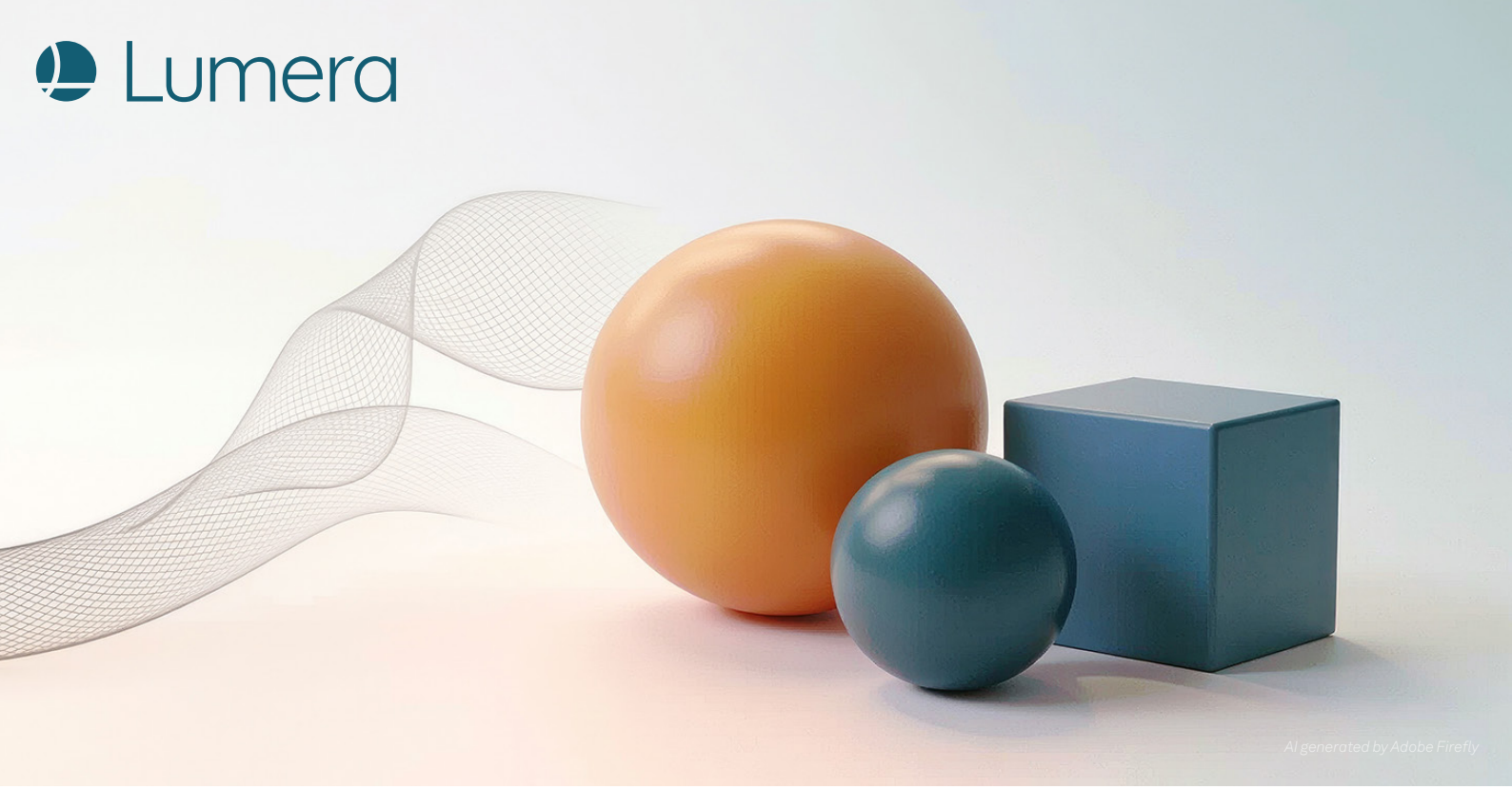
Lumera



Making retirement feel more relevant

The pensions industry has a psychology problem: changing how people think about their money and their retirement.

The pensions industry has traditionally focused on explaining the mechanics and compliance of retirement saving.

But, for many people, retirement feels too distant, too abstract or too disconnected from their current lives. The result is that even well-intentioned communications can struggle to cut through.

As members move from saving to spending, that becomes more acute. People may need very different levels of support depending on their circumstances, from basic education through to guidance or regulated financial advice.

Research suggests that when people are asked to imagine themselves in retirement, they often struggle to see that future version of themselves as being connected to who they are today. Instead, they picture someone else.

Asking someone in their twenties, thirties or even forties to make decisions about a future they struggle to imagine is not simply a communications problem. It is a behavioural one.

So the issue is not simply how pensions are explained, but whether they are framed in a way that feels relevant to people's lives.

Moving beyond the language of pensions

The word "pension" or "retirement" itself can be a barrier.

For many people, particularly younger generations, pensions and retirement do not necessarily represent a clear destination. Work patterns are changing, people are living and working differently, and the idea of stopping work completely may not reflect how they see their future.



Jill Hitchen, a Partner at management consultancy Baringa, argued that the industry needs to rethink how it talks to people about their finances and what they are trying to achieve.

That means moving away from a conversation centred solely on pensions towards one that reflects people's wider relationship with money, choices and future plans.

That does not mean making pensions less important. It means placing them in a context that people understand.

A pension is ultimately an income to support a future lifestyle. But communicating that message can be difficult when the language used feels distant or technical.

More personalised communications can help make that shift.

Communications that show people what their money could mean for their own circumstances can make an abstract concept feel more tangible.

