



Department
for Work &
Pensions



Government
Social Research

Applying Behavioural Insights to Green Pensions

October 2024

Applying Behavioural Insights to Green Pensions

DWP research report no. 1069

A report of research carried out by The Behavioural Insights Team on behalf of the Department for Work and Pensions.

Crown copyright 2024.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email psi@nationalarchives.gov.uk.

This document/publication is also available on our website at:
<https://www.gov.uk/government/organisations/department-for-work-pensions/about/research#research-and-analysis-publications>

If you would like to know more about DWP research, email socialresearch@dw.gov.uk

First published October 2024.

ISBN 978-1-78659-721-2

Views expressed in this report are not necessarily those of the Department for Work and Pensions or any other government department.

Executive Summary

The UK's £3 trillion of pensions investments have a fundamental role to play in the UK's transition to net zero. This project aims to understand how members of Defined Contribution pension schemes might contribute to that transition through their choice of funds by examining whether and how they can be engaged with directing their pension savings towards more environmentally sustainable investments. Sustainable pension funds (or 'green pensions') in this context refer to funds that are invested based on environmental criteria, such as a commitment to net zero across the whole portfolio and investments into climate change solutions.

This report presents the findings of the project's main components: an evidence review, qualitative interviews, a large-scale survey on what hinders and what supports consumer engagement with the environmental sustainability of their pensions, and a randomised controlled trial (RCT). The RCT tested different communications from three pension providers (Aviva, Smart Pension and Hargreaves Lansdown) to their members, encouraging them to log into their pension portals to check their pension's performance as well as to seek information on increasing the sustainability of pensions.

In line with existing research, we find that general engagement with pensions is low. We find that scheme members are more engaged with the financial performance of their pensions than the environmental performance of the investments and that light-touch communication-based nudges are not a promising avenue to shift pension investments towards more environmentally sustainable funds. The control email which focused on pension performance and did not make any explicit reference to pension sustainability consistently demonstrated higher engagement among pension holders in terms of open rates and clicking on links embedded in the email.

Given the low consumer engagement with the sustainability of their pensions, our findings suggest that to make meaningful progress towards aligning pension investments with environmental sustainability, interventions further upstream are needed. This will require further research to understand the role of key players including employers, pension providers, trustees and government, in increasing the environmental sustainability of investment funds, with a focus on default arrangements.

Contents

Contents.....	4
Acknowledgements.....	6
Author details.....	6
Glossary.....	7
Abbreviations.....	8
Summary.....	9
1. Introduction.....	17
1.1 Green pensions.....	17
1.2 The policy challenge.....	18
1.3 Project aims and methods.....	20
1.3.1 Project aims.....	20
1.3.2 The TESTS methodology.....	20
2. Exploratory research findings on pension saver attitudes and behaviours.....	29
2.1 Public engagement with green pensions.....	29
2.1.1 Awareness and understanding of pensions is low.....	29
2.1.2 Consumers have concerns about the financial returns of green pensions and greenwashing.....	30
2.1.2 Navigating pensions is complex.....	32
2.2 How can we help people engage with green pensions?.....	33
2.2.1 Different types of savers will need to be encouraged to engage with green pensions in different ways.....	33
2.2.2 There are key touchpoints and channels that can be harnessed to engage savers in their pensions.....	34
3. Increasing engagement with green pensions.....	36
3.1 Developing solutions.....	36
3.1.1 Initial solution development.....	36
3.1.2 Refining solutions.....	38
3.2 Piloting solutions.....	39
3.2.1 Online pilot trial.....	39
3.2.2 Final email solutions to trial.....	43
4. Field trial results: what works to increase engagement in real world contexts?.....	47
4.1 Primary outcome measure: clicks on green link.....	48
4.2 Secondary outcome measure: clicks on login link.....	49

Applying Behavioural Insights to Green Pensions

4.3 Exploratory outcome measure: email open rates	50
4.4 Engagement with online portal and pensions outcomes	52
5. Process evaluation: understanding field trial results.....	53
5.1 Factors affecting opening rates	54
5.2 Factors affecting relevance and understanding of email content.....	56
5.3 Factors affecting clickthrough outcomes.....	57
6. Interpretation of findings.....	60
6.1 Interpretation.....	60
6.2 Limitations.....	63
7. Conclusions and recommendations.....	65
Bibliography	67
8. Appendices.....	71
8.1 Interventions.....	71

Acknowledgements

This research was commissioned by the Department for Work and Pensions. The authors would like to thank Vanessa Calvache, Rebecca McCaw, Tom Moulard and Annie Taylor-Bennett who have provided the key point of contact and support for this work.

We would also like to thank our key points of contact from each pension provider organisation who worked with us on this project, for their cooperation, support and advice when designing and implementing the field trial.

Author details

Ed Whincup, Advisor, BIT

Elisabeth Costa, Managing Director UK, BIT

Ellie Lugt, Senior Advisor, BIT

Georgie Bremner, Senior Advisor, BIT

Johannes Lohmann, Principal Advisor BIT

Oliver Adcock, Associate Advisor, BIT

Tim Hardy, Research Advisor, BIT

Glossary

Term	Definition
Randomised controlled trial	A study design which assigns individuals to one of multiple conditions at random and then compares average outcomes across conditions.
Workplace pensions	Pensions arranged by an individual's employer.
Personal pensions	Pensions designated to the individual and funded by private contributions from the individual and/or their employer.
Net zero	A state in which the amount of greenhouse gases going into the atmosphere is balanced by the amount removed from the atmosphere.
Green / environmentally sustainable pensions	<p>Invested funds meet the following criteria:</p> <ul style="list-style-type: none"> ● A commitment to net zero across the whole portfolio ● Investments in climate change solutions (e.g. clean energy)
Environmental, social, and governance (ESG)	<p>Factors used to screen investment choices:</p> <ul style="list-style-type: none"> ● Environmental issues include climate policies, pollution and animal welfare ● Social issues include use of profit to help local community, workplace conditions and consumer welfare ● Governance issues include transparent accounting, political contributions and conflicts of interest
Defined Contribution pension scheme	A pension scheme where the individual (and employer) make contributions which are then invested over their

	working life. They can then use the capital to secure a retirement income
Defined Benefit pension scheme	A pension scheme which sets out a specific benefit to be paid upon retirement.

Abbreviations

Abbreviation	Stands for...
RCT	Randomised controlled trial
ESG	Environmental, social, and governance
DC	Defined contribution
DB	Defined benefit

Summary

The £3 trillion invested in pensions in Great Britain is larger than the UK's annual GDP, which stands at £2.2 trillion. Moving pension funds into environmentally sustainable investments, which have positive or neutral impacts on the environment, could significantly accelerate the UK's transition to a net zero carbon society.

This project aimed to understand the choices made by Defined Contribution (DC) pension holders, who have a certain level of control over how their pension funds are invested by virtue of the ability to choose from a range of funds to invest in, within their pension providers' investment offering. DC pension schemes represent the largest number of workplace pension scheme members with over 27 million holders in occupational DC private sector memberships alone, compared with under 17.5 million holders enrolled in both private and public sector DB pension schemes. This gap is projected to grow given the increase in popularity of DC schemes and the gradual decline in DB scheme membership in recent years. Despite this, DC schemes still only account for a small portion of total assets, with an estimated £233 billion invested in these schemes,¹ compared with £2.5 trillion across private and public sector DB schemes, according to ONS estimates.

Engaging individual pension savers to make changes to how their pensions are invested is challenging for a number of reasons. Due to behavioural biases, individuals tend not to prioritise future financial rewards, such as pensions, over smaller rewards in the present. Additionally, retirement can seem like a distant concept that does not inspire urgent action. The same can be said for climate change, which is of particular relevance for environmentally sustainable pensions. As an illustration of pension holder behavioural inertia, 96% of members in DC master trusts or multi-employer schemes stick to the default option they were opted into by their employer. This is not altogether undesirable from a policy perspective. Once people are auto enrolled into a pension saving scheme the inertia that keeps them saving into the scheme over several decades supports retirement savings goals.

For this reason, changes in the behaviour of actors upstream in the pensions system, such as government, asset managers, pension providers and employers will be critical in creating meaningful change toward greener pensions. Such changes could consist of regulation on mandatory reporting and disclosure on environmental impact and risks (building on existing work that has been carried out such as the provision of guidance to trustees of occupational pension schemes around the governance and reporting of climate change risks), as well as the development and adoption of greener pension options by fund managers and employers, for example. Given consumer inertia, the most consequential and impactful regulatory change

¹ This figure includes individuals in occupational pensions and does not include those in workplace Group Personal Pension schemes.

Applying Behavioural Insights to Green Pensions

would be to introduce specific environmental sustainability requirements for all default arrangements.

Our research sought to address three main research questions:

1. To what extent are consumers aware of green pensions, and their pension more broadly?
2. What are the most significant barriers and facilitators for consumers when it comes to engaging with green pensions?
3. What interventions could increase consumer engagement with green pensions?

Methodology

There were two main phases to this project:

1. Exploratory research involving an evidence review, qualitative interviews and an online survey to understand consumer attitudes and behaviours in relation to engaging with green pensions.
2. Experimental testing in the form of two randomised controlled trials (RCTs): an online pilot trial and a field trial with pension providers and customers, to understand what communications are most effective in encouraging greater engagement with green pensions. This phase also included a qualitative process evaluation to understand how participating pension holders perceived the messages that were tested.

The field trial was not designed to encourage consumers to take more fundamental actions such as switching to greener pensions, consolidating savings into a green fund or influencing their provider on how their pensions are invested. This was based on the research scope given by DWP and reflected that consumers risk protection from the charge cap or loss of employer contributions if they switch from the default option, and providers have compliance concerns around being seen to be providing financial advice via marketing. Further, the lack of standard criteria of what would be a greener fund makes switching overly challenging for consumers. Also, some providers considered the default their greenest option, so did not recommend encouraging members to switch from the default.

As discussed above, these constraints reflect the current regulatory environment for green pensions, and did limit the impact of the interventions tested in the RCT. Due to these challenges and limitations, in addition to our finding that knowledge and understanding of green pensions was very low, this project focused on encouraging pension holders to seek further information about green pensions.

Exploratory research activities to understand barriers and intervention opportunities to increase consumer engagement with green pensions:



Evidence review of academic & policy literature on consumer engagement with green pensions to understand barriers to engagement and potential ways of targeting pension-holders to increase engagement.



Qualitative interviews with 20 DC pension holders, 10 employers, and six members of staff from three pension providers to further understand barriers to engagement.



Online survey of 1000 DC pension holders to assess understanding of how pensions work, how their pensions are invested, and how they'd like them to be, as well as their perspectives, attitudes and existing behaviours towards green pensions.



Behavioural audit to gain first-hand experience of how easy (or not) it is to find out how a particular fund is invested, how clearly green funds are labelled, how easy it would be to switch from a workplace default option and how easy it would be to interact directly with pension providers for additional information or advice.

The exploratory research informed the development of communications to test with pension holders in two randomised controlled trials, with the aim of increasing their engagement with the environmental sustainability of their pensions. A qualitative process evaluation also was carried out to understand how DC pension holders experienced the trial emails to help explain the trial findings.

Online pilot trial

3,900 DC pension holders were randomly assigned to view one of five hypothetical emails from a pension provider and one of four pension portal interfaces - encouraging them to engage with the greenness of their pensions.

They were then asked questions to measure:

- Comprehension
- Perceived trustworthiness
- Perceived importance of the communication
- Intention to find out more about green pensions (by logging in or contacting their employer/pension provider)

Five email communications were tested that varied in terms of their main message content, they included a:

Applying Behavioural Insights to Green Pensions



Simply framed email asking recipients whether they had recently checked their pension



Self/financial interest email encouraging consumers to check that their pension was performing well



Case study email of how one individual found more information on the environmental sustainability of their pension



'Gain' framed email highlighting how pensions are an effective way of combating climate change



Social Comparison email indicating that other pension holders are exploring the environmental sustainability of their pensions

Four simulated pension portal interfaces, each with different messaging, were also tested, including a:



Simply framed message to increase awareness of how pensions can help tackle climate change



Star rating message to inform the pension holder that their current fund had a poor environmental rating



Negatively framed message informing the recipient of the estimated negative impact of the recipient's fund on the environment

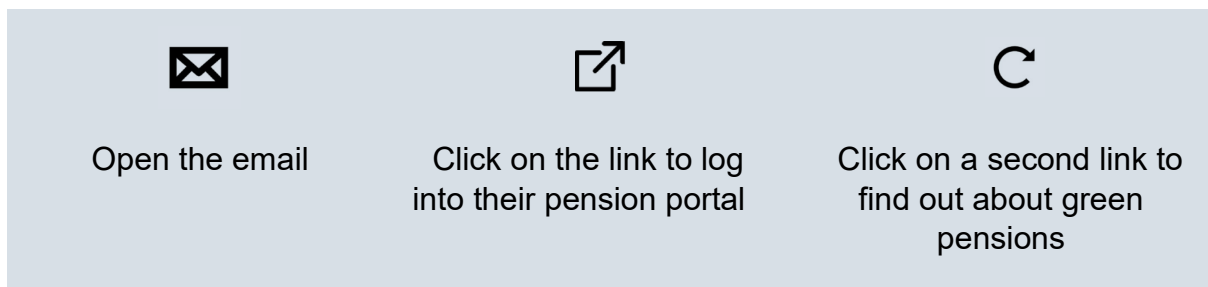


Positively framed message informing the recipient of the estimated positive impact of their fund on the environment

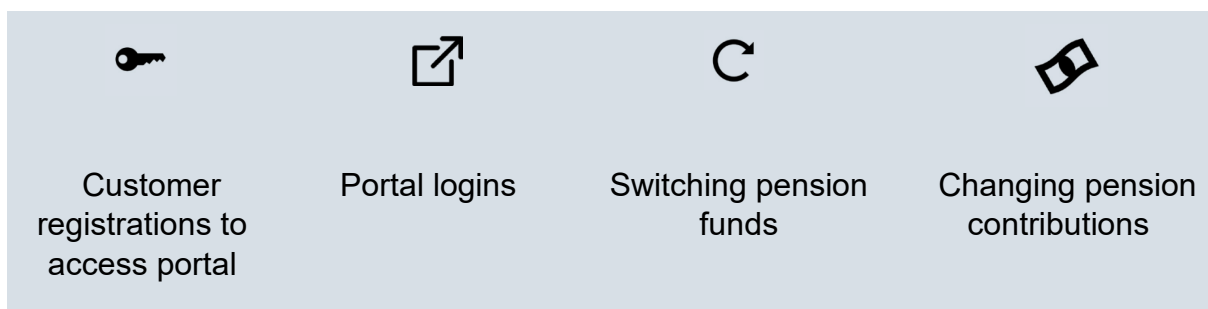
Field trial

159,299 customers of three pension providers (Aviva, Smart Pension and Hargreaves Lansdown) were randomly assigned to receive one of three emails. The different email communications were tested according to their effectiveness in encouraging recipients to:

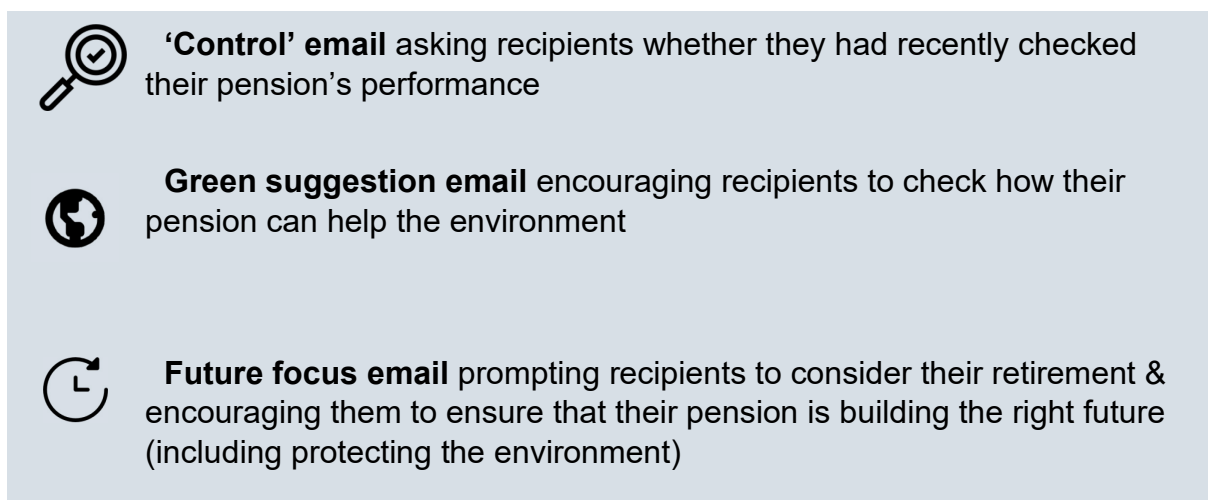
Applying Behavioural Insights to Green Pensions



Longer term outcomes (at one and three months after the trial launch) were also investigated, including:



Three email communications were tested which varied in their main message content.



