



# HMRC Pensioner Customer Survey

12 August, 2009



# Agenda

- Aims and method
- Sample profile
- Pension-related tax issues
  - Confidence
  - Seeking information
  - Knowledge
- Dealings with HMRC
  - Nature of dealings
  - Communication channels
- Customer experience
  - Dealings about pensions
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- Conclusions

# Aims of the study

The key **objectives** of the study are:

- To profile pensioners and pre-pensioners
- To measure knowledge and confidence relating to pension age tax issues, identifying any knowledge gaps
- Measure experiences, attitudes, preferences and abilities in relation to:
  - Pension related HMRC dealings (with a focus on Self Assessment)
  - Communication channels

# Target population

The **populations** of interest are:

- Pre-pensioners (men 55-64, women 50-59)
- Pensioners (men 65-74, women 60-69)
- *Transitional pensioners (men 64-66, women 59-61)*
  - *Transitional-pensioners were a sub-group devised by natural fallout, not specifically targeted*
- For purposes of simplicity this survey uses state pension age (SPA) to define groups above
  - Not all in pensioners group are retired and not all are receiving state pension

# Method

- Computer Assisted Telephone Interviews
- 15 minute questionnaire
- Random Probability sampling, using directory-assisted RDD
- Eligibility based on age/sex criteria
- Respondent within household selected at random
- Fieldwork February-April 2009
- 2539 interviews (1254 pre-pensioners, 1285 pensioners, *470 transitional*)
- Estimated response rate of 29%

# Respondent Profile

## Pensioners

- Higher proportion of women (57%)
- Most likely to be married (61%) but more likely to be widowed (14%) than pre-pensioners
- 95% currently receiving a state pension (of whom 22% have a second state pension)
- Of those receiving their pension, 79% are fully retired ←
- Lower income and more likely to have no qualifications (30%)



**67% of pensioners within 5 years of SPA**

**88% of pensioners 5-9 years post SPA**

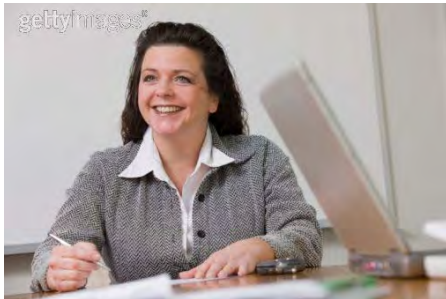
**Men are more likely to retire fully than women**

# Respondent Profile



## Transitional Pensioners

- Very similar to pensioners, but of those receiving their pension, only 69% are fully retired