Personalised video and digital communications, for example, can replace generic messages with content that reflects the individual receiving it.

Another potentially powerful behavioural tool is social proofing, according to **James Golledge**, Head of Sales at personalised video platform Idomoo. Consumers are already accustomed to services showing them how their behaviour compares with others, and pensions could apply a similar principle.



Jill Hitchen
Partner at management consultancy Baringa



James Golledge
Head of Sales at personalised video platform Idomoo



Pippa Campbell
Director of Programmes at Lumera



Philip Brown
Director of Policy and Regulation at industry trade body Pensions UK

"Personalised video enables you to segment your member base and differentiate the message for each cohort, you could say to someone, 'Did you know that for your age cohort, you're in the top 10 or 15% of pension savers?' That could be a really strong encouragement to keep going," he said. "Equally, if someone is falling behind their peers, you can tailor the message to gently nudge them forward, rather than turning them off with a negative comparison."

The MoneyHelper Pensions Dashboard (MHPD) will also help savers overcome the challenge of seeing pensions as a far-off concept, enabling people to see tangible metrics such as their income when they stop work.

But personalisation also requires judgement.

Providers can build parameters into their systems so that comparisons are only shown when they are likely to be helpful. Someone significantly behind their peers, for example, may be more likely to disengage if confronted with an unhelpful comparison.

The value is not simply in making communications more engaging. It is in helping people connect today's decisions with tomorrow's outcomes.

The practical challenge for providers is to understand when education is enough and when a member may need something more.

Pippa Campbell, Director of Programmes at Lumera, said: "How do you support your customers at different life stages? Obviously, with a younger customer, you've got more opportunity to provide them the advice and guidance to help them visualise the place that they want to be and plan accordingly."

"But, equally we need to plan to support those who are later on in their journey and may not be able to realise the outcomes that they wanted or expected? What measures have we put in place to support those members throughout their journey?"

Data on age, contribution levels, retirement proximity, digital behaviour and previous interactions can help identify when someone is simply looking for information and when they may be approaching a more complex decision that requires guidance or advice.

But providers also need sufficient regulatory freedom to act on those signals, creating a direct link between better understanding of members and the framework governing the support they can provide.

The people who need the most support

This matters particularly for members with the least financial resilience.

Philip Brown, Director of Policy and Regulation at industry trade body Pensions UK, highlighted that the people who are least engaged with their pensions are often those who have the least financial resilience.

Lower earners can face greater difficulties when planning for retirement. They may have less flexibility in their finances, fewer opportunities to recover from poor decisions and less confidence navigating complex choices.



John Buttress
Founder and CEO of Fincentive



Karen Pountain
Independent Adviser

It is about ensuring that those who need support most are able to understand their options and make informed decisions.

Campbell added: "It's more than just looking after someone's financial well-being. It's looking after their well-being as the individual. I think the providers that can do that level of personalisation and empathetic engagement are the ones that are probably going to do best."

The industry therefore faces a difficult balance. Communications need to be simple enough to be accessible, but meaningful enough to help people take action.

The importance of timing

Behavioural science also suggests that the timing of communication matters.

John Buttress, founder and CEO of Fincentive, which is building digital pension payslips in partnership with Experian, highlighted that people are more likely to engage when financial decisions are already relevant to them.

Someone may not respond to a generic message about retirement planning, but they may pay attention when they are thinking about their income, changing jobs or making another significant financial decision.

Commenting on this theme, **Karen Pountain**, Independent Adviser, said: "We don't proactively engage to understand anything before those key life milestones".

"There's much more that we can do - and there are more tools to try - to understand those members when they first join us, and engage with them throughout the whole of the cycle and not just at key points, whether it's for their choosing or ours."

This has implications for how the industry approaches engagement and the answer is not simply producing more information. It is understanding when people are most likely to absorb it and how it can connect with the decisions they are already making.

Making pensions feel more human

Auto-enrolment has helped more people save for retirement, but engagement remains a challenge because the issue is not purely financial.

People do not think about their lives in terms of pension products, contribution rates or retirement dates. They think about their future, their choices and the lifestyle they want to create.

Changing that conversation requires the industry to look beyond traditional pension language and consider how people actually feel about money.

The future of pension communication will depend on making retirement feel less like a distant concept and more like a tangible financial journey people can understand and take control of. Doing that effectively, however, also depends on how much freedom providers have to support members as their needs become more complex.

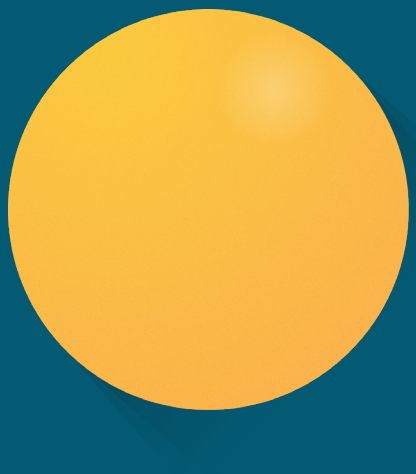
About Lumera

Lumera is an insurtech company driving digital transformation across the global Life and Pensions industry. We provide technology solutions for pensions administration, data management and migration to a broad base of prominent clients. In addition, we have a wide range of expert services that combine our technology and industry expertise, tailored to each local market and supported by prudent AI to enhance automation and data quality.

Our mission – the Prudent Revolution – is about combining technology with partnerships to offer Life and Pensions companies the fastest and safest journey through complex change.

Lumera is headquartered in Stockholm, with additional offices in the UK, the Netherlands, Norway, Sweden and Vietnam.

The principal owner of Lumera is Monterro, a leading software investor in the Nordics.



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