Combined Pension Forecasts
A report on the experiences and views of CPF providers and recipients

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A report of research carried out by IFF Research Ltd on behalf of the Department for Work and Pensions
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Glossary of terms

The following is a glossary of certain terms used in the report.

**Additional Voluntary Contributions (AVCs)**
Contributions over and above a member’s normal contributions, if any, which the member elects to pay to the scheme in order to secure additional benefits.

**CPF**
This is an acronym of Combined Pension Forecast. Since 2001, the DWP has been encouraging employers and pension providers to provide members with a combined pension forecast, bringing together state pension forecast information with a forecast of an individual’s current occupational or private pension. It is part of the DWP’s broader Informed Choice strategy. Employers or providers who take part in the scheme exchange data with the Pension Service who then sends data back with each individual’s forecast annual state pension on retirement. This is then combined with the occupational or personal pension forecast to form the CPF.

**Defined Benefit (DB) pension scheme**
Also referred to as a salary-related scheme. An occupational pension scheme where the benefits are calculated by reference to the employee’s salary at or near the time of retirement or on leaving service, and length of pensionable service. These benefits are not directly related to the investments of the scheme.

**Defined Contribution (DC) pension scheme**
A defined contribution pension scheme (sometimes called a ‘money purchase’ scheme) is one where the contributions are defined, usually as a percentage of salary/earnings, from both the employer and employee. The benefits provided are dependent on the contributions paid and the investment return.

There are also some company schemes that are a hybrid of defined benefit and defined contribution arrangements.
<table>
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Stakeholder pension

A stakeholder pension is essentially a personal pension which by law must meet certain additional requirements. There is a maximum annual charge of 1% for management of the member’s fund. Stakeholder pension schemes must also meet certain other requirements, for example penalty-free transfers and flexibility in making contributions. A group stakeholder scheme is very similar to a group personal pension.
Summary

Introduction and methodology

Since 2001, the Department for Work and Pensions (DWP) has been involved in encouraging pension providers to obtain state pension forecasts on behalf of their members and to incorporate these with their own scheme forecasts to produce a Combined Pension Forecast (CPF). As part of its Informed Choice strategy¹, the Government want to make sure that people have personalised information that prompts them to think about their retirement planning. Combined Pension Forecasts (CPFs) bring together state pension forecast information with a forecast of an individual’s current occupational or private pension to give people the information they need to help them plan for retirement.

At the time the research was conducted, the CPF scheme was still at a relatively early stage; participation in the CPF scheme was entirely voluntary and most of the employers who had become involved were running large (predominantly defined benefit) pension schemes. These tended to be employers with in-house pension scheme departments. The Government is currently encouraging all employers and pension providers to deliver these forecasts on a voluntary basis, including small employers. The Government is also seeking to take reserve powers in the Pensions Bill, which is currently under consideration by Parliament, and will be able to use these powers to compel schemes to provide forecasts in the future if a significant number do not participate on a voluntary basis and if evidence demonstrates that forecasting makes a difference to savings levels.

The DWP commissioned IFF to undertake a qualitative research project to investigate experiences of the CPF scheme from both a provider (employer) and a member (employee) perspective. The study was designed to help the Department to identify ways of increasing take-up among CPF providers through improvements in the way in which the scheme is marketed and administered. It was also intended to help to evaluate the extent to which CPFs help to increase the stock of financial information available to individuals and the impact that they have on saving for retirement.

The research covered CPF providers who were at various stages through the CPF process. This included CPF providers who had simply received information or expressed interest in the scheme but not yet registered to take part (recorded contacts), those who had registered and progressed some way towards the issuing of CPFs to members (registered contacts) and those who had actually issued CPFs to their staff (live contacts). A total of 16 live providers, nine registered providers and 11 recorded contacts took part in the research.

¹ Simplicity, security and choice: Informed choices for working and saving Cm 6111 February 2004.
Research among live and registered contacts took a case study approach. Depth interviews were carried out with representatives from the provider organisation — generally a contact in the pensions department but also incorporating members of human resources, IT or other senior management where appropriate. Live contacts were also asked to facilitate contact with staff who had received a CPF. These staff were interviewed either face to face or by telephone. A total of 110 employee interviews were conducted. Telephone depth interviews were conducted with the 11 schemes with recorded status.

