



# A guide to workplace savings, and why it matters for your employees



benefits that truly benefit

**In addition to being a broader financial stress, retirement is an ever-increasing source of worry for many employees. Some people reach retirement age without enough savings to stop working; others, even while young, labour under the impression they will never be able to afford to retire.**

This matters for employers because it impacts productivity, recruitment, retention and innovation: it is in a firm's best interests to encourage good financial wellbeing throughout an employee's life at work and beyond. To do this, employers need a robust workplace savings and retirement strategy.




# Benefits for employers

The benefits of retirement are clear for employees: few want to turn down the freedom and security it offers, and most look forward to the moment they can stop working and enjoy a slower pace of life. However, you can't make people leave — some older employees might love working, while others might not have enough savings to be able to retire.


One of the benefits to employers of a well-managed workplace savings and retirement strategy is the ability to support the workforce and enable career progression. This, along with better engagement and less financial stress, helps to improve retention and create a more productive and creative business.

So what exactly do employers need to do in order to reap the benefits for their business and their people?





**To engage employees and make them value the support on offer, employers should establish a framework of employee education and strong communication.**



### Emotional engagement

Engagement is key. Employers should regularly review the strategy they have adopted to ensure that it meets their organisational needs and that it is enabling better outcomes for their employees.

To engage employees and make them value the support on offer, employers should establish a framework of employee education and strong communication. They should explain things in an accessible way and use language that emotionally resonates with their staff. Connecting employees with their personal retirement journey means they will place a higher value on saving for it.

Once a strategy is in place, it needs continued attention. Workplace savings cannot follow a one-size-fits-all strategy: different demographics need different propositions, and different forms of communication will appeal. Employers need to constantly evolve both messaging and strategy to ensure they are supporting employees to stay financially well.

Auto-enrolment has encouraged a “set it and forget it” mentality but in reality this is not enough, the basic legal level of savings required will not secure comfortable retirements. While workers’ pensions are not necessarily an employer’s responsibility, employees often view them as such. This can add to the complacency that auto-enrolment is encouraging and contribute to a box-ticking mindset. While the onus is on each person to ensure they’re saving enough for retirement, failing to help, educate and encourage people could come back to haunt employers if employees start asking why they weren’t given more information or advice.

While engagement is key, employers will need to address many other areas to ensure their workplace savings strategy is effective.



# Common challenges for employers

Employers must make many considerations when running a workplace savings strategy. Though fuelled by the desire to provide the right support for employee needs, an employer must first make sure they are able to keep up with the regulatory duties involved. A workplace savings scheme is not easy to manage: such responsibilities require time, sufficient finances and the knowledge to run and maintain these structures.

Staying on top of auto-enrolment compliance is vital in order to avoid being penalised by the Pensions Regulator, but it can be challenging. In addition, selecting the right provider with the most competitive terms is crucial to good outcomes and investment returns can make a massive difference. As a result, selecting the right default fund is key. Finally, even mandatory levels of contributions add a significant payroll expense, so strategies that help employer to save money and/or maximise their return on investment are important.

With already hectic schedules, who could blame employers for not knowing where to start?



## Driving better outcomes: Common problems, and how you can solve them



**Reduce pension scheme running costs** by implementing salary exchange schemes.



**Manage the ongoing complexity** of regulatory compliance with auto-enrolment — we have a range of tools to help you.



**Link your workplace savings** strategy to the company's wider benefit strategy by embarking on a strategic review.



**Ensure the best possible value** for scheme members — benchmarking services can help rate your offering compared to the rest of the market.



**Work with us** to keep your scheme fit for purpose and comply with legislative, regulatory and market developments. Your plan can evolve strategically as needed, with regular updates on related issues.



**Actively monitor the performance** of your scheme's default investment fund — we can take care of this for you via our default investment fund selection, review and regular reporting services.



**Maximise your return on investment** with a full programme of communications and financial education to support employees at every career stage and beyond.



## Increasing engagement in pensions and benefits

Engaging employees in workplace savings can be challenging, and there are several factors employers need to consider.



**Keep it simple:** Do not lose people at the first hurdle. Using an easy online platform will help simplify things and keep employees engaged.



**Make it easy to understand:** Technical terminology will turn people off, while lack of clarity leads to attention wandering. Communicate simply, using plain language.



**Use the right channels:** Each organisation and employee is different. Don't assume people will conform to stereotypes. For example, younger people aren't the only ones to use apps. It's important to understand your workforce, and give them a choice.



**Be inventive:** Our brains are wired to notice difference, so speak to employees about this topic in a tone that differs from your usual communications. This may require you to work harder to think creatively of ways to get their attention.



**Make an emotional connection:** Some people switch off at the mention of pensions; employers need to find a way to sell their importance in a way that connects with people on an emotional level. This shouldn't be difficult: pensions underpin people's futures. At MMB, we focus on making it personal with tailored packages that reflect people's plans.



**Communicate regularly:** Most people have a lot on their mind and need reminding to do things that they don't perceive as affecting them daily. Employers who only communicate once a year are unlikely to have employees who are knowledgeable about benefits and pensions.



## About MMB

We support employers of any size — from the smallest to the biggest — helping them manage the responsibilities of running workplace savings schemes. By working in teams focussed on specific employer sizes, our people will have an in-depth understanding of the challenges you are facing.

We understand that every business is different, which is why we focus on finding the right solution for your business, using all the expertise, scale and experience we have. By saving you time and money, we remove the hassle from workplace savings and benefits management.

## Contact us

If you have any questions on how to better support your employees and your business, get in touch with us and we'll be happy to help.

[www.uk.mercer.com/workplace-savings](http://www.uk.mercer.com/workplace-savings)



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