Qualitative process evaluation

29 DC pension holders were interviewed to understand their experience of the trial emails. Four members of staff from the three pension provider organisations were also interviewed to gain insights into any learnings around trial implementation.

Key findings

1. It is hard to engage customers with their pensions and they have specific concerns about the integrity and financial performance of green pensions

A number of issues make it hard for consumers to engage with and manage their pensions in general, notably inertia - the tendency to stick with the status quo - but also a lack of confidence and fear of getting things wrong and damaging financial returns in the long-run. One in four people from our survey said they don't know how to manage their pension, constituting one cause of inertia. Other causes include loss aversion and a lack of time or cognitive energy for what is a relatively demanding task. For these reasons, 96% of members in DC master trusts or multi-employer schemes stick to the default option they were opted into by their employer.

It is particularly hard to engage consumers with green pensions. From a YouGov survey, 80% of pension holders had never considered that their pension contributions might be linked to global warming. Our qualitative research also found that pension holders view their pensions as essentially financial, rather than environmental, products. Customers who were aware of the connection between pensions and climate change remained primarily concerned with the financial performance of their pension, in part because of fears of potential greenwashing. As one interviewee said, "I'd want to be convinced that where the money's going is genuine and it's genuinely green rather than shop-window green." Additional concerns from participants included perceptions that green investments were higher risk and deliver lower financial returns. Furthermore, with cost of living pressures and the need to save more for later life (something which is particularly salient for people closer to retirement age), participants had strong personal reasons for focussing on the financial - as opposed to environmental - advantages of their pensions. It is in this context that the success of the control message (it had a higher open and clickthrough rate among all three pension providers' emails) compared with the 'green suggestion' and 'future focus' messages should be understood.

Finally, navigating green pensions is practically complex, as information about green pension funds can be difficult to find, access and understand. This has a particularly strong effect on those with poorer digital skills, adding further difficulty to an already demanding task. On the other hand, simply 'checking' on a pension's performance is a less burdensome task and does not confuse financial and environmental messaging, something which likely caused some disengagement among those 80% of participants who had not considered the connection between their pension and climate change before.

2. Consumer engagement (via emails from their provider) is best encouraged by simple communications about checking their pension's financial performance, whereas green messaging lowers engagement

In both our online pilot trial and field trial, we found that simple email communications focusing on encouraging consumers to check in with the financial performance of

Applying Behavioural Insights to Green Pensions

their pensions were more effective than messages that focused more explicitly on the environmental impact of pensions.

In the field trial with pension holders, the control email, which contained a simple message inviting recipients to check the financial performance of their pension, performed best in terms of encouraging pension holders to:

- **Access more information about green pensions** - 0.6% of those who received the control email clicked on the green link versus 0.3% for the other two emails.
- **Check in on their pension** - 6.3% of those who received the control email clicked on the log in link to access their pension portal, versus 2.9% for the green suggestion email and 2.6% for the future focus email.
- **Open the email** - 53.4% opened the control email versus 50.5% and 49.4% for the green suggestion and future focus emails respectively.

This shows that email communications from the provider containing additional green messaging led to lower engagement, as indicated by the significantly lower email open rates when compared with the control email. We also found that fewer people clicked on the link encouraging them to find out more about the environmental sustainability of their pension or explore greener pension options than on the link to the pension portal (where recipients could check in on the financial performance of their pension).

Findings from the qualitative process evaluation highlighted that pension holders generally saw pensions as a financial product and cared about financial performance, were not clear on how pensions and the environment were linked, and had concerns about financial risks associated with green pensions. We think these findings help explain why engagement with green pensions was so low in this trial, and why green messaging was relatively ineffective at driving engagement.

Conclusions and policy recommendations

The combined research of this project finds that light-touch communication-based nudges to pension holders are not effective at increasing engagement with, let alone improving, the environmental impact of workplace pensions. Communications specifically about environmental options elicit even less engagement than more general communications. We found that the average open rate for the green suggestion email was 3 percentage points (pp) (5%) lower than for the control email, and clicks on the embedded links were between 47% (green link) and 55% (log in link) lower. Focusing on pension holders alone is therefore unlikely to result in meaningful change to the environmental impact of their pensions.

Our key recommendations for how behavioural approaches can be used to help members recognise the power of pension investments and help upstream actors consider the possibilities around sustainable investments, include:

1. **Further research with trustees to understand their barriers and enablers to improving the environmental sustainability of default arrangements.**
As part of the trustee research programme, the awareness of DC pension

Applying Behavioural Insights to Green Pensions

savers of the role of trustees in their pension investments and how best to influence trustees should be explored. Focusing efforts on making default arrangements greener is key, given the challenge of engaging consumers with the greenness of their pensions, and the tendency to stick to the default option.

2. **Increase consistency and quality of green labelling:** labelling needs to be designed to have maximum impact on consumer behaviour. Steps being taken by the Financial Conduct Authority on labelling of investment products will be helpful in this regard. Future research could also consider testing alternative ways of labelling investment products (such as star ratings) to understand what best supports comprehension and ability to compare across different products, building on findings from this trial.
3. **Pension providers should provide clear and standardised information about environmental performance within their portals or apps:** pension portals or apps, where consumers are already engaging with their pension, may offer a more effective touchpoint than emails for encouraging customers to consider the environmental performance of their pension. App-based communications not only enable more tailored and personalised communications, but also provide a safer environment to engage with financial information without fear of scams, both of which DC pension holders highlighted as being important. We would recommend further research and evaluation to understand how best to design pension portals or apps in order to optimise member understanding of and engagement with green pensions information via these mediums. For example, how best to harness improved labelling of green pensions so that customers can more easily assess the options available to them. As described above, standardised labelling on the environmental sustainability of investment products should help pension providers communicate this.
4. **Communications to pension savers should focus on financial performance and personal benefits and explore the effectiveness of stronger calls to action:** our findings suggest that communications to consumers may be more engaging and therefore impactful if financial performance is emphasised over environmental performance. Although out of scope for this trial, future research should seek to test whether stronger calls to more impactful actions such as switching to greener funds can more successfully impact consumer behaviour.

1. Introduction

The £3 trillion invested in pensions in Great Britain is larger than the UK's annual GDP, which stands at £2.2 trillion.

Individual pension holders in Defined Contribution (DC) schemes (unlike those in Defined Benefit (DB) schemes) can increase or lower contributions, select individual investment options or move their pensions elsewhere. In this way, all private sector DC pension savers, who make up approximately 60% of workplace pensions and currently total £233 billion,² can play a role in redirecting investments to those that support net zero ambitions.

As we explore in this report, individuals face a number of behavioural biases and practical barriers that prevent them from engaging with their pensions more than they absolutely have to. Furthermore, due to a lack of standardisation across the green pension market around what constitutes a green pension, environmentally sustainable pension options are challenging for most consumers to find and assess.

The UK government has committed to decarbonise all sectors of the economy to meet a net zero target by 2050, whereby the amount of greenhouse gases produced will be balanced by the amount removed from the atmosphere. We focused on the first step in what we see as a longer journey to that transition: engaging pension holders with how their pension funds are invested.

1.1 Green pensions

Green pensions are funds that are invested based on environmental criteria; typically centred on a commitment to a net zero target by 2050 or earlier (implying the reduction of net greenhouse gas emissions to zero), in alignment with the Paris Agreement to limit global warming to below two degrees Celsius (aiming for one and a half degrees) above pre-industrial levels.

Almost three-quarters of all pension schemes have net-zero plans in place or will do within the next two years. However, a significant challenge when considering the environmental sustainability of pensions is a lack of consistency and clarity over what this means, and how schemes are approaching their net zero target.

The Financial Conduct Authority (FCA) is working closely with HM Treasury on the development of a sustainable investment labelling scheme that aims to create greater clarity and consistency for investors, improve understanding of companies' environmental impact and provide a reference point for companies.

Given the size of assets in private sector DC schemes, which currently total £233 billion, they offer an important opportunity to shift savings towards environmentally

² This figure includes individuals in occupational pensions and does not include those in workplace Group Personal Pension schemes.

sustainable investments. We acknowledge the critical role that pension providers and employers need to play in this transition, since consumer engagement with their pensions is low. We know that 96% of members in DC master trusts or multi-employer schemes stick to the default option they were opted into by their employer, highlighting the need for the default to be aligned to net zero. However, we want to understand the extent to which consumers can be supported to engage with the issue of greening their pensions.

1.2 The policy challenge

Greening workplace pensions requires action to be taken by a range of actors both ‘upstream’ and ‘downstream’. Upstream, fund managers play a key role in developing high-quality green pension investment options, which should be based on quality environmental disclosure from individual businesses. Mid-stream, pension providers have a role in providing and promoting green pension options. Likewise, employers have a role in choosing these green pension options as the default options. Downstream, all individual DC pension savers have the agency to move their pensions into greener funds (albeit there are factors to consider in these choices, such as continued contributions from employers). Each actor has their own set of challenges to overcome in order to make these changes (see table below).

Table 1.1 - An overview of the actors who have a role in achieving net zero pensions and the barriers they face

Stakeholder	Role in achieving net zero	Challenges and barriers	Expected impact
Government	Regulate the pensions market to ensure pension schemes fully assess and report climate-related risks and opportunities.	Concerns around the quality and availability of climate-related data.	High
Asset holders	Shift to lower emissions assets and report on environmental impact.	Lack of incentives (e.g. high cost and greater associated risks) for shifting to lower emissions assets or for transparent reporting.	High
Pension providers	Shift portfolio towards lower-emissions investments, build green funds and make it easier	Lack of accessible green investment products for the majority of providers. Perceived risks of	High

Applying Behavioural Insights to Green Pensions

	for pension holders to make choices about how their pension is invested.	investing in greener portfolios. Lack of knowledge and understanding around green investing options among employers and trustees. Lack of standardisation on green investments - therefore challenge in choosing credible investment products or building green pension schemes that pension holders can compare.	
Employers	Choose providers who offer legitimate green pensions options and offer green options for their employees by default.	Hard to understand which options are more green. May cost more than non-green funds and hard to justify these higher costs.	Medium
Pension holders	Can increase their contribution amounts and potentially influence their employers or pension providers through engagement.	Do not get prompted to make changes (firms need to avoid information straying into regulated advice on pensions).	Low

To significantly increase investments made into greener funds, the whole system needs to work together, with multiple actors playing their role. Actions further upstream and downstream are mutually reinforcing: increasing demand for greener pensions from pension savers would be expected to drive change among employers and providers, which in turn makes it easier for more pension savers to choose - or even be defaulted into - a greener pension.

However, the ability of pension holders to enact meaningful change on the environmental impact of pensions is highly constrained by the actions of upstream actors. We know that a major challenge is that individual pension savers are unlikely to direct their attention towards their pension investments. For example, almost all DC pension holders stay with their default workplace fund. Therefore, to achieve a widespread and meaningful greening of pensions, stronger regulation is needed to ensure that the default option is working for pension savers and the environment. Such regulation can sit alongside policies that aim to empower and motivate

consumers to engage with the greening of their pensions, but the latter approach alone is unlikely to be sufficient to drive meaningful change.

Despite the relatively lower expected impact of targeting consumers, understanding whether and how to improve individual consumer engagement with green pensions is an important evidence gap to address. Therefore, this project, with its focus on the role of pension holders and their engagement with green pensions, serves as just one starting point of wider systemic changes.

1.3 Project aims and methods

1.3.1 Project aims

This project aimed to understand whether behaviourally informed communications from pension providers can help increase pension saver engagement with green pensions. We worked with three pension providers to achieve this aim: Aviva, Smart Pension and Hargreaves Lansdown.

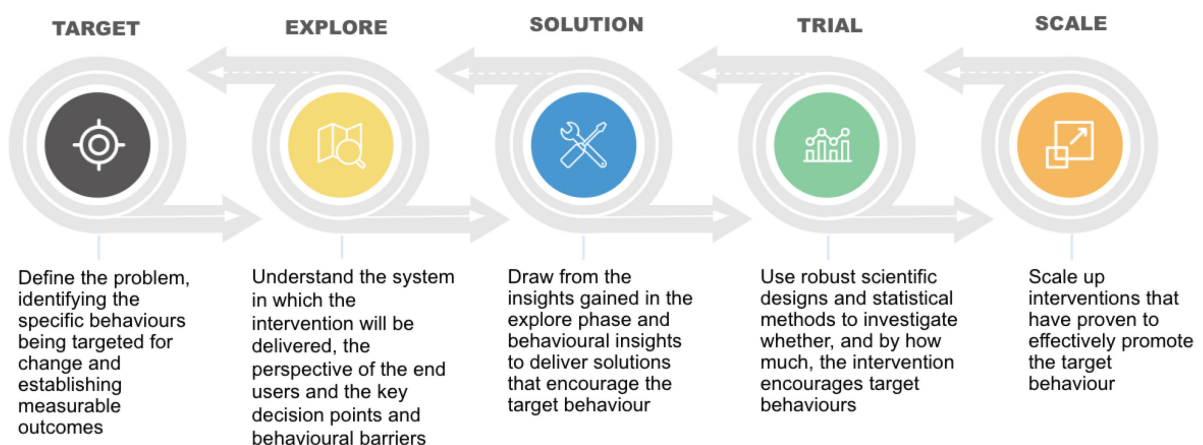
The work was guided by the following research questions:

1. How do we encourage pension holders to recognise the power of pension savings in helping to reach net-zero goals?
2. How do we nudge savers to engage with how their pensions are invested, and whether they are invested in an environmentally sustainable way?
3. How do we nudge savers to influence the environmental sustainability of how their pensions are invested?

1.3.2 The TESTS methodology

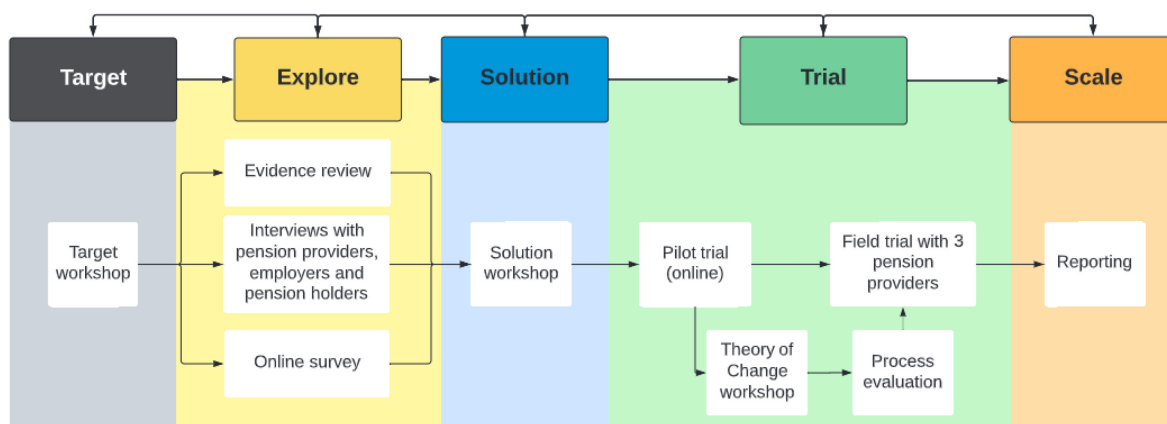
The project followed BIT's TESTS methodology, which breaks a behavioural insights project down into five distinct components (see figure below).