It is worth bearing in mind that this was a qualitative exercise and results should not be taken to be representative of all employers or all individuals. As discussed above, the profile of employers who have been involved in the CPF scheme to date differs from that of the business population as a whole and this is reflected in the CPF providers participating in this study (only three had fewer than 100 employees). Similarly, while efforts were made to ensure interviews with a range of types of employees within each organisation, an element of employer discretion in who participated was unavoidable. However, the adoption of this qualitative, case study approach allowed the views and experiences of both CPF providers and recipients to be examined in depth and also enabled possible improvements to the scheme to be identified which might help boost the take-up and effectiveness of the scheme.

Views and experiences of CPF providers

Motivations and barriers to involvement

The majority of CPF providers first came to hear about the CPF scheme through conferences/seminars, other CPF providers involved in the scheme or direct communications from the DWP. Employers who are currently ‘live’ were more likely to have proactively sought out information about the CPF scheme than those who currently have recorded status. Recorded contacts had often not heard about CPFs until they were contacted by the CPF team.

In terms of motivations for participation in the CPF scheme, CPF providers tended to see benefits for their employees rather than for themselves as employers. They felt that providing CPFs for their members would help to increase the information available to them and hence help them to plan better for retirement. Where benefits for the employer were mentioned these were very much secondary to the benefits for employees but included being seen to be a good employer, encouraging employees to invest more/encouraging increase uptake of their own pension scheme (and hence improving employee loyalty/motivation by encouraging employees to make changes that would be of benefit to them), increasing the value that employees place on the pension scheme provided for them, being at the forefront of a new scheme and being able to check their records against those held by the DWP.

In some cases, employers stated that it was a lack of serious barriers (because the scheme was free and involved minimal input on their part) that encouraged their participation rather than the perception of any specific advantages. However, others were concerned about the level of administration needed, the technicalities of sharing data with the DWP or the extent to which they would have to handle queries from staff about the CPFs. Perhaps because they were generally less enthusiastic about the scheme, these barriers were seen as greater obstacles by recorded contacts than they were for either registered or live contacts.
Decision-making process

In the case of live and registered providers, the decision to participate in the CPF scheme was made relatively quickly and the process of obtaining consent from colleagues had been simple. Essentially, this was because these CPF providers did not see any major disadvantages to participation. They understood the resource implications to be slight and hence they did not require wider ‘buy in’ from others in the organisation. Most of the decision making around CPF participation took place within the pensions department which provides evidence that the CPF team strategy of targeting pension directors/managers, or those responsible for pensions is an appropriate one.

The CPF process

Once they had made the decision to register, most employers recalled receiving a work schedule providing them with a detailed action plan and corresponding dates. Employers found this a very useful document and most stated that they referred back to it regularly.

Before they were able to exchange data with the DWP, CPF providers had to obtain the consent of their members for this to take place. This is conducted by means of an opt-out process whereby members are informed of their providers’ intention to obtain a state pension forecast on their behalf and told the type of data that will be exchanged to make this possible. Employees can choose to opt-out of the scheme if they do not wish to receive a CPF. Overall, CPF providers did not consider administering the opt-out exercise to be a large or time-consuming process. This was the case regardless of the number of members that the CPF provider had. Some CPF providers expressed some frustration with what they perceived to be the ‘rigidity’ of the process and would have preferred greater freedom to adapt the wording of the communication to their own ‘house style’. The level of opt-outs received was low; typically around three per cent of those mailed.

There was some confusion among some CPF providers about how the opt-out process should be handled in future years. Some envisaged carrying out a full-scale opt-out process every year (when in fact it would only be necessary to secure the consent of new joiners in subsequent years).

The main area where CPF providers encountered problems was in terms of the exchange of test data (a procedure that CPF providers have to complete to ensure that the CPF systems are able to ‘read’ their data). Several CPF providers had their test file rejected at least twice (and a few had to make four or more submissions before achieving success). CPF providers’ key complaints about this process were that:

- the data format required seemed ‘unfamiliar’ and unnecessarily complicated;
- it took a long time before they were notified that the data exchange had been unsuccessful. (The procedure is that the data exchange is undertaken on receipt of the file and if a failure occurs, a notification is produced and emailed to the customer on the same day. It is, therefore, unclear why this problem was reported);
- problems were identified iteratively rather than listing all problems with a particular file in one go;
- contacts within the CPF team were unable to provide much assistance with dealing with these problems. (For example, they were unable to explain the meaning of the error codes that were provided or why this problem had arisen and in fact often simply referred them to the Technical Guide);
- smaller employers with fewer than 100 staff had to generate additional records to get to the 100 test records required for the trial exchange.
The Technical Guide which is made available to employers to assist them with data formatting was found to be ‘inaccessible’ by many non-IT staff. They found it difficult to follow and confusing. They suggested that it would be improved by the addition of a trouble-shooting section, highlighting of the most important parts, reference to the Excel File Generator (which helps with the formatting of data files) and particular advice for small companies on the issue of creating test records.