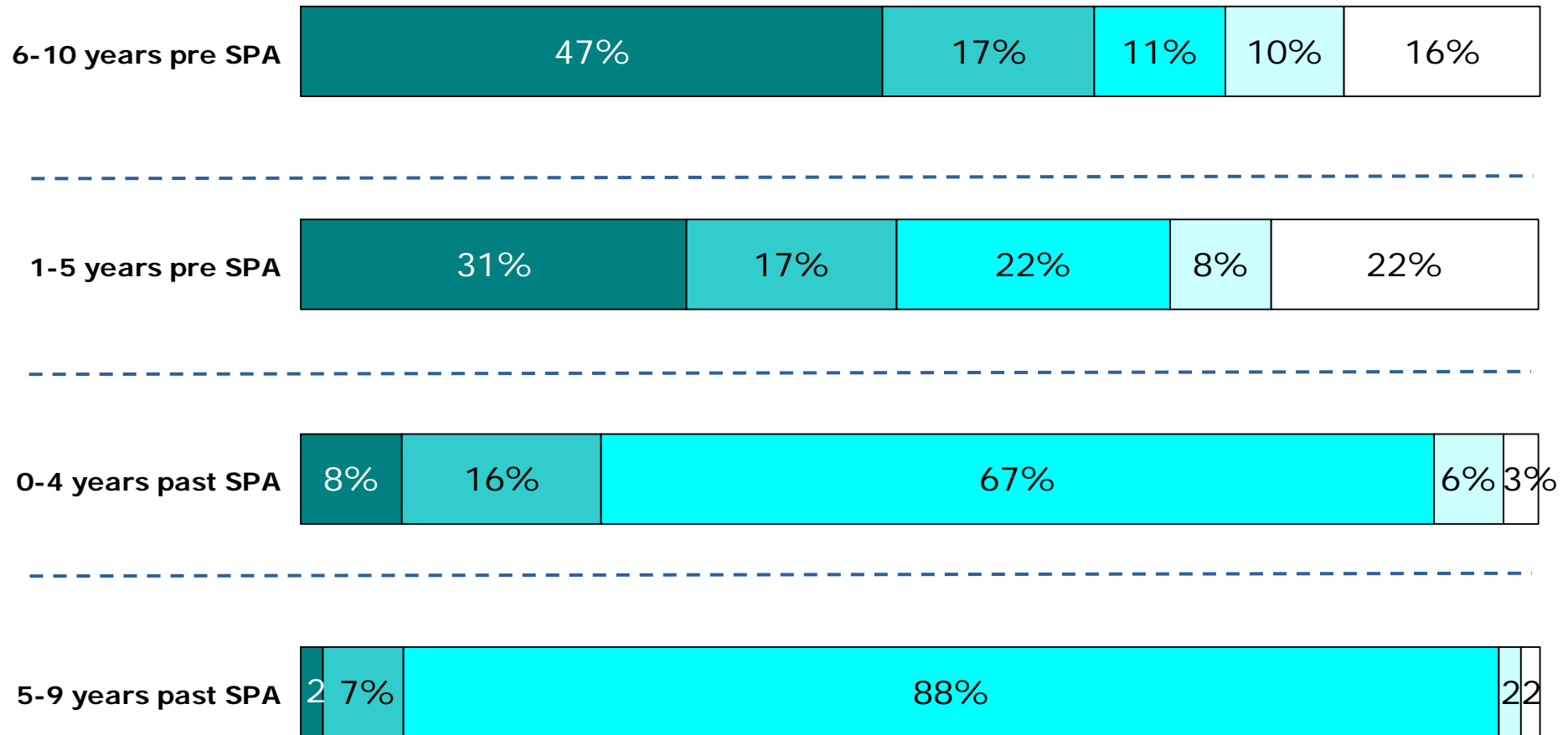


## Pre- Pensioners

- An even split between males and females (49% vs. 51%)
- 16% are already fully retired but the majority (56%) still working for an employer / (9%) self employed
- A higher proportion are married: 69%
- Higher income and educational achievement than pensioners

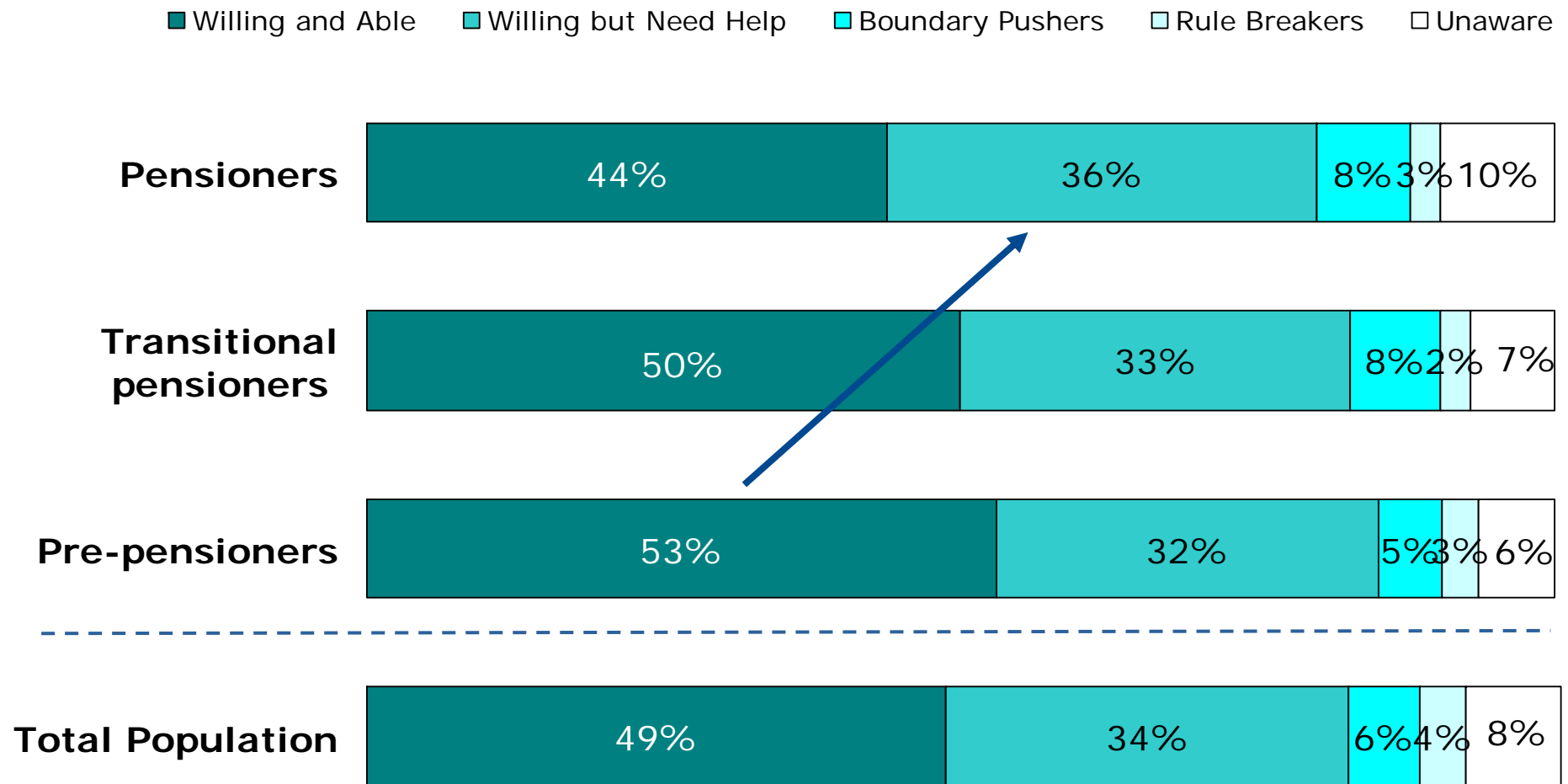
# Profile of respondents: Current employment status relative to SPA