Figure 1.2 - The TESTS methodology



Applying Behavioural Insights to Green Pensions

The diagram below shows the different research activities carried out across the different phases.



Target phase

The main goal of the project was to encourage DC pension savers to seek information about the environmental performance of pensions.

While more fundamental consumer actions were considered, namely encouraging savers to switch to greener funds, these were deemed out of scope due to various perceived risks such as the risk that savers might incur additional fees if they switch away from the default option, due to not having their charge cap protected on a non-default option. Other risks associated with encouraging switching included pension provider concerns about compliance and a lack of standard criteria about what is a greener fund, making the idea of encouraging people to switch to a greener fund less meaningful (see Box 1.1 below for further details).

Box 1.1 - Constraints in what could be the target behaviours

1. Switching to green pensions

Encouraging consumers to switch to a greener pension was out of scope for a number of reasons

- **Risk loss of the charge cap or loss of employer contributions:** There was a risk that by switching away from the default option, savers could lose the protection of the charge cap (a government-set limit on the annual amount that can be charged to savers in default arrangements within DC pension schemes). Similarly, switching to an alternative pension (out of their default workplace pension scheme) could put savers at risk of losing their employer contributions.
- **Lack of standard criteria of what would be a greener investment decision:** Given the relative immaturity of the green pensions market, there is no standard definition of green pensions and green pension funds

so switching may mean something very different depending on the consumer and their pension provider. Moreover, some pension providers asserted that their default option was their greenest.

- **Providers' concerns about compliance:** Some pension providers were concerned about sending materials encouraging savers to switch to a different fund as that could be seen as financial advice or marketing which would not be approved by their compliance teams or could not be sent by email.
- **Very low existing knowledge and awareness of green pensions:** This was revealed by our Explore work among DC pension savers, meaning that individuals switching to a green pension from one relatively light-touch intervention would be very unlikely.

2. Consolidating any deferred or active pots into a green fund

Encouraging pension savers to consolidate any deferred or active pots into a green fund was out of scope for the same reasons as above, in addition to

- **Risk of pension savers incurring significant transfer fees:** Given that some pension providers charge fees for the transfer of existing funds into a new pension fund, DWP had concerns about encouraging consolidation due to the potential costs that might be incurred by pension savers. Further, there may be differences in charges, product features or guarantees from previous schemes, that could be lost as a result of consolidation.
- **Complexity of the process for pension savers:** It was unclear whether all providers offered simple steps for pension savers to consolidate their funds. Given that the simplification of provider consolidation processes was beyond the scope of the project, and that this presented an immediate barrier to consolidating funds, it was omitted as a target behaviour.

3. Influencing providers on how pensions are invested

Another target behaviour considered was encouraging pension savers to influence their pension providers on how they'd like their pensions invested (i.e. in greener funds). This was deemed out of scope due to:

- **Lack of clear communication channels between savers and their providers:** many savers do not communicate directly with their provider.
- **Instead, many pension savers are connected to their pensions through employee pensions schemes.** This means their employer communicates on behalf of their group of employees (rather than on an individual basis).

- Whilst some platforms offer pension savers the opportunity to communicate with their providers, this was not a clear, measurable action and was therefore outside of the remit of this project.

Explore phase research

The Explore phase involved a number of research activities (detailed in the Table 1.2 below) that aimed to address the following overarching research questions:

1. To what extent are consumers aware of green pensions, and their pensions more broadly?
2. What are the most prevalent barriers and facilitators for consumers when it comes to engaging with green pensions?
3. What interventions could increase consumer engagement with green pensions?

Table 1.2 - Research activities in Explore phase

Evidence review	<ul style="list-style-type: none">● Rapid review of the academic and policy literature on consumer engagement with green pensions.● Recent publications using quantitative evaluations and RCTs, as well as high-quality qualitative evaluations were prioritised.● The goal of this phase was to understand:<ul style="list-style-type: none">○ The relevance of green pensions to net zero○ The role of key stakeholders○ Barriers to consumer engagement with green pensions○ How to target pension-holders○ Potential interventions to increase engagement
Qualitative interviews	<ul style="list-style-type: none">● Interviews with 20 DC pension holders, 10 employers and six members of staff from three pension providers and led by NatCen to further understand factors affecting engagement with green pensions
Online survey	<ul style="list-style-type: none">● A survey of 1,000 DC pension holders to assess:<ul style="list-style-type: none">○ General understanding of how pensions work○ How pension holders would like to invest their pensions○ How pensions are currently invested○ Perspectives, attitudes, and existing behaviours around green pensions○ Key barriers and facilitators in recognising the environmental impact of their pensions

Behavioural audit

- To gain a deeper understanding of the process of how savers might interact with their pension, we conducted a light touch 'behavioural audit' research exercise involving a researcher going through the process of trying to find out more about how their pension was invested. Key activities involved logging on to their provider's online pension portal as a first time user and navigating the portal. This was to understand:
 - How easy it is to find out how an existing pension fund is invested
 - How clearly environmentally sustainable funds are labelled
 - How easy it would be to switch from the default non-green fund to a green pension fund
 - How easy it would be to interact directly with pension providers for additional information / advice

The output of the Explore phase research was to inform a randomised controlled trial (RCT) aiming to test behaviourally informed communications to encourage DC pension savers to seek information on how green pensions can help achieve net zero goals.

Testing solutions

Online pilot trial design

We conducted a five-arm online pilot RCT with 3,900 DC pension holders with the aim of identifying the most promising interventions to carry forward to the field trial. This involved testing the effectiveness of:

1. A series of five hypothetical emails from pension providers on intentions to log into a pension portal to find out more about green pensions.
2. Four portal interfaces on intentions to contact pension providers or employers to find out more about green pensions.

Participants were randomly assigned to view one of five emails and one of four pension portal interfaces (see section 3.1.3 for further information about the different emails and portal interfaces). After viewing these messages and interfaces, participants were asked a series of questions to understand:

- **Perceptions of trustworthiness:** whether the emails were perceived to be trustworthy
- **Ease of understanding:** checking understanding of the email's aims
- **Perceived importance:** the extent to which the emails were perceived to be important to pension holders
- **Behavioural intentions:** to log into their pension portal and contact their employer or pension provider to learn more about green pensions.

Field trial design

Applying Behavioural Insights to Green Pensions

After the online pilot trial, we conducted a field RCT involving 159,229 customers of three pension providers (Aviva, Smart Pension and Hargreaves Lansdown). Customers were randomly assigned to receive one of three behaviourally-informed emails (see Table 1.3), sent on 15th and 16th June 2022.³ Each email contained two links of interest:

1. A login link: the first link was for the customer to find out more about their pension by logging into their provider's pension portal,
2. A green link: the second link enabled recipients to either (depending on their provider):
 - a. explore their green pension options (by linking to a webpage which outlined the provider's ESG principles and fund options) or
 - b. explore the environmental sustainability of their pension via their provider's responsible investing hub (the message varied across providers).

Table 1.3 provides an overview of the different emails sent. For details about the rationale for these messages see section 3.2.2. Additionally, see Box 1.2 for details on key decisions and constraints in the trial design, such as sample selection and stimuli design.

Table 1.3 - Description of different email arms for field trial

Email	Description
Control	A simple message encouraging people to find out more about their pension's performance.
Green suggestion	A simple message highlighting the environmental impact of pensions.
Future Focus	A message highlighting environmental impact and linking it to the pension saver's personal retirement goals.

The main outcomes of interest were whether pension holders engaged with the email content such that they:

- **Clicked to log into their pension portal:** Indicates that the email successfully encouraged recipients to engage with their pension, as by

³ We randomised customers equally into the three arms. We stratified on provider, sex (male, female, missing) and age band (18-24, 25-34, 35-44, 45-54, 55-64, 65+).

Applying Behavioural Insights to Green Pensions

logging onto the portal they are able to view their pension's performance and make any changes to how it is invested.

- **Clicked to seek further information about green pensions:** Indicates that recipients were successfully encouraged by the email to understand how pensions can be brought more in line with net zero goals (made greener). We were also interested in open rates for each email type, to understand how different emails compared in terms of initially engaging recipients.

We analysed clickthrough rates (the percentage of recipients who clicked on a given link embedded in the email) and open rates by customer subgroup (pension provider, sex and age band) to determine whether certain emails were more effective for certain segments of customers.

We also examined outcomes relating more directly to individual pension engagement:

- Whether a customer registers to the portal by one and three months after trial launch, respectively
- Whether a customer logs in to the portal by one and three months after trial launch, respectively
- Whether a customer switches funds within their pension scheme at one and three months after trial launch, respectively
- Whether a customer changes their pension contributions at one and three months, respectively

Finally, we conducted descriptive analysis across all three emails by provider on web engagement:

- Number of unique visits/visitors
- Average time on website
- Average number of pages visited

Box 1.2 - Constraints in trial design

1. Sample constraints

The sample in this trial was restricted to active DC pension savers in employer pensions schemes, where individuals were actively contributing towards their workplace pensions. Other important segments of the pensions population were therefore not included:

- **Deferred members:** From statistics provided by pension providers, deferred members make up approximately a third of all members. However, because

they are not actively contributing toward their pension, they were not included.

- Individual personal pension members: These individuals were ruled out as they pose greater compliance risks for pension providers and they are less of a policy priority for DWP, since the majority of pension holders have workplace pensions. However, there is a considerable amount of wealth held in personal pensions which could make an impact if invested in more environmentally sustainable investments, so they may be a valuable group to look at in future work.

2. Environmental landing page constraints

The pension provider's environmental landing pages were somewhat constrained in the information they could share about green pensions due to:

- Relative immaturity of the green pensions market and related lack of universal standard of greenness. Consequently pension providers were concerned about making statements about the greenness of investments. For example, one pension provider mentioned risks associated with being seen to be greenwashing.
- The Privacy and Electronic Communications Regulations (PECR), and the specific restrictions on marketing communications from providers, also placed limitations on what providers could communicate to their holders.
- This meant that, while the webpages explained environmental, social and governance (ESG) investing, they mostly lacked clear actions for customers to take or that no action was required.

3. Constraints on the order of links

We examined the number of clicks on two links - one general login link and one green link (see supplementary material section 8.1 for image of emails sent). Given that the control email does not make any reference to green activity, it made more sense in practice to put the login link before the green link. To prevent between-email comparisons being impacted by ordering effects, the ordering of links was kept consistent across all emails. Ordering effects are where recipients' responses are impacted by the order in which information is presented. For example, it is more likely that the first link in an email will be clicked on than the second.

Qualitative process evaluation design

A qualitative process evaluation explored DC pensions holders' engagement with the three emails to help understand the trial results. Twenty-seven DC pension holders were recruited via a specialised external agency. They were not trial participants, since recruitment via providers (who invited a sub-sample of their trial customers to opt-in to the study) was not successful.

Applying Behavioural Insights to Green Pensions

A purposive sampling approach ensured diversity across age, gender, and how engaged participants were with their pensions and the environment. See supplementary material section 8.5 for demographic details of the interviewees, as well as for details on the analysis strategy.

In advance of the interviews, participants were sent one of the three trial emails (control, green suggestion or future focus). They were also presented with a high-level summary of the other two emails during the interview, and asked to compare and reflect on preferences.

Interviews explored whether participants would be likely to open and read the email, as well as click on the links provided (which were not active) if received from their provider.

Four staff from the pension provider organisations who had been involved in the trial were also interviewed to understand their experience of setting up and delivering the trial to understand what worked well and to elicit delivery lessons.

2. Exploratory research findings on pension saver attitudes and behaviours

This section synthesises findings from the explore phase research activities, including the literature review, qualitative interviews and online survey, which focused on understanding:

- Public engagement with green pensions, including awareness, attitudes and ability to navigate green pensions
- What supports increased engagement with green pensions including motivations, touchpoints and key messengers

Our research revealed a variety of barriers to green pension engagement including a lack of awareness and understanding relating to green pensions, as well as pensions more broadly; concerns around the financial performance of green pensions, as well as a sense of mistrust relating to greenwashing; as well as a range of frictions involved in the process of accessing, navigating and managing pension funds.

We also uncovered a series of drivers to engagement that included various characteristics relating to pension holders themselves that make it more/less likely for them to engage with green pensions, as well as identifying key timepoints where individuals may be more receptive to messaging encouraging them to engage with their pensions.

Within this project, we primarily sought to address the barriers around awareness, understanding and removing some of the frictions that prevent people from accessing and navigating their pension funds.

2.1 Public engagement with green pensions

2.1.1 Awareness and understanding of pensions is low

Evidence from our Explore phase found that awareness and understanding of pensions in general, and green pensions in particular, is low. Our survey found that the majority of individuals (53%) do not know roughly how much is saved in their pension, whilst other research has found that over two-thirds of pension holders do not know what their pension scheme does with their contributions. Indeed, in our own survey, about two thirds of respondents had never heard of a green pension before.

The behavioural literature highlights a number of behavioural barriers to engaging with pensions, including present bias and perceived psychological distance. Present

bias is where people tend to give stronger weight to payoffs that are closer to the present time than larger payoffs in the future. This means that future financial rewards, such as pensions, are not prioritised as much as (smaller) financial rewards in the present. Similarly, events such as climate change and retirement tend to be perceived as being psychologically distant (the impact not being something that is felt until the distant future), and therefore thought about in abstract (rather than concrete) terms. In general, when an event is perceived to be more proximal and concrete, individuals are more likely to take action.

Other factors, such as auto-enrolment in DC pensions, was highlighted in our interviews as a contributing factor that limited engagement with workplace pensions. Specifically, the policy reduces the need for active decision-making about pensions, which discourages people from understanding and engaging with their pensions. Additionally, status quo bias means that people tend to stick to pre-selected options: we know that 96% of members in DC master trusts or multi-employer schemes stick to the default option they were opted into by their employer. Our interviews revealed that individuals tend to trust that their employer's default options are preferable. This was also echoed in our survey which found that the most common reason (indicated by 55% of respondents) preventing savers from managing their pension was trust that it is being managed well already. This lack of agency has been highlighted elsewhere: due to third party management, individuals are several steps removed from having ownership over their pensions.

Lack of understanding was also a key factor impacting engagement. Only 30% of survey recipients were able to correctly answer all five questions about pensions - for example, that you can switch where your pension is invested or that you can combine pension pots into one. Interviews echoed this, where individuals spoke about fear of getting it wrong if they actively managed their pension. Survey recipients similarly cited confusion, not knowing where to access information and not feeling confident with finances as key barriers to engaging with their pension. This risk aversion may be particularly relevant to green investments (see the section below). Overall, it is clear that the levels of awareness and understanding of green pensions are generally low. This is of particular importance given the fact that these are key prerequisites for other behaviours relating to engagement with green pensions. For example, having a general awareness and understanding of green pensions may be necessary before a pension holder may consider other behaviours such as switching and consolidating pension funds into green funds.

2.1.2 Consumers have concerns about the financial returns of green pensions and greenwashing

Against this backdrop of low awareness and understanding of pensions generally, there are additional barriers to engaging with green pensions specifically.

Expectations of poorer financial performance are a major concern cited by pension holders. For example, in a recent survey conducted by BIT, just 41% of pension holders thought that a green fund would perform at least as well (financially) as other funds. As noted above, some of these financial concerns may be legitimate, since

pension savers who switch out of their default option are no longer protected by the charge cap on their workplace pension.

Another key barrier is a general level of distrust among consumers around greenwashing (where organisations deceptively market their services, products or policies as environmentally friendly). For example, individuals do not trust that providers of socially responsible investments actually follow their own guidelines. A recent global review of 500 websites by the UK's Competition and Markets Authority and the Netherlands' Authority for Consumers and Markets showed that roughly 40% of green claims fall into the category of greenwashing, indicating that consumer concerns are justified. Of further concern is that the majority of consumers, especially those with environmental concerns, are susceptible to greenwashing and while interventions can help reduce the impact, the effect of greenwashing remains robust (see BIT research in Box 2.1).

