-55	SPA +/- two years
State Pension is sole or primary retirement provision/income (no private pension provision)	2 groups 4 cognitive depth interviews	1 group 2 cognitive depth interviews	2 groups 4 cognitive depth interviews	2 groups 4 cognitive depth interviews
State Pension is secondary retirement provision/income Private pension provision (To include a mix of pension types)		1 group 2 cognitive depth interviews		
Total number of participants: 80				

Table E.2 Phase 2 sample overview

Age/retirement income provision	20-35	36-50
State Pension is sole or primary retirement provision/income (no private pension provision)	1 mini-group	1 mini-group
Total number of participants: 10		

Table E.3 Phase 3 sample overview – Strand 1

Age/retirement income provision	20-35	36-50
State Pension is sole or primary retirement provision/income (no private pension provision)	2 mini-groups	2 mini-groups
Total number of participants: 20		

Table E.4 Phase 3 sample overview – Strand 2

Age/retirement income provision	20-35	36-50
State Pension is sole or primary retirement provision/income (no private pension provision)	1 mini-group 4 cognitive depth interviews	1 mini-group 8 cognitive depth interviews
Total number of participants: 22		

Focus groups were comprised of eight to ten respondents.

Mini-focus groups were comprised of four to six respondents.

Appendix F

Note on analysis and reporting

Recording data: All our formal interviews were recorded digitally, and detailed notes were made throughout the fieldwork phase. We recorded location information on maps and took photographs throughout our time in the field.

Continuous interpretation and debate: During the fieldwork our researchers were in constant contact with each other, continuously interpreting and discussing early-stage findings as they went, and raising any key issues that might have required deeper exploration.

Post-fieldwork analysis: Following the fieldwork phase, the data was reviewed and analysed systematically. Using the respected technique of matrix mapping, the research team sifted, summarised and sorted the evidence, searching for patterns and connections across respondents' accounts in order to explain and address our research questions. Key recurring themes were identified and these formed the basis of our analysis framework.

Once the framework had been identified, data was entered, reviewed and evaluated in order to conceptualise findings into a themed storyline, based on the project objectives. This rigorous process ensured that the extraction and interpretation of findings was based on raw data rather than on researchers' impressions.

Outputs from cognitive interviews: The outputs were:

- audio recordings (which were subsequently transcribed and analysed using the matrix mapping protocol);
- fully annotated materials from the interviews that denoted where respondents had difficulties with understanding the concept under test;
- notes of particular words and phrases that proved to be problematic, together with potential alternatives.

These were collated onto a central document and analysed to identify patterns and problematic language, and to determine which aspects of the information material required creative development.

Use of verbatim quotations: The findings and examples in this report have been illustrated and brought to life with the use of verbatim quotations taken directly from the recordings and transcripts of the discussion groups and depth interviews.

This qualitative research study was conducted with 132 respondents in a series of focus groups and in-depth interviews. The aim was to explore what understanding people had of the State Pension, what worked in terms of explaining elements of the State Pension, and what prototype information materials could be developed that effectively engage people, thereby leading to better informed retirement planning.

The research was carried out on behalf of the Department for Work and Pensions by TNS-BMRB and the Futures Company.

If you would like to know more about DWP research, please contact:
Paul Noakes, Commercial Support and Knowledge Management Team,
3rd Floor, Caxton House, Tothill Street, London SW1H 9NA.
<http://research.dwp.gov.uk/asd/asd5/rrs-index.asp>

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