When it came to the exchange of live data, some anxiety was caused by the fact that CPF providers did not feel that they received notification of when they could expect to receive the matched file back. Those who had experienced problems with their test data stated that they would have liked to have received confirmation that their datafile at least appeared to be in the correct format.

Most CPF providers obtained state pension forecasts for active pension scheme members only. However, in a few cases CPF providers had extended the scheme to cover non-members as well. None were obtaining CPFs for deferred members.

When the employer’s records do not match those held by the DWP then a mismatch occurs and a CPF cannot be produced. Employers typically found that between three and five per cent of their records resulted in a mismatch. Before going live, CPF providers are informed that if mismatches occur they should instruct their members to call the Retirement Pension Forecasting Team (RPFT) call centre, who deal with forecast queries. However, despite this, there seemed to be some confusion over how these could/should be dealt with. Some CPF providers had elected to contact the employees concerned in an attempt to obtain the correct data.

In terms of the format of CPFs, CPF providers tended to take one of two approaches – either presenting the state pension forecast on a separate piece of paper included with their own pension scheme forecast (following the DWP template closely), or incorporating it within a wider pension or benefits statement. The former approach was more common.

After having sent out the CPFs, employers had not heard much from employees about them (hence proving that fears about being inundated with queries were generally unfounded).

**Overall views of involvement with the process**

All live providers stated that they felt that their involvement with the scheme had been worthwhile. All live and most registered providers would recommend the scheme to other similar employers/providers (although some would have reservations about making recommendations to smaller employers with fewer in-house IT resources than themselves). Views of the CPF account management process were also very positive with CPF providers finding the CPF team to be personable, supportive and proactive. The only complaints made were in terms of the level of technical knowledge held by the CPF account handlers.

**Views and experiences of CPF recipients**

**Knowledge and interest in pension issues**

In order to obtain a broad assessment of respondents’ knowledge of pensions we asked them to tell us about their pension scheme and in particular about what type of scheme it was, how much they and their employer contributed, and how the amount they would get when they retired was calculated.

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2 This was a suggested outline format for presenting the state pension forecast information provided by the CPF Team. A copy is shown at Appendix F.
Of those employees interviewed, some had a good knowledge of their scheme (they were aware of the type of scheme, the levels of contribution made and the way in which final pensions were calculated). Employees with a good knowledge were more likely to be older, in a managerial or service occupation and earning higher salaries. Most employees interviewed had a fair knowledge of their scheme (knowing less particularly in terms of employer contribution rates and how their final pension would be calculated). This left a small group with poor knowledge (with these individuals often unsure of the type of scheme that they were a member of).

Most employees stated that they were very or fairly interested in pension issues. Around a third stated that they were not very or not at all interested. These individuals were more likely to be clerical or manual workers, earning lower wages and towards the younger end of the age spectrum.

Recall and views of the CPF

Nearly all employees could recall receiving their combined pension forecast when asked directly. Whether the state pension forecast was provided separately or incorporated into a wider company statement did not seem to impact on employees’ likelihood to recall receiving their CPF. However, the one company that issued its statements via the company intranet had the lowest level of recall. It was evident that the opt-out process had played an important role in alerting employees to the fact that they would be receiving a CPF (and hence made them more likely to take note when it arrived).

Employees generally recognised that their state pension forecast had been obtained and provided alongside their occupational pension forecast, to give them more information about what income they could expect in retirement to enable them to plan more effectively.

Most employees welcomed their employers’ participation in the CPF scheme. They felt that it helped to give them the ‘overall picture’ and to decide whether or not to save more. For some, it actually reminded them that they would receive a state pension (as a few who had opted out of the State Second Pension thought that they would not receive a state pension at all). For others it served as a reminder that they would not receive their state pension until they were 65 (even if their occupational pension scheme had an earlier retirement date). Others also commented that it notified them that the state pension would be a very small amount.

The majority of individuals found the CPF very or fairly easy to understand. Employees generally understood that the predicted income from the state pension shown on the forecast was an ‘estimated’ amount. Many employees stated that the explanation they received with their state pension forecast provided them with all the information they needed. Some employees had difficulties with particular phrases used in the state pension forecast – usually relating to the earnings related part of the state pension forecast. There was some confusion around terms such as ‘additional state pension earned’ and ‘payable additional pension’. Hence, some employees stated that they would like a clearer explanation of what the Additional Pension (including SERPS and State Second Pension) is, included in their forecast.