■ Working 30+ hours  
 ■ Working less than 30 hours  
 ■ Fully retired  
 ■ Self employed  
 ■ Other



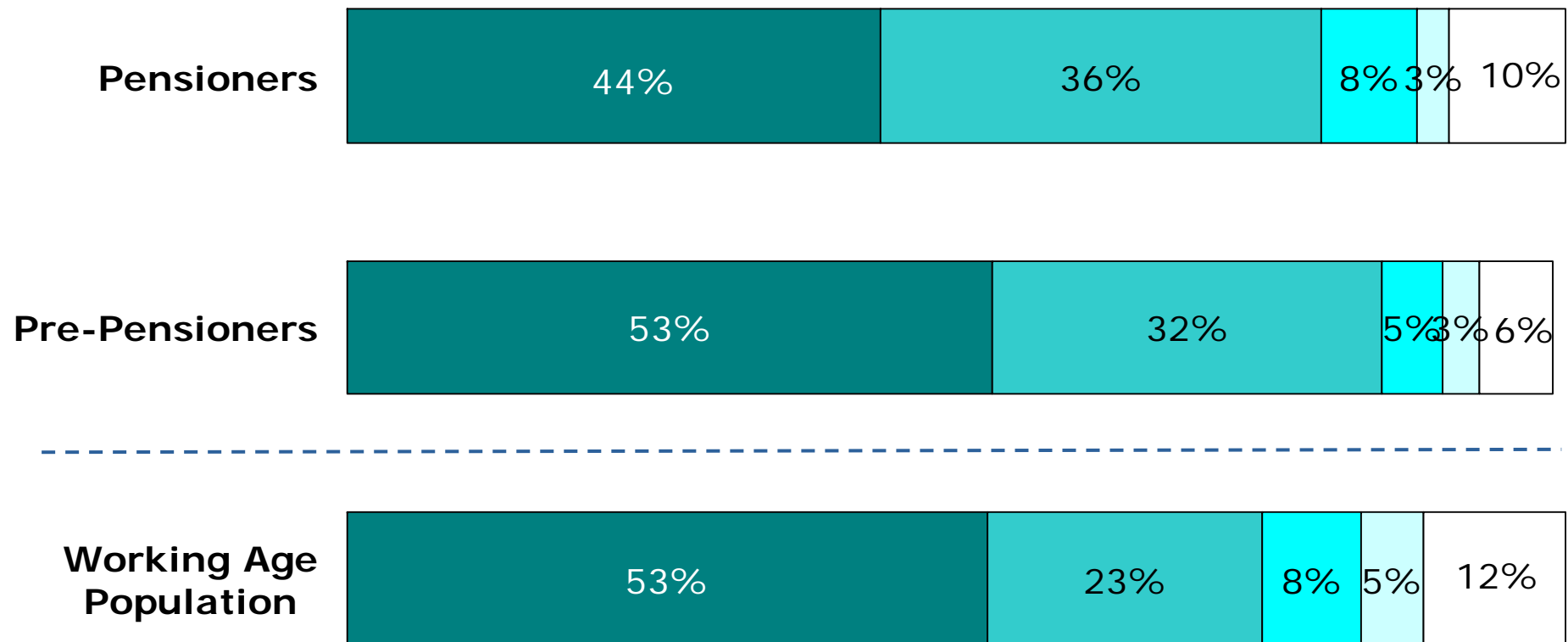


# Pensioners are slightly less likely to be 'Willing and Able' and more likely to belong to other segments



# Pensioners are less likely to be 'Willing and Able' and more likely to belong to other segments especially 'Willing but Need Help'

■ Willing and Able ■ Willing but Need Help ■ Boundary Pushers ■ Rule Breakers ■ Unaware



# Pension related tax issues

## i) Confidence



## Pensioners are more confident than you might expect from their perceived knowledge levels

Confidence grows as SPA approaches, related to greatest confidence about finding information?