Box 2.1 - Interventions to improve consumer awareness of greenwashing

We ran an online RCT to understand the impact of greenwashing on consumer judgements of companies based on fictional advertisements, and develop causal evidence on what can be done to protect individuals from greenwashing.

We tested the efficacy of two interventions to reduce the impact of greenwashing on consumers. 2,402 participants were randomised into one of three groups:

1. The control - participants saw adverts without any intervention
2. A literacy intervention - participants were provided with information to help them recognize greenwashing and understand its intentions.
3. A pre-bunking intervention - participants were exposed to small amounts of greenwashing to "build up" their resistance (for example, consider which advertisements from a selection they would choose if they were planning a marketing campaign)

Key findings:

Greenwashing is effective at boosting the green image of fictional companies. Consumers were more likely to agree that fictional companies in greenwashed advertisements had higher green credentials compared to companies depicted in non-greenwashed ads. Over half (57%) of consumers (in the control condition) believed that greenwashed claims were a reliable source of information about a company's eco-practices.

Literacy and pre-bunking interventions protect consumers from greenwashing harms. After exposure to these interventions, consumers were less likely to agree with statements about the green credentials of companies with greenwashed ads, and were more sceptical about greenwashed claims in advertisements, compared to consumers who received no intervention.

People more concerned about the environment are influenced more by greenwashing. Those who indicated greater concern about the environment were most influenced by greenwashed ads, however they also benefited most from the interventions.

Public concerns about green investments are not aligned with how many members of the public feel in terms of wanting to do more to help fight climate change. For example, 68% of respondents to a survey by Make My Money Matter said that they would like their savings to help fight climate change, however, fewer people are willing to actually change their investment behaviour. Younger groups may be more likely to take action, such as choose funds which invest in targeting companies or industries that produce social or environmental benefits.

2.1.2 Navigating pensions is complex

In addition to lack of awareness and concerns about green pensions, another key barrier to making greener pension choices is simply not knowing how to do so. As highlighted in our survey, 66% of people, despite wanting to make greener choices, indicated they wouldn't know how they might go about doing so. An informal behavioural audit exercise undertaken by a researcher on this project enabled first-hand experience of the process of looking to understand more about how one's workplace pension was invested. While this research is limited to the experience of just one saver navigating one pension portal, the exercise revealed a number of challenges for consumers.

Firstly, information about how a pension fund was currently being invested was both difficult to find and limited in nature. For example, to find a breakdown of how a pension was being invested required a significant number of click-throughs and involved a number of dead ends which required the user to return to pages to continue their search. When found, the information was limited, providing only a breakdown of the assets of a portfolio and no more detailed information of which sector, or which specific companies, the funds had been invested into. The effort and perseverance required is in line with the expectations of a fifth of our survey respondents, who acknowledged that they do not have the time to look into green pensions more.

Secondly, it was also noted that green pension funds were not clearly labelled and were difficult to find. After searching for alternative fund options the portal in question provided a longlist of alternatives, each of which were non-descript and unintuitively labelled. The portal did include a search function as well as 'fund category', however, these did not help refine the search. Using search terms; 'environment', 'green', and 'ESG' returned no results. In addition, within the categories of funds, there was no category for green or environmental funds.

Other activities were somewhat more straightforward. For example, switching from the default option appeared to be relatively easy to execute, although we note that the necessary information to inform a switch was difficult to find.

It is also worth noting that the research was conducted by someone who was digitally literate and who was aware and actively seeking information about green pensions. For these reasons, it is reasonable to assume that this process would be even more effortful for individuals with lower digital literacy skills who had little to no awareness of green pensions and their benefits.

2.2 How can we help people engage with green pensions?

In addition to understanding barriers to engagement with green pensions, our Explore research identified a number of factors relevant to increasing engagement with green pensions, for example consideration of individual differences amongst savers and the touchpoints and channels that can be harnessed to engage them.

2.2.1 Different types of savers will need to be encouraged to engage with green pensions in different ways

Our survey found that the majority of respondents (78%) were willing to engage with green pension behaviours within the next year. However, individuals with certain demographic characteristics were more likely to be engaged than others. Those engaged with green pensions tend to be younger, better educated, more concerned with climate change, more engaged with pensions in general, and come from ethnic minority backgrounds than those who are not at all engaged. Additionally, those least engaged in green pensions were much more likely to want to choose investments for financial performance.

Interviews added further insight into the different types of savers who are willing to engage with green pensions, and the different attitudes and concerns they have. The two key types of saver included one that is receptive and one that is hesitant. The table below provides further detail on these different types of saver, their main barriers to engagement, and potential messaging that could support their engagement.

Table 2.1 - Description of saver types from qualitative research

	The receptive saver	The hesitant saver
Description	<ul style="list-style-type: none">Someone with strong environmental concerns and who is motivated to	<ul style="list-style-type: none">Whilst this type of saver may have environmental concerns, financial concerns are prioritised -

Applying Behavioural Insights to Green Pensions

	<p>do more for the environment</p> <ul style="list-style-type: none"> • They are most likely to engage with green pensions 	<p>whether for their family's financial security, their own financial self-interest or due to nearing retirement</p> <ul style="list-style-type: none"> • They are less likely to engage with green pensions
Main barriers to engagement	<ul style="list-style-type: none"> • Lack of awareness of green pensions • Lack of understanding about how to engage with green pensions • Lack of confidence in the credibility of green pensions and the financial returns 	<ul style="list-style-type: none"> • Concerns about the economic viability of green pensions
Messaging to support engagement	<ul style="list-style-type: none"> • Evidence of environmental impact in facts/ stats vs non-green pensions • Green credentials and ethics of companies invested in • Financial reassurances (e.g. costs, information on fund performance) • Case illustrations of people with green pensions to make more relatable 	<ul style="list-style-type: none"> • Financial reassurances (e.g. costs, information on fund performance)

2.2.2 There are key touchpoints and channels that can be harnessed to engage savers in their pensions

In addition to considering the different attitudes and motivations to tap into when communicating with different types of savers, we also explored which touchpoints and channels are likely to be most effective in engaging savers.

Annual pension statements represent a key opportunity

According to our survey, the most common touchpoint for when individuals are most likely to think about their pension is when they receive their annual pension statement (endorsed by 42% of respondents). The next most common touchpoints included receiving updates from their employer (31%), starting a new job (27%) and getting paid (22%). Interviews highlighted how starting a new job was a key decision

Applying Behavioural Insights to Green Pensions

point in terms of deciding their level of contribution, whereas receiving updates such as annual statements or communications from their employer may be when individuals decide to change their level of contributions or consolidate existing pensions.

Savers are more likely to simply view their pension and less likely to engage in behaviours such as switching funds or requesting information about green pensions

In line with existing data on low engagement with pensions and green pensions in general, survey respondents were less likely to engage in activities such as switching pension funds or requesting information about green pensions than they are to carry out behaviours such as signing into their pension portal, viewing their pension or requesting information about their pension fund.

Pension provider portals are the most commonly used touchpoint to access information about pensions

Most savers in our survey accessed information about their pension fund in the pension provider's portal (55%) although other popular channels included speaking directly to the pension provider (35%), asking their employer (25%) or searching online (26%). In terms of trusted sources of information about pensions, our interviews highlighted that these were pension providers, employers, government and other notable influencers such as Martin Lewis of Money Saving Expert. Interviewees identified a range of channels to increase engagement with green pensions, such as employer-led seminars, social media and mainstream media, and a 'one stop shop' with comprehensive information on green pensions. This could be hosted on a government dashboard or on a provider website or app.

3. Increasing engagement with green pensions

This section details the findings from the two trials that aimed to understand what communications are most effective in encouraging pension saver engagement with green pensions. The section includes how solutions were developed and how they were tested initially in an online pilot, followed by a field trial.

3.1 Developing solutions

This section outlines our solution development process as it spanned from our initial solution development process, to solution refinement and ultimately to deciding on the solutions to take forward and evaluate as part of the field trial.

3.1.1 Initial solution development

Building on the findings from the Explore research, a broad set of solutions were developed related to increasing saver engagement with green pensions, and increasing uptake of green pensions.

As part of this, BIT ran internal ideation sessions with experts in financial and pro-environmental behaviour change using our thinkgroup methodology⁴ and applied the EAST framework to generate behaviourally-informed solutions designed to increase pension saver engagement with green pensions.

Initial solution ideas

Improving communications from pension providers to increase pension saver engagement

There is an opportunity for pension providers to enhance communications about pensions with their members. Examples of how providers can improve communications with savers include:

1. **Provide savers with more regular feedback on the environmental performance of pension funds.** Proactively communicating this information (rather than expecting people to seek it out themselves), could increase the likelihood that pension savers read and engage with it. Furthermore, updates that come with clear instructions on how to find out more about a pension and how to potentially switch to a greener option, would make it easier, and

⁴ Thinkgroups are an alternative approach to conducting brainstorming/solution ideation exercises developed by BIT, and consist of individuals contributing solution ideas anonymously into a live, online document. Unlike traditional brainstorming exercises which can be prone to bias e.g. through hierarchical effects and mindguarding, the benefit of Thinkgroups is that they mitigate against these biases, allowing individuals to propose their ideas more freely, while also inviting critique and discussion

consequently, more likely that people act on the information they're given. This could be included in communications already sent to members, rather than overloading them with additional communications. Providers we worked with considered that educational communications were very effective and important, particularly due to the low understanding that pensions are invested in the stock market.

2. **Prompt savers to make an active choice about how their pension is invested.** Periodic prompts could increase the likelihood of engaging with green pensions by increasing contributions or consolidating pensions into greener funds. They could also create new touchpoints between pension holders and actors upstream which could be leveraged to increase dialogue and understanding around green pensions. Active choice has been successfully applied to increase engagement with flu vaccinations. The hypothetical effect of regular prompts on potential opt-out rates of workplace pensions could also be explored in future research, to minimise any unintended consequences of this.
3. **In messages, harness behavioural principles** such as:
 - a. **Social norms.** People are more likely to engage in a behaviour when they believe it is in line with the behaviour of the majority. Pension providers could use dynamic social norms to show that others are increasingly consolidating pots or switching to green pensions. Social norms messaging has been found to be effective in increasing pension contributions. It is worth noting, however, that current regulations impose barriers on the extent to which social norms can be used in communications.
 - b. **Message framing.** The manner in which information is framed (e.g. positively, negatively, authoritatively, casually) can signal its importance and affects the way we interpret and understand the information.⁵ Pensions could be framed as savings rather than as responsible investments to increase engagement. Nest Insight found that framing pensions as savings in an email communication led to a significantly higher increase in engagement than framing pensions as a responsible investment.
 - c. **Timely prompts.** People are more likely to change their behaviour during periods of transition, such as the start of a new financial year or the first day of a new job. Providers could send communications at moments when savers are most likely to consider their personal finances, such as at the point of receiving a pay rise, when receiving a tax return, and upon retirement. It would be important for providers to balance this with being available to members at any point, with a constant presence in the channel that the member wishes to use.
4. **Make green pensions the default option**

⁵ Lakoff, G. (2010). Why it matters how we frame the environment. *Environmental communication*, 4(1), 70-81.

Applying Behavioural Insights to Green Pensions

Making green pensions the default option is likely a highly effective way of increasing uptake of green pensions. Pension funds in general, including the providers involved in this trial, are already trying to make their default options greener. People are vastly more likely to opt for something if it is the default option, which is often assumed to be the best choice.⁶ Defaults help overcome behavioural barriers such as status quo bias, choice overload and friction costs. This could be implemented by pension providers and/or employers:

- Soft default: Pension providers set green pensions as the default for employers
- Hard default: Employers are mandated by government to default their employees into green pension funds

5. Introduce clear labelling that indicates the environmental impact of pension funds

Inconsistent or unclear labelling of pension funds makes it hard to compare the environmental impact of different funds. Having pension providers use clear and simple labels such as red-amber-green or star ratings to help communicate the environmental impact of pension funds would help savers compare between them. Eco-labels that simplify information about climate impacts can influence both consumer preference and consumer purchasing behaviour. They are more effective when they enable individuals to easily distinguish between different 'sustainability levels' across multiple products, such as traffic lights or five-star ratings. In our online trial, providing a star rating led to a statistically significant increase (35.2%) in the number of respondents who indicated they would switch to (or keep) a hypothetical green pension fund, compared to the control.

3.1.2 Refining solutions

Following the initial solution development, we held a solution workshop with policy experts from the DWP core project team as well as industry experts from pension providers. The workshop had two primary aims:

- To narrow down our list of behaviours, identifying a single behaviour to target with a behavioural intervention
- To develop and refine solution ideas by considering their potential impact on the target behaviour as well as their feasibility for implementation

Given our research findings on the lack of awareness and understanding of green pensions, as well as certain constraints relating to the development and implementation of certain solutions (see Box 3.1 in the subsection below), it was agreed between DWP, pension providers and BIT, that solutions should focus on addressing behaviours that were earlier in the pension engagement journey. In particular, it was decided that providing pension holders with more information about

⁶ Jachimowicz, J., S. Duncan, E. Weber, and E. Johnson. 2019. When and why defaults influence decisions: A meta-analysis of default effects. *Behav. Public Policy*.

green pensions was a crucial first step in increasing engagement with green pensions.

As such, the workshop and the remainder of the Solution phase was oriented around addressing the following target behaviour: **Encouraging pension holders to seek information on how green pensions can help achieve net zero goals by clicking on a link or logging into their pension provider’s portal.** To address this target behaviour, we explored both communications-based solutions - that would be sent from providers to holders via email - as well as implementing changes to mock pension portals. These solutions were then taken forward and tested in our online pilot trial.

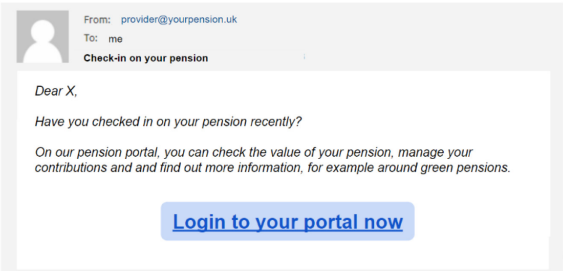
3.2 Piloting solutions

3.2.1 Online pilot trial

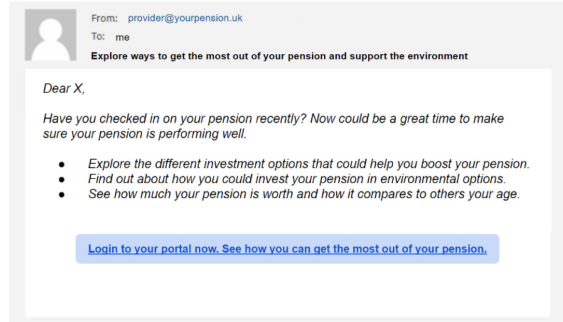

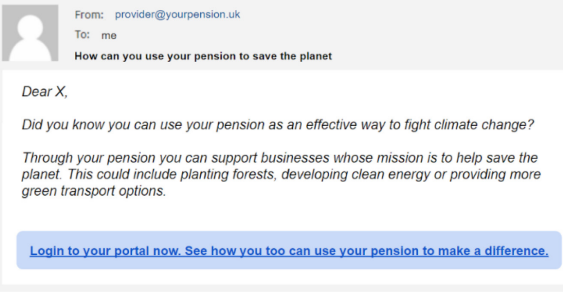
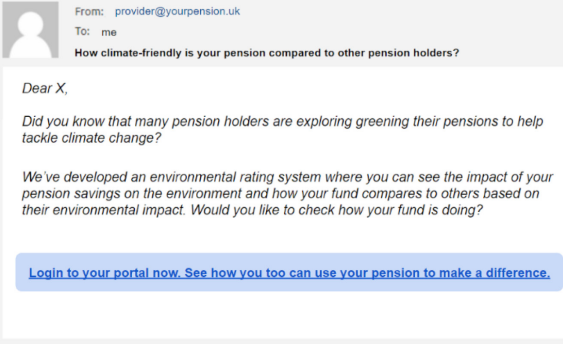
To identify the most promising interventions to carry forward and test in the field trial, we first conducted an online RCT with 3,900 DC pension holders. A key aim was to determine the effect of different emails and portal interfaces on pension holders' intentions to log into a hypothetical pension portal to find out more about green pensions and to contact pension providers/employers to find out more about green pensions.

