



Research report

Key Factsheets

Testing New to Work and Pre-Pensioner factsheets

Individual Customer Directorate, HMRC

April 2009

Factsheets***About the Individuals Customer Directorate (ICD)***

ICD is part of the Personal Tax Group in HMRC, which has responsibility for personal tax policy and operations as well as some work streams with personal and business customers.

Our role is to work with Directorates across the Department to design and deliver customer focused operating services to individual customers to make it as easy as possible for them to get their tax affairs right. We also manage HMRC cross-cutting areas that affect our customers such as the complaints strategy.

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Factsheets***Research requirement (background to the project)***

Pensioners and employees are key customer groups for HMRC. Previous qualitative research has shown that a majority, especially those on low incomes, are unaware of how and in some cases even whether, the tax system applies to them. As a consequence, a high proportion of these customers contact HMRC for help and reassurance. This rarely tends to affect the customers' tax position, and is costly to the Department. As a result, it would benefit both HMRC and its customers to reduce this often unnecessary, low-value contact.

As part of a wider programme designed to address the knowledge gap of some of our customer segments, HMRC worked with 2 private pension providers, a county council, 3 small-medium sized businesses and 4 large employers to trial 2 basic tax factsheets; one dealing with tax and National Insurance issues for new pensioners, the other with tax and National Insurance for new employees. In addition HMRC trialled the factsheet with approximately 30,000 recipients of its P161 Pension Enquiry form.

The main objectives of the research were therefore to gain an understanding of whether customers:

- liked or disliked the factsheets - and why
- found the factsheets helpful or not - and why
- understood the level of detail around specific areas of tax and, if not, which areas they found confusing
- became more knowledgeable about the issues as a result of reading the factsheets
- would be more or less inclined to contact HMRC (or visit the HMRC website) / their employer / pension provider / another source as a result of having received a factsheet - and for what purpose

Who did the work (research agency)

Jigsaw Research was commissioned to conduct this research programme on behalf of HMRC.

When the research took place

The research was conducted between August 2008 and April 2009.

Factsheets
Method, Data and Tools used, Sample

A combination of quantitative and qualitative research was conducted with recipients of the factsheets. In general, factsheets and a self-completion questionnaire were sent out by the relevant partner organisations to their employees/customers. Recipients were encouraged to read the factsheet and return the self-completion questionnaire, which included a number of questions assessing their opinion of the factsheet and its impact on their knowledge levels and likely behaviour. These questionnaires were then analysed by the Jigsaw Research project team. One large employer included a copy of the factsheet on their intranet site and encouraged employees to read the factsheet online and comment on it using an online questionnaire.

In addition, recipients were asked whether they would be willing to take part in a follow-up qualitative stage so that their views could be explored in more detail. Jigsaw Research later interviewed a number of these employees/customers in the form of in-depth interviews or group discussions.

In total, the following number of interviews were conducted:

Organisation	Factsheet	Quantitative interviews	Qualitative interviews
3 Small Medium Enterprises (SME) businesses	New to Work	None	1 day of in-depth interviews per organisation [number of respondents?]
3 large employers	New to Work	65 self-completion questionnaires and 792 online surveys	4 group discussions and 7 in-depth interviews [number of respondents?]
Pension provider 1	Pre-Pensioner	179 self-completion questionnaires	22 in-depth interviews
County Council	Pre-Pensioner	62 self-completion questionnaires	16 in-depth interviews
HMRC P161 customers	Pre-Pensioner	9,802 self-completion questionnaires	None
Pension provider 2	Pre-Pensioner	45 self-completion questionnaires	None
Large employer 1	Pre-Pensioner	41 self-completion questionnaires	None

Factsheets***Main Findings***

It was clear from the research that **different customer types had different levels of tax knowledge and different levels of engagement** with the subject matter. Generally speaking, pre-pensioners were more knowledgeable and engaged than those new to work or changing jobs (due to having more experience of tax issues over a longer working life and evidence that they are keener to get their tax affairs right). Those pre-pensioners with a more complicated tax history tended to be more knowledgeable than those who have had very straightforward affairs and who have never really needed to understand tax. Those new to work were, in the main, the least knowledgeable about tax and the least engaged with the issue. However, those new to the UK were quite engaged with the subject area (more so than UK nationals). This was driven by a need to understand a completely new tax system and how it differed from the tax system they had been used to in their home country. Those changing jobs were generally unengaged with the subject but more knowledgeable than those new to work, because they had more experience of tax and specific related issues e.g. emergency tax, coding notices etc.

In general, the factsheets were well received by both customer types and seen as genuinely trying to make things easier for people. The **concept** was welcomed because a large number of employees and pre-pensioners had unanswered questions that the factsheets did (or could) address. It was generally seen as a 'good idea' and something that would be useful.

The factsheets were generally praised for their **look and feel**. Pre-pensioners were happier with this aspect than employees, although this was mainly because they were a more homogenous group. The 'New to Work' factsheet was catering to a number of different employee types e.g. those new to the UK, recently graduated students and those changing jobs. Therefore there were sections that were not applicable to the reader, making the factsheet feel busy and less tailored to some. There was a desire among employees for it to be easier to spot the key messages.

Most were happy with the **navigation and ordering** of the factsheets. However, expectations were quite high, with many expecting personalised factsheets.

In the main, the factsheets were felt to include **relevant content**. 89% of pre-pensioners (from the P161 self completion study) and 97% of employees (from the employer online survey) said the factsheet fully or partly answered questions they had. However, there were instances where information was seen to be missing or existing information was seen to be too detailed or unnecessary. Some employees would have liked more information about why they pay National Insurance and how it benefits them, and less information on how to check their tax code. Some pre-pensioners would have liked more information on how to get a pension forecast and how to defer their state pension.

Factsheets

The vast majority of pensioners and most employees found the factsheet **easy to understand**. 94% of pre-pensioners (from the P161 self completion study) agreed that the factsheet was easy to understand. However, it was felt by some that the factsheet assumed existing (employee) knowledge of terms such as 'P46' which often doesn't exist.

It was clear from the research that the factsheets would **reduce 'low value' contact**. Many said that the factsheet addressed concerns or questions that they had. However, for some, the factsheet prompted interest and confidence in the subject matter, and might possibly lead to higher value queries e.g. queries about tax codes, age related personal allowances and pension credits.

In terms of the **distribution of the factsheets**, many were unconcerned with how they received it, as long as they did receive it (and at the most useful time). For employees, it should be as soon as reasonably possible either just before or just after starting their new job. The majority indicated that the factsheet should be provided by the new employer in the first few days of their new job. For virtually all pre-pensioners receiving the factsheet anytime before state retirement age would be useful. Pre-pensioners feel the factsheet should be provided by HMRC as timings are linked to their state pension (and not their employer/private pension).

Conclusions

The research clearly demonstrates that the factsheets would be useful to both pre-pensioners and to new employees. Although there may need to be some minor adjustments made to the content and the layout, the overall concept is highly regarded and there is evidence that it will boost overall knowledge levels and reduce the amount of 'low value' contact to HMRC and employers/pension providers.