Only a small number would have liked more information from their employer about their CPF. However, the most commonly cited ‘additional information’ that individuals would have liked related to the options available to increase retirement income, which is beyond the scope of the CPF to provide. To some extent this could be combated by encouraging employees to contact the Pensions Service if they require any information on pension issues and providing appropriate contact details. At the moment, employees are only encouraged to contact the Pensions Service if they feel that their forecast might be incorrect.
Impact of receiving CPF on awareness of financial situation in retirement and actions taken

Many of the employees interviewed stated that they had paid more attention to their pension forecast this time because it contained a state pension forecast. Most who had looked at the forecast felt that it had increased their awareness of their likely situation on retirement. More specifically, some of those interviewed said that the state pension forecast had prompted them to consider whether or not to save more for retirement.

At the time the research was conducted, a few had already taken action as a result of having received their CPF and some others were considering doing so. Those who had already taken action had mainly discussed their financial situation or sought information about the options available to them from friends/relatives, colleagues, their employer or a professional advisor. Some of these discussions had led to a decision to save more while others had concluded that they were adequately provided for. A few older respondents had also sought information about the implications of retiring early. Similarly, those that were considering taking action intended to talk to others about their situation and to investigate the options available to them.

Some of those who were not considering any action on the back of receiving their CPF were older, earning more, and were comfortable with their likely financial situation in retirement. However, it was more common for employees not to be considering any further action simply because they could not afford to save more at the moment due to their personal circumstances and/or other financial priorities.

Conclusions

All live and registered providers felt positively about their involvement with the CPF scheme. Employees who had received CPFs similarly felt that the provision of a state pension forecast alongside their occupational pension forecast was a good idea. The inclusion of a state pension forecast had encouraged some people to take more note of their pension forecast than they would normally do.

However, most of the employers who have participated to date were large employers with in-house pension schemes who exhibit relatively paternalistic attitudes towards pensions and their employees more generally. Encouraging wider participation may prove more challenging.

The research has identified a number of ways in which the uptake and effectiveness of the CPF scheme might be improved. These include:

- securing additional and continued media coverage of the scheme in national and relevant professional and trade press will be beneficial in raising awareness of the scheme and minimising the extent to which employers are coming into contact with the CPF team ‘cold’;

- the CPF Team should continue to target their marketing activities at the pension manager/administrator or person responsible for pensions;

- it is important to stress the low level of cost/effort required by employers including that:
  - the opt-out exercise is quick and easy to administer and that few employees opt out or raise any objections;
  - the number of mismatches is low. (Providing better guidelines for employers on how to deal with mismatches if and when they occur would also be helpful);
the number of queries from employees prompted by the CPF is low;

- the DWP helpline is available to deal with members’/employees’ queries on the state pension forecast;

- part of being able to offer employers the reassurance of minimal effort will involve minimising any potential problems with achieving successful data exchange as smaller firms will be less tolerant of problems and require more assistance with dealing with them including:
  - reviewing the data format requirements to determine if any can be changed to reflect normal recording conventions more closely;
  - diagnosing all faults with the data file at the same time and ensuring that employers fully understand the reasons why data exchange has not been successful;
  - ensuring that CPF staff can play a greater role in assisting employers in dealing with any problems. Staff may require additional training to achieve this.

- producing a more user friendly version of the Technical Guide aimed at non-IT staff, including the addition of summary boxes and highlighting of key points;

- ensuring that any changes in requirements or improvements in the process (including new tools and documentation) are communicated to all existing Live contacts (to help combat any ‘negative press’ from those who have experienced problems at the early stages of the CPF scheme).

Ways in which employee reaction to the CPF might be improved include:

- encouraging employers to consider providing state pension forecasts for all employees, not just scheme members, as this might help to encourage increased scheme take-up;

- encouraging employers to send out the opt-out letter as a separate communication (rather than alongside other communications such as a payslip or newsletter), as it likely to be more effective in priming employees to expect and look at the CPF;

- including an explanation of what additional (earnings-related) benefits are in the notes that accompany the state pension forecast and simplify the explanation of the assumptions on which the projected state retirement figures are based;

- promoting the Pension Service as a source of information on pension issues and providing contact details of the helpline and website.
1 Introduction and methodology

1.1 Introduction

The Department for Work and Pensions (DWP) commissioned IFF Research to undertake a large scale qualitative study to examine how the Combined Pension Forecast (CPF) scheme is working from both the provider (employer) and recipient (employee) perspective. The study was undertaken to help the DWP evaluate the effectiveness of the CPF scheme in contributing to the Informed Choice strategy and identify ways of increasing take-up through improvements in the way the scheme is administered and marketed. The research will provide evidence on the effect of CPFs on planning and saving for retirement to input to broader policy developments within the Informed Choice strategy. This, in turn, will inform the use of reserve powers to compel schemes to provide such forecasts in the future that are being sought in the Pensions Bill, which is currently under consideration by Parliament.