The trial was divided into two key stages. The first stage involved pension holders receiving one of five possible versions of an email designed to encourage them to learn more about green pensions (see table below).

Table 3.1 - Description of different emails for online pilot trial

Email	Screenshot
<p>A Simple Frame email designed to replicate a typical email sent from providers to holders asking whether they had checked-in on their pension. This served as the control email.</p>	

Applying Behavioural Insights to Green Pensions

<p>A Self Interest email to determine whether financial framing (as well as environmental framing) is more effective in getting people to engage with their green pensions.</p>	
<p>An email containing a customer Case Study, designed to replicate research conducted by Tumelo that found qualitative stories to be an effective way to communicate and increase understanding of green pensions.</p>	
<p>A Gain-Framed email to determine whether gain-framed messaging (highlighting how they can use their pension for good) is effective in encouraging engagement.</p>	
<p>A Social Comparison email to test whether showing holders how their pension compared to others could drive engagement.</p>	

Effectiveness of different email types on intent to log in to pension portal

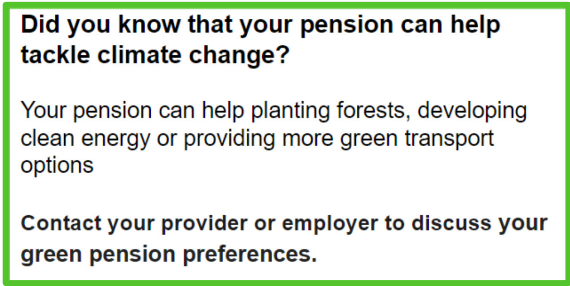
As outlined in Table 3.2 below, the trial revealed that the 'Simple frame' and 'Self-interest' emails performed best in terms of intent to log in to the pension portal (67% and 66% of people said they would likely log in). This was lower for the other email types (between 40% and 60% stated an intention to log in). The simple frame and self-interest emails also performed best in terms of participant perceptions of trustworthiness, ease of understanding, and perceived importance.

Table 3.2 - Effectiveness of email types across outcome measures

Email	Outcome Measure			
	Intent to log in <i>% who said they would (definitely or probably) log into their pension portal if they received this email</i>	Perceived importance <i>% who think the email is important to them as a pension holder</i>	Perceived ease of understanding <i>% who think the email is easy to understand</i>	Perceived trustworthiness <i>% who think the email is trustworthy</i>
Simple frame	67%	62%	78%	56%
Self interest	66%	59%	72%	57%
Case study	59%	53%	63%	54%
Gain-frame	43%	42%	58%	37%
Social comparison	58%	56%	60%	49%

In the second stage of the experiment, pension holders were shown one of four possible versions of a message that could be presented within a pension portal and that aimed to encourage recipients to consider investing in green funds. These are outlined in the table below.

Table 3.2 - Description of different portal messages for online pilot trial

Portal message	Screenshot
A Simple Frame portal message that served as the control message, containing a simplified message on how pensions can help tackle climate change.	 <p>Did you know that your pension can help tackle climate change?</p> <p>Your pension can help planting forests, developing clean energy or providing more green transport options</p> <p>Contact your provider or employer to discuss your green pension preferences.</p>

Applying Behavioural Insights to Green Pensions






<p>A Star Rating portal message that indicated that the current hypothetical pension fund had a one star (out of five) environmental rating.</p>	<p>Your pension could help fight climate change</p> <p>Your current Default Pension Fund currently has a <u>poor</u> environmental rating.</p> <p>Your environmental rating: poor</p> <p>★☆☆☆☆</p> <p>Contact your provider or employer to discuss your green pension preferences.</p>
<p>A Negative Frame portal message that indicated the environmentally harmful practices of the hypothetical pension fund.</p>	<p>Did you know that your pension can help tackle climate change?</p> <p>The estimated proportion of your pension investments making a negative contribution to climate change is:</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Fossil Fuels 24%</p> </div> <div style="text-align: center;">  <p>Deforestation 9%</p> </div> </div> <p>Depending on where your pension funds are invested, they can have a more positive effect on the environment</p> <p>Contact your provider or employer to discuss your green pension preferences.</p>
<p>A Positive Frame portal message that indicated the environmentally friendly practices of the hypothetical pension fund.</p>	<p>Did you know that your pension can help tackle climate change?</p> <p>The estimated proportion of your pension investments making a positive contribution to tackling climate change is:</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Green energy 11%</p> </div> <div style="text-align: center;">  <p>Green technology 6%</p> </div> <div style="text-align: center;">  <p>Recycling 7%</p> </div> </div> <p>Depending on where your pension funds are invested, they can have a more positive effect on the environment</p> <p>Contact your provider or employer to discuss your green pension preferences.</p>

Table 3.3 - Effectiveness of portal messages across outcome measures

Portal message	Outcome Measure	
	Intent to contact their employer about their pension % who said they would (definitely or probably) contact their employer	Intent to consider investing in green pension funds % who said they would (definitely or probably) consider investing in green funds
Simple frame	42%	51%

Applying Behavioural Insights to Green Pensions

Star rating	47%	51%
Negative frame	45%	59%
Positive frame	43%	57%

We found that the 'Star rating' pension portal message performed best in terms of increasing initial engagement with green pensions, with 47% of participants saying they'd want to contact their employer about the greenness of their pension after seeing the 'Star rating' pension message. This was significantly higher than demonstrated by the other messages where about 42%-45% of people endorsed this view.

Conversely, the 'Negative frame' and 'Positive frame' pension portal messages were the most effective at increasing participants' intent to consider investing in green funds, with 59% and 57% of participants respectively saying they'd consider doing so after receiving the message. This is significantly higher than the other messages where 51% of participants endorsed this view.

Key learnings from the online pilot were that simpler forms of communications work best, and that different messages will impact different engagement outcomes (for example, one message type is more effective in boosting intentions to speak to their pension provider, and another more effective at encouraging changes to their investments).

3.2.2 Final email solutions to trial

Since scoping discussions determined that changes to the providers' online portals were not feasible for pension providers (see Box 3.1 above for more detail), it was agreed to pursue an email trial, testing three distinct emails aimed at encouraging pension holders to seek information on green pensions. These were designed to be sent from pension providers to their DC members.

The emails developed were based on an assessment of likely impact and feasibility. Some messages were discounted from the pilot trial, despite their expected positive impact, due to lack of feasibility. These included:

- Those that included a **rating intervention**, such as star rating, due to lack of methodologies to compare greenness.
- Those that implied **financial gain** (or guaranteed no financial loss) from green pensions investments, due to regulatory barriers to providers prohibiting any assurances on the financial returns of green investments.

Box 3.1 - Constraints in solution development

There were a number of constraints that influenced the types of solutions that were developed and, ultimately, the solutions that were taken forward to be trialled as part of the project.

1. Intervention type

Although we considered a range of solution types and intended target actors, we ultimately opted to develop a communications-based solution due to the following reasons:

- Firstly, solutions that involved making changes to pension provider portals were deemed to be out of scope for the trial due to the costs and time required to implement the changes.
- Secondly, solutions that targeted / involved employers were also deemed by DWP to be out of scope for the trial.

2. Messaging

There were also constraints on the types of messaging we could include when developing communications-based solutions.

- Firstly, it was not possible to create messaging where the call to action involved getting pension holders to switch pension funds. This was because pension providers did not want to provide members with investment advice given uncertainties around the financial performance of green pensions.
- Secondly, it was not possible to include a pension greenness rating system either within our communications or through mock portals (despite this being the highest performing message in our online pilot trial). Further, it was not possible to use wording such as greener pensions. This was due to the challenges faced by providers around measuring and determining the level of greenness of their funds.

The three emails developed included:

1. A neutrally framed control email, to serve as a comparison
2. An email focusing on the environmental impact of pensions
3. A 'future focus' email to highlight future benefits of engaging with green pensions

The content of the three emails, as well as the rationale behind them are outlined in the table below. Whilst the key message was consistent across providers, exact wording and imagery was tailored to match the tone and style of their regular communications.

Table 3.4 - The emails tested in our field trial

Treatment arm	Email content	Rationale
Control	<p><i>Subject line: How well is your pension performing?</i></p> <p><i>Dear X,</i></p> <p><i>Have you checked on your pension recently? Now could be a great time to see how your pension is performing.</i></p> <p><i>Click on the links below to:</i></p> <ul style="list-style-type: none"> • <i><u>Explore how your pension is invested and how much it's worth</u></i> • <i><u>Find out about your pension's environmental impact</u></i> 	<p>A control email served as a comparison email, which was neutrally framed and focused on financial performance rather than the environment</p> <p>An email like this with a simple frame had been shown to be effective in the online pilot trial.</p>
Green suggestion	<p><i>Subject line: Have you checked the environmental performance of your pension?</i></p> <p><i>Dear X,</i></p> <p><i>Did you know your pension can help tackle climate change? Now could be a great time to check on how to use your pension to help the environment.</i></p> <p><i>Click on the links below to</i></p> <ul style="list-style-type: none"> • <i><u>Explore how your pension is invested and how much it's worth</u></i> • <i><u>Find out about your pension's environmental impact</u></i> 	<p>To test the effect of adding information on the link between pensions and climate change mitigation to the control email.</p>
Future Focus	<p><i>Subject line: What does your future hold?</i></p> <p><i>Dear X,</i></p>	<p>To determine whether messages which highlight future benefits will be effective in increasing engagement with green pensions.</p>

Applying Behavioural Insights to Green Pensions

	<p><i>Have you thought about what you would like your retirement to look like?</i></p> <p><i>Now could be a great time to make sure your pension savings build the future you want to achieve through protecting the planet.</i></p> <p><i>Click on the links below to explore different ways to improve your pension's performance:</i></p> <ul style="list-style-type: none">• <i><u>Explore how your <u>pension is invested and how much it's worth</u></u></i>• <i><u>Find out about your <u>pension's environmental impact</u></u></i>	<p>To address present bias and psychological distance (see section 2.1.1), this email aimed to encourage individuals to empathise with their future selves. This is in line with <u>previous BIT research</u> which finds that this future focus encourages engagement with pensions, and thereby may increase interest in and engagement with green pensions.</p>
--	--	--

4. Field trial results: what works to increase engagement in real world contexts?

This section details the results of the randomised controlled trial (RCT). The main findings for the full sample are:

- **Overall engagement with the emails was low.** While open and clicks on embedded links were in line with (or higher than) similar email campaigns run by the providers, it is still true that only a small minority of recipients click on either of the links in the emails.
- **Customers who received the control email were more likely to click on the green link** (where customers could find out more about the environmental sustainability of their pension / how to make their pension greener) than those who received the green suggestion or future focus emails.
- **Customers who received the control email were also more likely to click on the login link** (where customers could find out where their pension was invested) than those who received either of the other two emails.
- **The control email had a higher open rate than the other two emails**, but it is very unlikely that this is the main driver of its higher clickthrough rates.

We also performed subgroup analysis by provider, sex and age to examine whether different emails were more effective for different subgroups⁷. The main findings from the subgroup analysis are:

- For Hargreaves Lansdown and Smart Pension, customers who received the control email were more likely to click on the green link than those who received either of the other two emails. There were no statistically significant differences between the emails for Aviva's customers, but this is probably because clickthrough rates were low in general for this subgroup. Conversely, for all three providers, clickthrough rates to the login link were highest for the control email.
- Results were very similar for male and female participants: the control email had the highest clickthrough rates.
- Engagement with all emails was higher for older participants. The relative ranking of the emails in terms of clickthrough rates was similar across all age groups. The control email did not have the highest engagement with the green

⁷ The percentage of customers in the analysis who were female was 39% for Hargreaves Lansdown, 42% for Smart Pension and 45% for Aviva. In terms of age, Smart Pension had more young customers (39% were ages 18-34, compared to 33% for Hargreaves Lansdown and 25% for Aviva) and Aviva had more older customers (23% were ages 55+, compared to 15% for Hargreaves Lansdown and 16% for Smart Pension).

link for under-45s, but this could be due to a combination of smaller sample sizes and lower interest in general.

4.1 Primary outcome measure: clicks on green link

The trial's primary outcome measure was whether a customer clicked on the green link in the email to either:

1. Explore their green pension options (Hargreaves Lansdown); or
2. Explore the environmental sustainability of their pension (Aviva and Smart Pension)

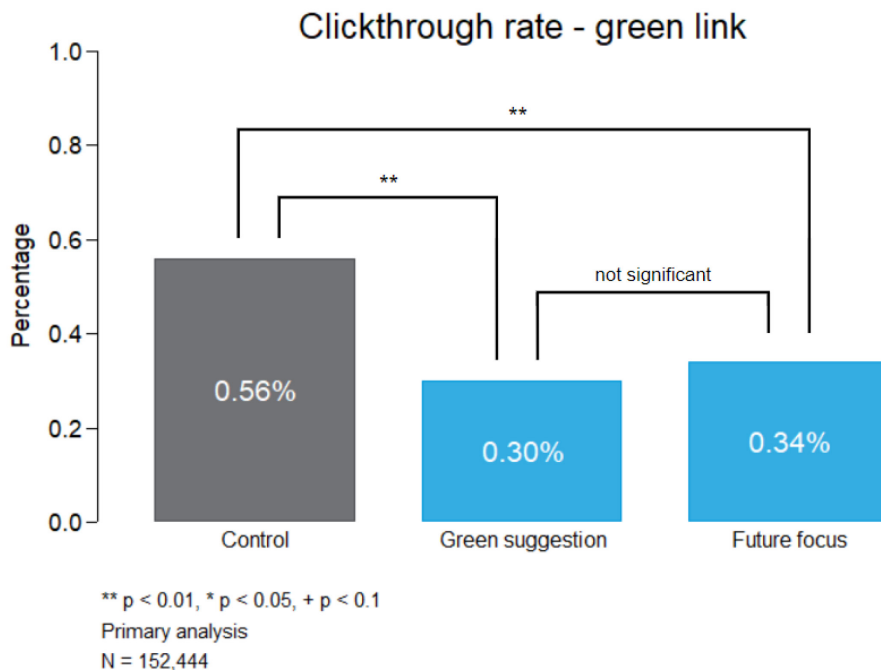
See supplementary material section 8.1 for images of the emails for each provider.

The control email led to more clicks on the green link

In the two weeks after the emails were sent, the control email led to a higher clickthrough rate for the green link than the two treatment emails when looking across all three providers. The clickthrough rate to the green link across all three providers was 0.56% for the control email, compared to 0.30% for green suggestion and 0.34% for future focus. These differences are significant at the 1% level.

Figure 4.1 - Clickthrough rates to green link after two weeks by email

When looking at providers individually, the control email had a significantly higher clickthrough rate for Hargreaves Lansdown and Smart Pension customers, but not



Aviva.

Clickthrough rates to the green link are low overall but were highest for Smart Pension’s customers

Clickthrough rates for the green link varied across pension providers, with much higher rates for Smart Pension customers compared to customers of the other two providers. However, overall, the clickthrough rates for the green link were low when compared to the login link - 0.40% compared to 3.91% when looking across all providers/emails.

Table 4.1 - Clickthrough rates to green link after two weeks by email/provider

	Hargreaves Lansdown	Smart Pension	Aviva
All emails	0.24%	0.94%	0.19%
Control email	0.33%	1.41%	0.23%
Green suggestion	0.21%	0.58%	0.19%
Future focus	0.19%	0.84%	0.16%

4.2 Secondary outcome measure: clicks on login link

The control email led to higher clickthrough rates for the login link

The trial’s secondary outcome measure was whether a customer clicked on the login link embedded in the email, which takes them to their provider portal to find out where their pension was invested.