Post SPA pensioners may just be assuming HMRC are getting their tax right

Women, those who live alone (mostly women) and less educated pensioners are less confident in their own abilities.

Confidence dips when SPA is reached – were they unaware of what they needed to know?

They are much less confident in their own ability to manage their tax affairs

Even these groups assume HMRC are getting their taxes right

- More information needed BEFORE SPA to educate pensioners about their responsibilities – let them know what they NEED to know
- Particular focus needed on women and the less educated to help them get the information/confidence they need

# Pension related tax issues

## ii) Seeking information



There are very low levels of information seeking and, whilst HMRC is the most used source, the majority of pre-pensioners rely on a wide range of other sources

Even at the transition to SPA, only one in three pensioners look for information

More common among the more educated/affluent, and 'Willing and Able'

HMRC is the most used source, but under one in three pre-pensioners, and half of pensioners know to use it

Pre-pensioners are more likely to go to one of: IFAs, the web, employers and DWP

The less engaged segments remain less aware of HMRC as a source of information, even post SPA

Similar pattern for the less educated

- Need to inform Pre-pensioners at an earlier stage that HMRC are responsible for pension related tax issues
- Particular focus on less engaged segments and less educated

# Pension related tax issues

## iii) Knowledge



## Good level of awareness of State Pension rights and obligations, but some gaps in knowledge

Most know the SPA but one in four women pre-SPA think the SPA for women has already gone up to 65

Some confusion over how pensioners are taxed – lower earners/education more likely to think pension is tax free

Good awareness of most tax related rights and obligations

Greater confusion over implications of living abroad, but not relevant to most

Those with lower qualifications less aware of a number of issues

Half of Pre-pensioners are not aware that action needed to claim SP

Only rises to two in three transitional pensioners and falls back for pensioners – not memorable?

Lower for women and those with no qualifications

- Need to communicate changes to the system more clearly
  - P161 process needs to be more clearly flagged



# Dealings with HMRC

## i) nature of dealings



# Dealings with HMRC

## i) Communication channels



Low level dealings until reach SPA, little recall of P161; phone and post dominate, but future opportunity to build e-communication

Only one in four pre-pensioners report dealings, rising after reach SPA to a half

Very little recall of the Pension Enquiry Form, even for recent pensioners (only 1 in 5 recalled it)

Dealings start later for 'Boundary Pushers' and stay low for 'Unaware'

When first making contact most pick up the phone

But post preferred for everything (except getting information)

Making a call just to get information sent to them or to find out where to send form?

Pre-pensioners:

Most use the internet regularly and 4 in 10 would choose it to contact HMRC

Clear opportunity for increasing use of e-communications - though less so for 'Unaware' / 'Need Help' / less educated

More comfortable with information than for interactive use

- Need to flag P161 more strongly/clearly?
- Opportunity to use e-communications, particularly for information

# Customer experience

## i) Dealings about pensions



# Customer experience

## ii) Self Assessment

**c. 1 in 4  
pensioners  
said they dealt  
with SA**



Pensioners rate their experience of dealing with HMRC highly but for some the service does not meet their needs

Ratings on most measures are highly positive for all groups of pensioners

One in four pensioners say they deal with SA

Understanding what to do becomes harder after reaching SPA – unclear if age effect or transaction effect

Getting in touch also gets harder after SPA

In contrast, those above SPA see HMRC service as more consistent

Increasing willingness to file online for pre-pensioners

Correlation between number of dealings and ease of understanding

Easier for those using the telephone than post, and for those using only one channel

For pensioners access is a barrier, but for pre-pensioners it is more about preference or perhaps habit / confidence

- Qual work needed to find out why pensioners find things harder?
  - Target pre-pensioners for online filing – raise confidence?

# Conclusions



# Conclusions

- Need for greater information targeted at pre-pensioners FARTHER AHEAD of SPA:
  - Let them know HMRC is their best source of information
  - Provide more information on claiming their pension and how it is taxed (greater advance warning of P161?)
  - Communicate changes to the system more clearly
- Particular focus needed on informing vulnerable groups:
  - Women, those with no qualifications, 'Willing but Need Help' and 'Unaware' segments
- Clear opportunity to increase use of e-communications for pre-pensioners
  - Start with information, SA possible early transaction
- Qualitative work needed to unpick why things seem harder post SPA