The Informed Choice strategy aims to put in place the changes that are needed to support the voluntary aspects of the UK pension system and to achieve a shift in attitudes and behaviours so that people can actively and regularly plan for retirement. More specifically, the key objectives of the Informed Choice strategy are to:

- enable people to make the most of pension provision and encourage availability of the right pension products;
- raise people’s awareness of their options and improve financial education; and
- ensure that everyone has high quality, accurate and timely information.

Since 2001, the DWP has been encouraging employers and pension providers to provide members with a combined pension forecast (CPF) which shows the amount they will get from both their scheme and the state when they retire. The CPF scheme will particularly input to the Informed Choice strategy by helping to make people more aware of their financial situation in retirement. The provision of a CPF is a voluntary scheme at present. However, the Government is seeking reserve powers in the Pension Bill, which is currently under consideration by Parliament, to compel schemes to provide such forecasts. If a significant number of employers/providers remain reluctant to participate on a voluntary basis then they will be able to use these powers.

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3 Simplicity, security and choice: Informed choices for working and saving Cm 6111 February 2004.
The CPF brings together state pension information with a forecast of an individual’s current occupational or private pension. In order for employers and pension providers to obtain a state pension forecast for their employees/scheme members they need to send the DWP an electronic file containing key data about the employee/member including their National Insurance number and date of birth. For data protection reasons, this information can only be provided to the DWP and the state pension forecast requested, with the employees'/members’ permission. The state pension forecast is sent back to the employer/pension provider and is either provided to the employee/scheme member alongside the annual statement showing what they will get from their scheme when they retire or incorporated within it.

The scheme is marketed and supported by a team (of DWP staff) based in Newcastle. At the time the research was conducted there were a total of 61 providers operating the scheme (known as Live schemes). They include employers and personal pension providers (including one stakeholder scheme), who have already sent a CPF to their employees/scheme members.

There were also larger numbers of providers who have been either:

- **Recorded** as expressing interest in the scheme or having received information from the CPF team. The scheme is being marketed through a variety of channels including exhibitions, conferences and seminars, articles in specialist media and direct mail. There are currently around 500 organisations who have requested information about the scheme or received it through ‘cold’ marketing activity and are being followed-up by the CPF team.

- **Registered** for the scheme – these employers have submitted an application form to join the scheme, after which the DWP runs data tests to check the data required to obtain the state pension forecast can be provided in the required format. Only once these checks are completed and the CPF provider has indicated his willingness to proceed and obtained consent from their employees/members, does the scheme go **Live**. At the time the research was conducted there were around 20-30 employers at this stage.

The diagram below summarises the different stages of the process.

**Figure 1.1  Diagram showing the stages of the process**

* Can happen at any point between registration and exchange of live data
The research covered employers/pension providers from all three stages of the process as well as individuals in Live schemes who had received a combined pension forecast.

1.2 Objectives of the research

The overall aim of the research was to examine how the scheme is working from both the CPF provider and recipients’ perspective. The more specific aims of the research amongst CPF providers and recipients were as follows:

The research amongst CPF providers at all stages of the CPF process sought to enhance understanding of:

- the CPF registration and implementation experience, including motivations, incentives, support required, barriers (e.g. costs, resources), and processes;
- what is being provided by each live provider;
- CPF providers’ views of CPFs, looking at whether they feel the exercise is proving worthwhile, and what response they have seen(expect from employees/members if they have gone live;
- differences according to employers and pension providers, context, e.g. employers’ emphasis on pensions, types of pension provision, contribution rates and policies.

Research amongst recipients sought to explore:

- recall and views of receiving a CPF and any further information or support that would be helpful;
- understanding of the information provided;
- the effect the CPF had on awareness of their potential financial situation in retirement;
- whether/how they responded, e.g. seeking further information, looking into pension options, increasing contributions through CPF provider;
- differences according to recipients’ characteristics and circumstances, e.g. age, gender, household income, levels of pension provision, occupation.