In the two weeks after the emails were sent, the control email led to a higher clickthrough rate to the login link than the two treatment emails when examining all three providers together. The clickthrough rate was 6.3% for the control email, compared to 2.8% for green suggestion and 2.6% for future focus. These differences are significant at the 1% level. The clickthrough rate for the green suggestion email was also significantly higher than the clickthrough rate for the future focus email at the 5% level.

Figure 4.2 - Clickthrough rates to login link after two weeks by email

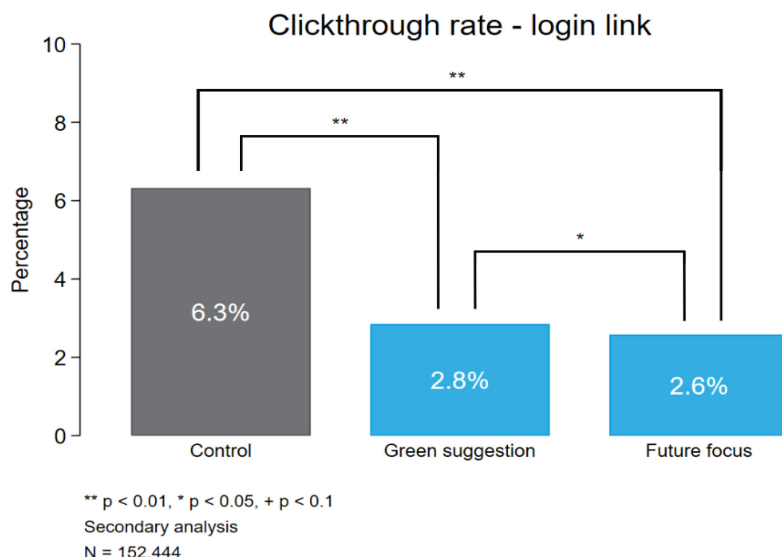


Table 4.2 - Clickthrough rates to login link after two weeks by email/provider

	Hargreaves Lansdown	Smart Pension	Aviva
All emails	1.2%	2.3%	7.4%
Control email	2.8%	4.5%	10.7%
Green suggestion	0.3%	1.4%	6.1%
Future focus	0.4%	1.2%	5.4%

4.3 Exploratory outcome measure: email open rates

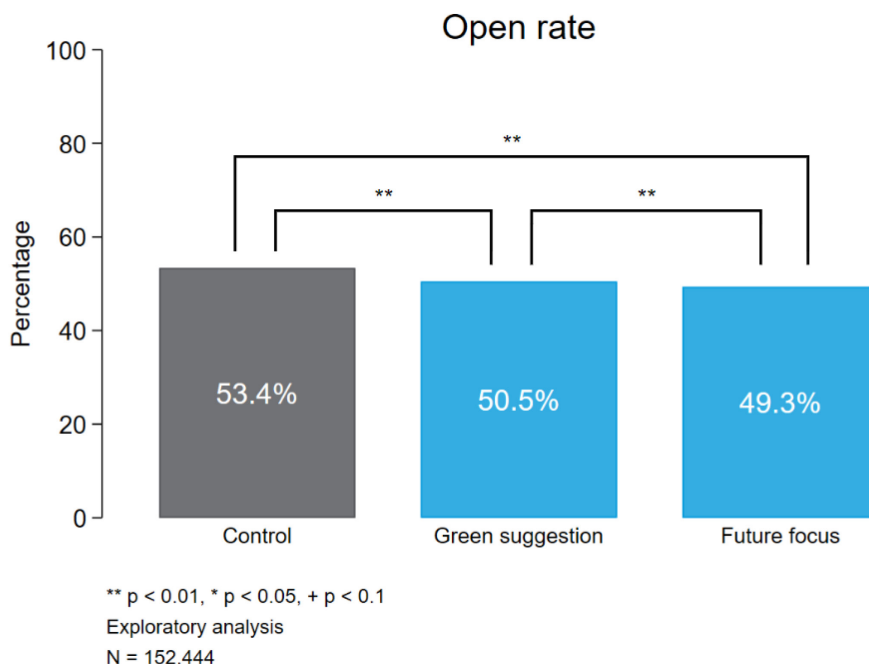
Open rates were highest for the control email

As an exploratory outcome measure, we compared the open rates across the three emails.

In the two weeks after the emails were sent out, the open rate was highest for the control email - 53.4% across all three providers, compared to 50.5% for green suggestion and 49.3% for future focus.

All differences between arms are significant at the 1% level. The clickthrough rates for the control email were several times higher than for the other emails, so we do not think that its higher open rate is the main driver of its higher clickthrough rates.

Figure 4.3 - Open rates after two weeks by email



For Aviva customers, the open rates for the control and green suggestion emails were similar

When looking at pension providers individually, in line with the overall findings, the control email outperforms the two treatment emails for Hargreaves Lansdown and Smart Pension in terms of open rates. However, for Aviva’s customers, the open rates for the control and green suggestion emails are very similar.

Table 4.3 - Open rates after two weeks by email/provider

	Hargreaves Lansdown	Smart Pension	Aviva
All emails	39.3%	54.6%	59.7%
Control email	42.9%	56.3%	61.2%
Green suggestion	36.5%	53.9%	61.2%
Future focus	38.5%	53.6%	56.7%

4.4 Engagement with online portal and pensions outcomes

As exploratory analysis, we also examined the impact of the emails on (i) engagement with the provider's online portal (registrations and logins) and (ii) actual pensions outcomes (whether someone changed contributions or switched the funds in their pension).

The control email led to a higher proportion of customers logging into their provider's portal within two weeks of the trial launch (17.1%, compared to 15.3% for the green suggestion email and 15.2% for the future focus email). We also found that the control email led to a significantly higher registration rate than the future focus email but not the green suggestion email (the registration rate was 0.3% for the control email, 0.3% for green suggestion and 0.2% for future focus).

However, we did not find any significant differences between the arms in the proportion of customers who changed their contributions or who switched the funds in their pension either one month or three months after trial launch.

5. Process evaluation: understanding field trial results

The process evaluation involved speaking to 27 DC pension holders to explore their views on the three trial emails and understand how they would engage with these emails. See supplementary material section 8.6 for more details on the process evaluation methodology.

The interviews explored whether recipients would open the email if it were sent by their provider, their views on the email content and format, and if they would click on the links in the email.

There were several factors that either hindered or helped DC pension holders' engagement with the emails, which mirror the discussion on saver attitudes and behaviour in section 2. These can be summarised using the COM-B model of behaviour change, which focuses on the interaction between personal factors (participant capability and motivation) and wider situational factors, which the model refers to as opportunities, in explaining behaviours. Table 5.1 below summarises the key factors that impacted pension holder engagement, categorised according to the COM-B model factors of capability, motivation and opportunity.

Table 5.1 - overview of factors impacting pension holder engagement with the trial emails

<p>Capability factors <i>e.g. awareness, knowledge, understanding</i></p> <p><i>Did participants feel able to engage with the email?</i></p>	<p>Motivational factors <i>e.g. beliefs about consequences, emotional responses</i></p> <p><i>Were participants willing to engage with the email?</i></p>	<p>Opportunity/situational factors <i>e.g. environmental factors such as time, resources, social influence</i></p> <p><i>What situational factors influenced engagement?</i></p>
<ul style="list-style-type: none"> ● Digital literacy ● Awareness and understanding of pensions ● Knowledge about how pension decisions can influence pension outcomes and the environment 	<ul style="list-style-type: none"> ● Extent to which future retirement was seen as a priority (impacted by proximity of retirement, general curiosity about pension performance and how customers' balance current financial commitments against future retirement income) 	<ul style="list-style-type: none"> ● Perceived relevance of the relationship between pensions and the environment ● Clarity of the email ● Trust in who sent the email (affected by their relationship with the provider) ● Perceptions of current financial situation and wider economic

	<ul style="list-style-type: none"> ● Interest in the environment (influenced by wider green behaviours, whether having children made them more likely to think about the future) ● Perceptions of how easy and safe it was to engage with the material 	<p>situation – particularly in reference to the cost of living crisis.</p>
--	--	--

The next sections detail how these personal and situational factors influenced whether participants opened, read and understood the three different emails and how likely they would be to click on the links provided.

5.1 Factors affecting opening rates

Key personal factors which influenced whether participants would open the emails included how pension-engaged they were and whether they were motivated by environmental or pension performance considerations. These personal factors were influenced by wider situational considerations. For example, their thoughts on the current economic situation.

Personal factors

Participants prioritised opening emails that mentioned pension performance in the subject line. Although participants were curious about the connection between the environment and pensions, they said they would be more motivated to open emails that referenced their pension performance in the subject line. This was the case regardless of their wider environmental concerns and behaviours. A key reason for this was because they saw pensions as essentially a financial product and were focused on how it could help them in retirement. Other supporting reasons included:

- The current cost of living crisis has sharpened participants' interest in how this would affect them financially in the future;
- Being close to retirement and so needing information about how well their pension was doing;
- A general curiosity that the email would tell them something new or important about their finances (e.g. any savings or future gains they can make with their pensions).

Participants who were more engaged with their pension were also more likely to open the emails. They felt financially capable (in terms of their understanding and ability to engage) and motivated to think about their pensions and tended to know

Applying Behavioural Insights to Green Pensions

more about them. For example, they had a good understanding of the size of their pension pots. Being more engaged to begin with, they saw the email as a further opportunity to know more about their pension performance. For younger participants who were more engaged with their pension, this was out of casual curiosity and for those closer to retirement, it was based on a pressing need to know more to plan their retirement.

In contrast, those who reported a lower level of awareness of their pensions were ambivalent about whether they would open the emails. They either said that they lacked the motivation to open the email, for example because they felt retirement was a very distant consideration due to their age, or were focusing on their current financial situation (e.g. paying debts), or that the email would make them curious to find out more about their pension.

Email and wider situational factors

Emails with personalised subject lines were likely to be opened. Participants said that they would open the email if the subject line made them feel that it was directed at them. This is because they would see it as more relevant to their financial situation, rather than coming across as a generic marketing email. As an example of a personalised email, they liked the use of a rhetorical question in the subject line of the trial emails, which encouraged them to think about their pension. For example, subject lines that addressed them by name and then asked, “how well is your pension performing?” However, there were also participants who felt that they would dismiss emails with their name in the subject line as ‘spam’.

Participants trust emails either from providers or employers. Participants were cautious about online scams and unsolicited marketing, particularly where emails referenced their personal finances. However, they said they would open the email if it came from a provider or their employer, as these were seen to be trusted sources.

There were differences in views regarding whether it is appropriate for the emails to come from either of these trusted sources. Those who knew their provider felt it should come from them directly because their employer had limited knowledge of pensions and/or that pensions were a private financial affair between them and the provider. Participants would be likely to take note of and open emails particularly where they felt they had not received much previous communication from their provider. In contrast, participants would have preferred receiving the email from their employer if they did not know who their provider was. They also felt they would be more likely to open the email if it came from an organisation they work for.

Comparing the email types

As discussed above, participants’ interest in pension performance, rather than green messaging, was a key reason to open the trial emails. Participants noted that this was a key strength of the control email, as it focused primarily on pension performance. In contrast, the participants found the content of the green suggestion email less relevant because it prioritised green messaging and was more challenging to understand because participants’ lacked prior knowledge of environmentally

sustainable pensions. The future focus email was effective to some extent because the participants associated the subject line with their future financial security.

5.2 Factors affecting relevance and understanding of email content

As with opening rates, whether participants would read and understand the emails was dependent on their existing level of awareness of their pension and how motivated they were to know more about their pension performance. How each email presented and framed the messaging also affected comprehension.

Personal factors

Participants with limited understanding of their pension particularly struggled to engage with the emails. They reported lacking the background knowledge about how their pension works to fully comprehend the email messaging. For example, those who did not know that their pension contributions were invested found financial terminology such as ‘investment solutions’ difficult to comprehend. This limited understanding also meant that they particularly struggled to understand the link between pensions and the environment; although, participants across the sample were unclear about this link.

Participants prioritised information on pension performance. As noted in the discussion about opening rates, participants were more interested in their pension returns than they were in the environment. In the context of reading the emails, they would read all three trial emails selectively, tending to focus on information relating to their pension performance at the expense of the green messaging. They also felt that the email content would be more relevant if it had specific details about their own pension and was less generic. For example, if it had details about how much they and their employer had contributed to their pension, where it was invested, the return on their investment, and any associated risks to their rate of return.

Participants also failed to engage with the green messaging because they associated ‘green’ with premium costs, and so felt that green investments would reduce the competitive return on pension investments. As one participant, who reviewed the future focus email, said when discussing their engagement with the green messaging, “I think the major bottom line is, is my money safe? Is it risk averse and what is it going to cost me? ... I think, unfortunately, people will put money first and then the environmental stuff second.”

Email and wider related factors

Email length, language and formatting influenced whether emails would be read and understood. Participants appreciated that emails were short but sometimes struggled with the jargon used. For example, they found terminology, such as ‘Environmental, Social and Governance principles’ difficult to comprehend, leading them to disengage with the message.

Participants placed limited emphasis on the email format but said they would feel less engaged with messages that lacked any branding or visual appeal. Provider branding was important because it would establish the trustworthiness of the email. In terms of visuals, participants felt that emails could benefit from a diagram that explains the relationship between pensions and the environment clearly to help their understanding further.

Comparing the email types

Although participants' preferences for each of the three types of emails differed, they noted three strengths of the control email:

1. It was easier to understand because it just focused on pensions (as opposed to the environment too);
2. It used clear and concise language;
3. It spoke directly to how DC pension holders could personally benefit and so was more relevant.

These insights were also echoed by provider staff. Table 8.7 in supplementary material section 8.5 outlines further information on what participants liked and disliked about the messaging for each email type.

5.3 Factors affecting clickthrough outcomes

The emails presented two links to participants – a general login link to find out more about their pensions ('login link'), which came first in the email, followed by a link to information about making environmentally sustainable choices with their pension (green). The links were not live, but participants were asked whether they would click on either link ('clickthrough') if they received the email from their provider.

Key personal factors influencing clicks on either link were, again, the motivation to know more about pension performance and/or the link between pensions and the environment. The way the email framed and ordered both links also affected the number of times the links were clicked on.

Personal factors

Impact on login link

- **Participants clicked on the login link because they wanted to know more about their pension performance.** As noted earlier, this reflects participants prioritising financial returns, sometimes over and above the environmental impact of their pensions.

Participants were less likely to click on the link if they thought the login process would be challenging and inconvenient. For example, if they did not know their login details or felt that it would take a long time to login or register for an account.

Applying Behavioural Insights to Green Pensions

- **Concerns around accessing personal pension information on the move and what would happen if they clicked on the link would make participants reluctant to click on it.** Participants were reluctant to click on the link if they were on the move because of security concerns. In addition, those with low financial and digital literacy would not click on the link because they thought that this would make automatic changes to their pension (e.g. switch it to greener options). As one participant said, *“I always click on the info page first [green link] because log in means you’re going in there to action change.”* Wider concerns about scams discussed below.

Impact on green link

- **Curiosity to know more about how pensions affect the environment** motivated participants to click on the link. As noted earlier, this tended to be secondary to how pensions were performing.

Email and wider related factors

Across both links

- **Concerns over being scammed affect clicking on links.** As with opening the email, participants were concerned about being scammed if they clicked the links. They used various rules of thumb to establish whether the links were trustworthy, such as feeling reassured if the surrounding text clarified where the links would take them and the email included personal information, such as their postcode. However, there were also participants who would not click on any link provided in an email due to digital safety concerns. This group suggested receiving pension information through their pension online account, or via an app.
- **Participants wanted the links to be coherent with the overall email messaging.** Participants sometimes felt confused by having two links in the emails because it diluted the email messaging. For example, a participant who received the green suggestion email expected to see a link to find out more about environmentally sustainable pensions, but thought that the log-in link obscured this messaging. They said that *“if the main message is for me to understand how my pension is responsibly invested, then surely you’d want me to click through to learn a bit more about that rather than to log in to my account.”*

Green link framing

- **Participants thought that the pension login link was clear,** but suggested ways in which the green link could be framed to encourage them to click on the link.
- **The framing of the link and the surrounding text should emphasise the difference individuals could make to the environment to encourage them to click on the link.** For example, a participant suggested rewording one of the green links to stress the importance of the active environmental choices pension holders can make. They would frame the link as ‘how their money could tackle climate change’, rather than ‘how it is tackling change’ to highlight the importance of individual pension decision-making.

Applying Behavioural Insights to Green Pensions

- In addition to emphasising the importance of individual choices, **participants also said they would click on the link if there was a clear explanation in the email of how these pension choices affected the environment.** In this regard, one view was that the future focus email needed to clarify what is meant by an environmentally 'sustainable future' and how this relates to their pension.
- **They also suggested re-ordering the placement of the green link in the email to encourage recipients to click on the link.** The green link came after the login link in the trial emails, but participants suggested that it should come first. This is because there was a chance that they would overlook this link as they tended to prioritise the first link when scanning the email quickly. Another suggestion was to have information on both pensions and the environment in one link to minimise this ordering effect. These views on re-ordering the links or having a single link were also shared by provider staff.

Comparing the email types

There were no differences in how participants interacted with the links in each of the trial emails, as the links were presented in very similar ways. As noted, people prioritised the login link across the trial emails because it spoke directly to their pension performance.

Provider staff views

Provider staff were interviewed to draw out any learnings from the trial delivery which could inform future scalability. Four key learning points were identified:

- **Emails are a good way of nudging customers** - as this is the primary way in which providers tend to communicate with their customers.
- **However, more time was needed to set up and deliver the trial** – the emails were set up and delivered over a few weeks. Provider staff wanted more time to help them navigate internal compliance, set-up and delivery procedures. Having more time would also allow them to communicate with employers in advance in case email delivery dates coincided with any internal challenges that employers were facing, such as redundancies.
- **Specific groups of customers should be targeted** – it would be challenging to send emails to all customers because of the effort and time this would take. One suggestion was to target customers most receptive to green messaging, such as young people.

6. Interpretation of findings

6.1 Interpretation

We draw the following main conclusions from the results of this project:

- It is challenging to get savers to engage with their pensions
- It is even more challenging to get savers to engage with the greenness of their pensions
- Savers seem much more preoccupied with the financial performance of their pension than how green it is
- Adding brief green messaging to a simple pensions email can discourage some savers from engaging with their pension, including taking further action to find out more about green pensions

It is challenging to engage savers with their pensions

Email open and clickthrough rates were in line with (or higher than) similar email campaigns (the open rate was 51.1% across all providers and emails).⁸ Some providers indicated that they rarely email customers, so these communications were likely to be relatively novel and therefore salient to recipients. This was not the case for Hargreaves Lansdown, which may explain why their email engagement was lower. This sentiment was confirmed by interviews with DC pension holders who said they'd be likely to take note of emails from their provider given that they had not received much prior communication from them. This suggests that emails can go some way to engaging pension holders with information about their pensions.

However, emails are less effective at encouraging recipients to take action, such as seeking further information or making changes to their pensions. Only a minority of recipients clicked on either of the links in the emails (average clickthrough rates across providers ranged from 0.3%-6.3% across the two different links and three different emails), even though the required actions (logging into their pension portal or seeking further information about green pensions) were relatively straightforward in comparison to the ultimate, more complex, behaviour of switching their pension to a greener fund. Interviews with DC pension holders highlighted some concerns with clicking on the links. For example, some people were concerned about the login process being challenging, some were afraid of being scammed, and some with lower digital literacy were worried about accidentally making undesired changes to their pension.

⁸ Providers indicated that their email open rates are typically around 35%.

Applying Behavioural Insights to Green Pensions

This finding indicates that, whilst communications from pension providers can have some meaningful impact on saver behaviour in terms of initial engagement (opening emails), only a small proportion of people will take an additional step of clicking a link. This lack of action taken by pension holders fits with existing data, given that almost all DC pension holders stick with the default fund provided by their employer.

It is even more challenging to get savers to engage with the greenness of their pension

The proportion of savers who decided to click on the second link in the email to check the greenness of their pension was very low. In fact, it was much lower than the proportion of savers who clicked on the first link to check the financial performance of their pension. As discussed in the limitations section below and highlighted in the process evaluation, the login link was always featured first, which may have obscured the messaging around clicking on the green link.

However, the process evaluation did highlight a number of additional barriers to engaging with green messaging. Whilst participants across the sample did not fully understand the link between pensions and the environment, those customers who lacked background knowledge about how their pension works were at a further disadvantage when trying to understand the connection between pensions and the environment. Comprehension was further challenged by difficulties understanding terminology such as 'Environmental, Social and Governance principles'.

Thus, while other methods of engaging pension holders with the greenness of their pension may be more successful, as discussed below, it is challenging to achieve the required levels of engagement and understanding via a single email.

As discussed below there were additional concerns for pension holders around green messaging - notably around legitimacy and fear of greenwashing, but also financial concerns related to the performance of green funds, which were associated with premium costs.

Savers are more preoccupied with the financial performance of their pension than with how green it is

Individuals appear to be more motivated to find out about their pension's financial performance than understanding its environmental impact or how it could be made greener. The control email, which encouraged recipients to check in on their pension's performance (rather than focusing on how to make their pension greener or how it could help build a more environmentally sustainable future) performed best at driving engagement among savers. This was reflected in the higher email open rates for the control email. It was also reflected in the higher proportion of recipients choosing to log into their portal via a link in the email than clicking on the green link, which enabled them to find out more about the environmental sustainability of their pension or exploring greener pension options.

This is in line with existing research by Nest Insight, that found pension savers to be more receptive to communications that refer to their pensions as 'savings' rather than communications that refer to 'responsible investments'. This is also echoed by

Applying Behavioural Insights to Green Pensions

our survey and qualitative research that highlighted that many savers' primary concerns are about their pension's financial performance, since pensions are viewed as a financial product. As indicated by the process evaluation interviews, this trend may be exacerbated by the current cost of living crisis. The financial performance of pensions may be more relevant than ever to pension savers given that individuals have seen a fall in their disposable incomes since 2021. Furthermore, our process evaluation interviews highlighted how pension holders associated green investments with premium costs, therefore reducing the competitive return on pension investments.

This highlights how communications focusing on financial performance are likely to be more effective than those focusing on environmental concerns in initially engaging consumers in their pensions (for example, logging into their provider portals to view their pension). We hypothesise that the provider's portal would be a more fruitful touchpoint to drive consumer attention towards green pensions. For example, as indicated in our process evaluation interviews, consumers may find the topic of making a pension greener too complex to deal with via email. Instead, a more logical sequence of steps for a consumer might be to firstly check in on the performance of their pension and then engage with how to make changes to how it is invested. The process evaluation also revealed that some pension holders would prefer to receive pension information through their pension online account, or via an app, due to digital safety concerns with email.

Adding even brief green messaging to a simple pensions email can discourage some savers from engaging

The green messaging we tested in this project led to lower engagement, suggesting that it discouraged savers from acting. The open rate of the green email was significantly lower than that of the control email, and clickthrough rates to the link encouraging recipients to find out more about the environmental sustainability of their pension or explore greener pension options were significantly lower than clickthrough rates to the pension portal (where recipients could check in on the financial performance of their pension).

In addition to savers being more motivated by their pension's financial performance than its environmental performance, there may be additional reasons for this lower engagement with green messaging.

Firstly, as indicated by our pre-trial research, savers are wary of greenwashing. This may impact engagement with communications focusing on environmental concerns, which may be seen as lacking credibility or authenticity. Relatedly, consumers may not expect to receive messaging relating to the environment from pension providers. For example, as evidenced by the process evaluation, pension holders can struggle to see the link between their pension and the environment.

Furthermore, messaging about green pensions is affected by the same cognitive biases that make consumer engagement with pensions so challenging. Both pensions and climate change require future-oriented thinking, which is made difficult by biases that encourage us to respond to more immediate rewards and threats.

Two examples of related concepts are present bias (where smaller more immediate rewards are prioritised over potentially larger gains in the future) and psychological distance (where an impact is not perceived to be felt until the distant future - and therefore is more likely to be thought about in the abstract rather than concrete).⁹¹⁰ Both biases reduce the likelihood of taking immediate action. In the process evaluation interviews, individuals who were not engaged with their pension said they lacked motivation to open the emails due to feeling too young for it to be relevant to them or because they were focusing on their current financial situation.

It is possible that the effects of these biases may be further compounded by the complexities of managing pensions, as well as an individual's level of financial literacy, which may affect an individual's cognitive capacity and motivation to engage with both pensions and environmental challenges more broadly. If anything, these effects are likely to be stronger for climate change, which is a more diffuse concept with less tangible implications (at least for most people) than pensions.

6.2 Limitations

There are four key limitations of this research that make interpreting these findings challenging. Firstly, one explanation as to why differences in engagement were seen across the different emails and links is that the call to actions differed in terms of how quickly they could be actioned. For example, checking in on your pension's financial performance by logging into your pension portal is something which can be actioned immediately and be completed in a short timeframe. Therefore the request is more likely to be actioned. The emails requesting savers to look into how to make their pensions greener or to consider the long term environmental sustainability of their pensions is a more complex request in that the action to take is less clear cut and will take longer to complete. This is likely to reduce the likelihood that recipients follow through with the request.

A second caveat is the order in which the links are presented. For the control email to make sense, the login link appeared first, followed by the green link. To prevent between-email comparisons from being impacted by ordering effects, the ordering of links was kept consistent across all emails. However, it is very likely that engagement with the green link was significantly lower as a result of being second.

A third limitation is the slight variation between emails across providers. For example, the ordering effect of the links was likely particularly strong for emails from Aviva where the second link for accessing further information about green pensions was particularly low down in the email. This is likely the main reason why the ratio of clicks to log in versus clicks on the green link was so much higher for Aviva than the other two providers, where the links featured in the same paragraph.

⁹ Spence, A., Poortinga, W., & Pidgeon, N. (2011). The Psychological Distance of Climate Change. *Risk Analysis*, 32(6), 957–972. <https://doi.org/10.1111/j.1539-6924.2011.01695.x>

¹⁰ Uzzell, D. L. (2000). The psycho-spatial dimension of global environmental problems. *Journal of environmental psychology*, 20(4), 307-318.

Applying Behavioural Insights to Green Pensions

Finally, the timing and economic context of the trial should be taken into account when considering the implications of this work. The trial emails were sent in June 2022, when the changing global economic situation could have influenced savers' priorities. As mentioned above, savers' cost of living concerns as highlighted by the process evaluation lends support to this caveat. This suggests that the engagement of pension savers with the environmental performance of their pension should be revisited in less economically challenging times.

7. Conclusions and recommendations

This trial set out to understand how to improve individual consumer engagement with green pensions, as one starting point of wider systemic changes needed to make pensions more environmentally sustainable.

Our findings suggest that light-touch communication nudges to pension holders are not effective at increasing engagement with, nor improving, the environmental impact of workplace pensions. Consumer engagement with pensions is generally low, and this trial shows that light-touch email communications about environmental options elicits even less customer engagement than those with a focus on financial performance. This means that focusing on pension holders alone is unlikely to result in meaningful change to the environmental impact of their pensions.

Our key recommendations on how behavioural approaches can be used so that members recognise the power of pension investments and upstream actors consider the possibilities around sustainable investment include:

1. **Further research with upstream actors to understand their barriers and enablers to improve the environmental sustainability of default arrangements.** As part of this research programme, the awareness of DC pension savers of the role of trustees in their pension investments and how best to influence trustees should be explored. Focusing efforts on making default arrangements greener is key, given the challenge of engaging consumers with the greenness of their pensions, and the tendency to stick to the default option. This research should focus on understanding the barriers faced by key upstream actors and how best to motivate them, for example:
 - a. encouraging **pension trustees** to make their funds align with net zero;
 - b. encouraging **pension providers** to make their default options net zero, or net positive;
 - c. encouraging **employers** to choose environmentally sustainable funds as the default they offer to employees.
2. **Increase consistency and quality of green labelling:** labelling needs to be designed to have maximum impact on consumer behaviour. Steps being taken by the Financial Conduct Authority on labelling of investment products will be helpful in this regard. Future research could also consider testing alternative ways of labelling investment products (such as star ratings) to understand what best supports comprehension and ability to compare across different products, building on findings from this trial.
3. **Pension providers should provide clear and standardised information about environmental performance within their portals or apps:** pension portals or apps, where consumers are already engaging with their pension, may offer a more effective touchpoint than emails for encouraging consumers

to consider the environmental performance of their pension. Email communications generally suffer from low engagement and may not be the most appropriate way for consumers to engage with complex considerations such as the greenness of their pension schemes. Furthermore, providers are cautious about overcommunicating via this channel. Instead, pension providers should improve information about how to make a pension greener within consumer pension portals, or within their mobile apps. These channels not only enable more tailored and personalised communications, but also provide a safer environment to engage with financial information without fear of scams, both of which DC pension holders highlighted as being important. We would recommend further research and evaluation to understand how best to design pension portals or apps in order to optimise member understanding of and engagement with green pensions information via these mediums. For example, how best to harness improved labelling of green pensions so that customers can more easily assess the options available to them. As described above, standardised labelling on the environmental sustainability of investment products should help pension providers communicate this.

- 4. Communications to pension savers should focus on financial performance and personal benefits and research may explore the effectiveness of stronger calls to action:** our findings suggest that communications to consumers may be more engaging and therefore impactful if financial performance is emphasised over environmental performance. Although out of scope for this trial, future research should seek to test whether stronger calls to more impactful actions such as switching to greener funds can more successfully impact consumer behaviour.

Bibliography

Augustus-Vonken, J., Pieter Verhallen, Brügger, E., & Post, T. (2020). Using social norms to activate pension plan members: insights from practice. Maastricht University. <https://cris.maastrichtuniversity.nl/en/publications/using-social-norms-to-activate-pension-plan-members-insights-from>

Barclays (2018). Investor motivations for impact: A behavioural examination. <https://www.barclays.co.uk/content/dam/documents/wealth-management/investments/impact-investing-product/investor-motivations-for-impact.pdf>

Bassen, A., Gödker, K., Lüdeke-Freund, F., & Oll, J. (2019). Climate information in retail investors' decision-making: Evidence from a choice experiment. *Organization & Environment*, 32(1), 62-82.

Behavioural Insights Team (2014). EAST: Four Simple Ways to Apply Behavioural Insights. <https://www.bi.team/publications/east-four-simple-ways-to-apply-behavioural-insights/>

Behavioural Insights Team (2020). The small nudges that could make young people £142,000 better off in retirement. <https://www.bi.team/press-releases/the-small-nudges-that-could-make-young-people-142000-better-off-in-retirement/>

Behavioural Insights Team (2021). Reframing pension options to encourage greener choices. <https://www.bi.team/blogs/reframing-pension-options-to-encourage-greener-choices/>

Behavioural Insights Team (2021). Reframing pension options to encourage greener choices. Results from an online experiment.

Behavioural Insights Team (2022). Protecting consumers from greenwashing. There is a growing epidemic of climate anxiety. <https://www.bi.team/blogs/there-is-a-growing-epidemic-of-climate-anxiety/>

Bowe, G., Kuipers, A., Phillips, J., & Sheth, J. (2021). Responsible investment as a motivator of pension engagement - Can responsible investment communications engage pension members more effectively than standard approaches? Retrieved from <https://www.nestinsight.org.uk/wp-content/uploads/2021/11/Responsible-investment-as-a-motivator-of-pension-engagement-stage-two-research.pdf>

Chrisjatmiko, K. (2018). Towards green loyalty: the influences of green perceived risk, green image, green trust and green satisfaction. ResearchGate; IOP Publishing. https://www.researchgate.net/publication/322823486_Towards_green_loyalty_the_in

Applying Behavioural Insights to Green Pensions

fluences_of_green_perceived_risk_green_image_green_trust_and_green_satisfaction

Edie. (2021). Only 3 in 10 major UK pension schemes have credible net-zero plans. <https://www.edie.net/only-3-in-10-major-uk-pension-schemes-have-credible-net-zero-plans/>

Grankvist, G., Dahlstrand, U. & Biel, A. The Impact of Environmental Labelling on Consumer Preference: Negative vs. Positive Labels. *Journal of Consumer Policy* 27, 213–230 (2004). <https://doi.org/10.1023/B:COPO.0000028167.54739.94>

Hartzmark, S. M., & Sussman, A. B. (2019). Do Investors Value Sustainability? A Natural Experiment Examining Ranking and Fund Flows. *The Journal of Finance*, 74(6), 2789–2837. <https://doi.org/10.1111/jofi.12841>

HM Government (2019). Investing in a Better World: Results of UK Survey on Financing the SDGs. GOV.UK. <https://www.gov.uk/government/publications/investing-in-a-better-world-results-of-uk-survey-on-financing-the-sdgs>

HM Government (2021). Greening Finance: A Roadmap to Sustainable Investing. (2021). https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1031805/CCS0821102722-006_Green_Finance_Paper_2021_v6_Web_Accessible.pdf

HM Government (2021). Net Zero Strategy: Build Back Greener. GOV.UK. <https://www.gov.uk/government/publications/net-zero-strategy>

HM Government (2021). UK to enshrine mandatory climate disclosures for largest companies in law. GOV.UK. <https://www.gov.uk/government/news/uk-to-enshrine-mandatory-climate-disclosures-for-largest-companies-in-law>

HM Government (2021). Governance and reporting of climate change risk: guidance for trustees of occupational schemes. GOV.UK. <https://www.gov.uk/government/publications/governance-and-reporting-of-climate-change-risk-guidance-for-trustees-of-occupational-schemes>

Jachimowicz, J., S. Duncan, E. Weber, and E. Johnson. 2019. When and why defaults influence decisions: A meta-analysis of default effects. *Behav. Public Policy*.

Keller, P. A., Harlam, B., Loewenstein, G., & Volpp, K. G. (2011). Enhanced active choice: A new method to motivate behavior change. *Journal of Consumer Psychology*, 21(4), 376–383. <https://doi.org/10.1016/j.jcps.2011.06.003>

Applying Behavioural Insights to Green Pensions

Lakoff, G. (2010). Why it matters how we frame the environment. *Environmental communication*, 4(1), 70-81.

Leiser, D., Azar, O. H., & Hadar, L. (2008, November). Psychological construal of economic behavior. ResearchGate; Elsevier.
https://www.researchgate.net/publication/222653291_Psychological_construal_of_economic_behavior

Lusk, J. L., & Marette, S. (2012). Can labeling and information policies harm consumers?. *Journal of agricultural & food industrial organization*, 10(1).
Make My Money Matter. (2022, August 22). Your pension is powerful.
<https://makemymoneymatter.co.uk/>

Make My Money Matter. (2022, August 19). What's the issue?.
<https://makemymoneymatter.co.uk/whats-the-issue>

Muller, L., Lacroix, A., & Ruffieux, B. (2019). Environmental labelling and consumption changes: A food choice experiment. *Environmental and resource economics*, 73(3), 871-897.

O'Donoghue, T., & Rabin, M. (1999). Doing It Now or Later. *American Economic Review*, 89(1), 103–124. <https://doi.org/10.1257/aer.89.1.103>

Office for National Statistics. (2021). Pensions, savings and investments. [Ons.gov.uk.](https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/pensionssavingsandinvestments)
<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/pensionssavingsandinvestments>

Office for National Statistics. (2022). Funded occupational pension schemes in the UK: January to March 2022. [Ons.gov.uk.](https://www.ons.gov.uk/economy/investmentpensionsandtrusts/bulletins/fundedoccupationalpensionschemesintheuk/januarytomarch2022)
<https://www.ons.gov.uk/economy/investmentpensionsandtrusts/bulletins/fundedoccupationalpensionschemesintheuk/januarytomarch2022>

Osman, M., & Thornton, K. (2019). Traffic light labelling of meals to promote sustainable consumption and healthy eating. *Appetite*, 138, 60-71.

Pension Policy Institute. (2022). The DC Future Book 2022.
<https://www.pensionspolicyinstitute.org.uk/media/4166/2220922-the-dc-future-book-2022-final.pdf>

PLSA. (2022). Around three quarters of pension schemes have, or soon will have, Net Zero plans in place. [Plsa.co.uk.](https://www.plsa.co.uk/Press-Centre/Press-Releases/Article/Around-three-quarters-of-pension-schemes-have-or-soon-will-have-Net-Zero-plans-in-place)
<https://www.plsa.co.uk/Press-Centre/Press-Releases/Article/Around-three-quarters-of-pension-schemes-have-or-soon-will-have-Net-Zero-plans-in-place>

Applying Behavioural Insights to Green Pensions

Ritchie, J., Lewis, J., Nichols, C. M., and Ormston, R. (2014). *Qualitative Research in Practice*. Second edition. Sage: London

Spence, A., Poortinga, W., & Pidgeon, N. (2011). The Psychological Distance of Climate Change. *Risk Analysis*, 32(6), 957–972. <https://doi.org/10.1111/j.1539-6924.2011.01695.x>

The Pensions Regulator. (2022). Defined contribution pension market consolidation continues, TPR's latest figures show. (2022, January 27).

[Thepensionsregulator.gov.uk](https://www.thepensionsregulator.gov.uk); <https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2022-press-releases/defined-contribution-pension-market-consolidation-continues-tprs-latest-figures-show>

The Competition and Markets Authority. (2021). Global Sweep Finds 40% Of Firms' Green Claims Could Be Misleading.

The Paris Agreement | UNFCCC. (2020). [unfccc.int](https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement). <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

Thompson, S., Michaelson, J., Abdallah, S., Johnson, V., Morris, D., Riley, K., & Simms, A. (2011). "Moments of Change" as opportunities for influencing behaviour - ORCA. [Cardiff.ac.uk](https://orca.cardiff.ac.uk).

<https://doi.org/https://orca.cardiff.ac.uk/id/eprint/43453/1/MomentsofChangeEV0506FinalReportNov2011%282%29.pdf>

Toulch, M. (2018). *Ecolabels: On the Money? A Policy Evaluation of Eco-labels for Retail Investment Products in the EU*. IIEE Master Thesis.

Uzzell, D. L. (2000). The psycho-spatial dimension of global environmental problems. *Journal of environmental psychology*, 20(4), 307-318.

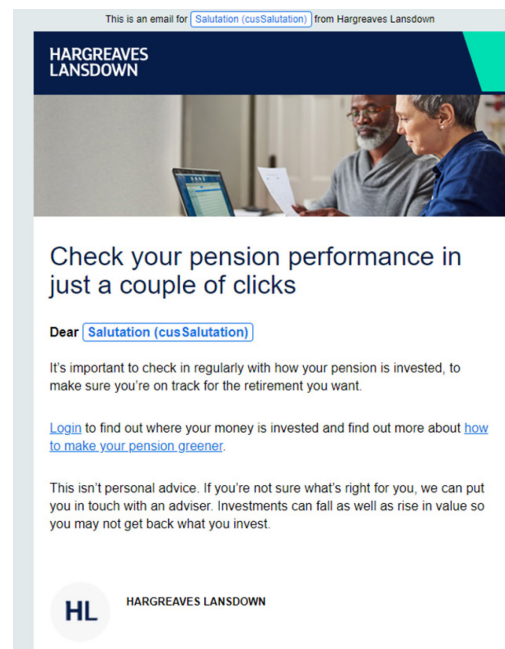
8. Appendices

8.1 Interventions

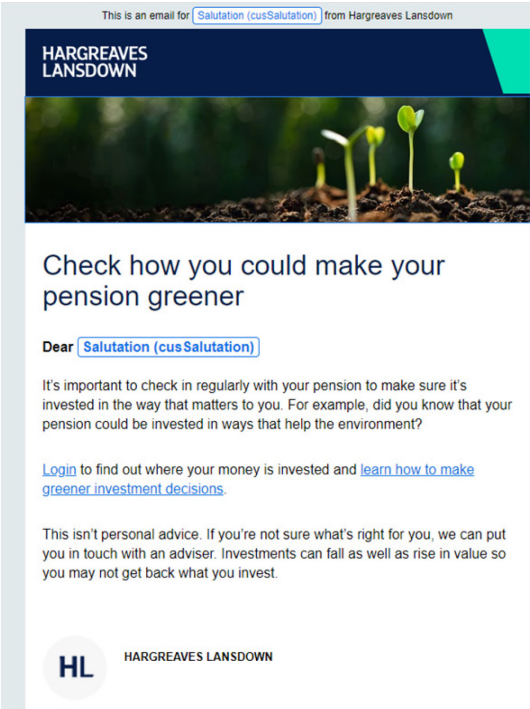
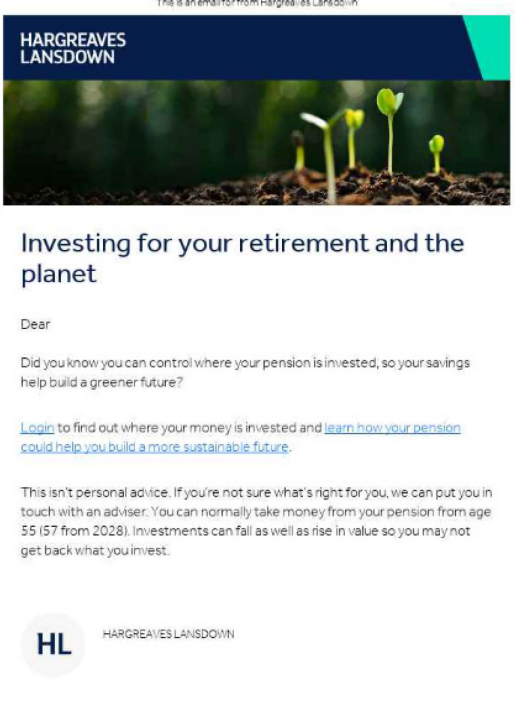
Hargreaves Lansdown

Control email



Subject line: Time to check in on your pension




Applying Behavioural Insights to Green Pensions

<p>Green suggestion</p> <p>Subject line: How could you make your pension greener?</p>	 <p>This is an email for [Salutation (cusSalutation)] from Hargreaves Lansdown</p> <p>HARGREAVES LANSDOWN</p> <p>Check how you could make your pension greener</p> <p>Dear [Salutation (cusSalutation)]</p> <p>It's important to check in regularly with your pension to make sure it's invested in the way that matters to you. For example, did you know that your pension could be invested in ways that help the environment?</p> <p>Login to find out where your money is invested and learn how to make greener investment decisions.</p> <p>This isn't personal advice. If you're not sure what's right for you, we can put you in touch with an adviser. Investments can fall as well as rise in value so you may not get back what you invest.</p> <p>HL HARGREAVES LANSDOWN</p>
<p>Future focus</p> <p>Subject line: Your pension could help build a greener future</p>	 <p>This is an email from Hargreaves Lansdown</p> <p>HARGREAVES LANSDOWN</p> <p>Investing for your retirement and the planet</p> <p>Dear</p> <p>Did you know you can control where your pension is invested, so your savings help build a greener future?</p> <p>Login to find out where your money is invested and learn how your pension could help you build a more sustainable future.</p> <p>This isn't personal advice. If you're not sure what's right for you, we can put you in touch with an adviser. You can normally take money from your pension from age 55 (57 from 2028). Investments can fall as well as rise in value so you may not get back what you invest.</p> <p>HL HARGREAVES LANSDOWN</p>

Smart Pension

<p>Control email</p> <p>Subject line: <<First name>>, how well is your pension performing?</p>	 <p>Check-in on your pension investments</p> <p>Dear <<First name>>,</p> <p>The money you contribute to your pension every month is invested to help it grow over time.</p> <p>Find out where your money is invested and learn more about its environmental impact.</p> <p>Contact us</p> <p>Get in touch if you have any questions by completing our online contact form.</p> <p>Kind regards,</p> <p>The Smart Pension Team</p>
<p>Green suggestion</p> <p>Subject line: <<First name>>, did you know your pension can help tackle climate change?</p>	 <p>Find out more about the environmental impact of your pension</p> <p>Dear <<First name>>,</p> <p>The money you contribute to your pension every month is invested to help it grow over time.</p> <p>Now could be a great time to check how your pension investments are helping the environment.</p> <p>Find out where your money is invested and how it is tackling climate change.</p> <p>Contact us</p> <p>Get in touch if you have any questions by completing our online contact form.</p> <p>Kind regards,</p> <p>The Smart Pension Team</p>

Applying Behavioural Insights to Green Pensions

<p>Future focus</p> <p>Subject line: <<First name>>, is your pension boosting your retirement goals?</p>	 <p>Make sure you're investing for your retirement and the planet</p> <p>Dear <<First name>>,</p> <p>The money you contribute to your pension every month is invested to help it grow over time.</p> <p>Pension investments can be impacted by climate change, so make sure your pension investments protect your retirement and the planet.</p> <p>Find out where your money is invested and how it can help you build a more sustainable future.</p> <p>Contact us</p> <p>Get in touch if you have any questions by completing our online contact form.</p> <p>Kind regards,</p> <p>The Smart Pension Team</p>
---	---

Aviva

Note: For customers who had already activated their account, the first yellow button said "Log in to your account".

Applying Behavioural Insights to Green Pensions

Control email

Subject line: How well is your pension performing?

The email template features a yellow header with the AVIVA logo. The main header image shows a man in a blue sweater looking at his phone, with the text 'Are your pension savings on track? Check your pension's value' and 'Aviva Master Trust' below it. The body text includes a greeting 'Hello Simon,' followed by a paragraph: 'We hope that your workplace pension savings are on track. It's always worth knowing where you are with your money, so why not check things out right now?' A section titled 'Keep an eye on your pension savings' explains that it's easy to check with an online account and that it helps track retirement goals. A yellow button labeled 'Activate your account' is provided. Another section, 'Your pension and the environment,' discusses ESG principles and Aviva's 'care more' approach, with a 'Learn more' button. The email ends with 'Kind regards, Aviva Workplace Pensions Team'.

Green suggestion

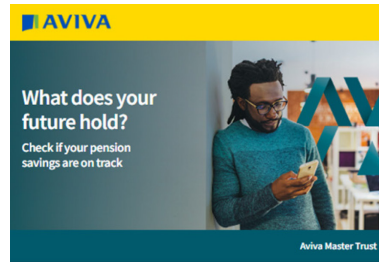
Subject line: Do you know how your pension is responsibly invested?

The email template features a yellow header with the AVIVA logo. The main header image shows a man in a blue sweater looking at his phone, with the text 'Do you know how your pension is responsibly invested? Check your pension's value and learn how it is invested' and 'Aviva Master Trust' below it. The body text includes a greeting 'Hello Simon,' followed by a paragraph: 'We hope that your workplace pension savings are on track. It's always worth knowing where you are with your money. Did you know your pension can help tackle environmental issues?' A paragraph follows: 'Now could be a great time to check in on your pension and how it could be helping the environment.' A section titled 'Keep an eye on your pension savings' explains that it's easy to check with an online account and that it helps track retirement goals. A yellow button labeled 'Activate your account' is provided. Another section, 'Your pension and the environment,' discusses ESG principles and Aviva's 'care more' approach, with a 'Learn more' button. The email ends with 'Kind regards, Aviva Workplace Pensions Team'.

Applying Behavioural Insights to Green Pensions

Future focus

Subject line: What does your future hold?



Hello Simon,

We hope that your workplace pension savings are on track. It's always worth knowing where you are with your money. But have you thought about what you would like your retirement to look like?

Now could be a great time to make sure your pension savings are on track and learn how they are helping make the world a better place.

Keep an eye on your pension savings

It's easy to do this with your online account. You'll be able to check how much your pension is worth and where your pension savings are invested.

It will also give you the opportunity to see if you are on track for your retirement goals and what it could mean for the future.

[Activate your account](#)

Your pension and the environment

Did you know we consider Environmental, Social and Governance principles (ESG) when investing your pension? This means that the investment solutions and funds available through the Aviva Master Trust strongly reflect the Trustees' investment principles and Aviva's own 'care more' approach to responsible investment.

[Learn more](#)

Kind regards,

Aviva Workplace Pensions Team