The results of the research will help the DWP evaluate the effectiveness of the CPF scheme in contributing to the Informed Choice strategy and identify ways of increasing take-up through improvements in the way the scheme is administered and marketed.

To date only a relatively small number of the organisations have gone live or registered for the scheme. These ‘early adopters’ have tended to be the larger employers who are committed to pension provision and at the forefront of developing good practice in this area. The results, therefore, need to be interpreted with care as they may not be typical of UK employers as a whole. However, they do provide a good understanding of the experiences and views of those who have been involved in the scheme to date.
1.3 Methodology

Interviews were conducted with CPF providers at all stages of the process and people in live schemes who had received a CPF.

1.3.1 CPF providers

The fieldwork was done in two stages with interviews amongst CPF providers carried out first, between 10 November and 8 December 2003. For the purposes of the study we defined ‘live’, ‘registered’ and ‘recorded’ providers as follows:

- **Live**: schemes which have already issued CPFs to members.
- **Registered**: providers that have registered for the scheme but have not issued CPFs as yet. These employers were at various stages in the process, including having just registered for the scheme, having exchanged or exchanging test data, having conducted or conducting the opt-out exercise or even in the process of exchanging live data.
- **Recorded**: schemes which have expressed an interest in CPF or who have had contact with the CPF team but as yet had not committed themselves to taking part.

It should be noted that, as described earlier, the DWP categorises schemes as going live when there has been a successful exchange of data. For the purposes of this research, live schemes were defined as those who had issued CPFs to their members.

A sample of organisations who had been involved with the scheme was provided by the CPF team. It provided details of a total of 98 schemes at different stages of the process. In addition to the scheme status, the sample also indicated the type of CPF provider (see below) and in the case of occupational schemes, whether they were in the public or private sector. Three types of CPF provider are covered by the scheme:

- Employers with occupational pension schemes – in either the private or public sectors.
- Private pension providers.
- Administrators – these are third party providers who administer occupational pension schemes on behalf of employers. They would print and issue the CPFs for these schemes. Currently most of these schemes have not gone live because of issues around obtaining consent to obtain the CPF. As the law currently stands, schemes administered by third parties cannot use the opt-out arrangements. Administrators, therefore, have to undertake an ‘opt-in’ exercise instead, which is likely to achieve a much lower response rate. The Pensions Bill currently being considered within Parliament provides a suggested amendment to allow them to operate the opt-out procedures and consequently allow the Government to provide State Pension information to schemes that provide forecasts via third party administrators and others.

Some of the schemes initially selected by the CPF team for inclusion in this study could not be approached as they were involved in another study being undertaken on behalf of the CPF team. This included the private pension providers, so this study only included employers and administrators. Quotas were set to ensure a cross-section of CPF providers was covered by status, type of CPF provider

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4 With an ‘opt-out’ process the employee only needs to respond if they do not want a CPF to be obtained on their behalf. With an ‘opt-in’ process employees have to expressly acknowledge their wish to take part.
and in the case of employers, whether they were in the private or public sector. We also sought to cover a mix of different sizes of scheme, although as noted earlier, most schemes who had been involved to date were large (over 500 members). Reflecting the size and nature of the employers who have been targeted to date by the CPF team, most of the employers covered in the study had defined benefit schemes. Table 1.1 shows the breakdown of the organisations interviewed.

In-depth face-to-face interviews were carried out with 16 live schemes and nine registered schemes. A shorter depth interview was carried out by telephone with 11 recorded schemes, as the range of issues to be covered was more limited. In all cases the (primary) respondent was someone with responsibility for pension issues. In larger organisations this tended to be the pensions manager or administrator, while in smaller companies it was more likely to be someone in the HR function or even the owner. In many of the live and some of the recorded schemes multiple interviews were conducted, typically with the main pensions contact and someone with responsibility for IT and/or staff communications or a scheme trustee. In total, we spoke to 53 people across the 36 schemes surveyed.

Table 1.1 Profile of CPF providers interviewed

<table>
<thead>
<tr>
<th>Live</th>
<th>Registered</th>
<th>Recorded</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of organisation</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Private</td>
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<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Type of CPF provider</td>
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<td></td>
</tr>
<tr>
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<td>6</td>
</tr>
<tr>
<td>Administrator</td>
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</tr>
<tr>
<td>Type of pension scheme</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Defined Benefit</td>
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<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Defined Contribution</td>
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<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Stakeholder</td>
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<td>1</td>
<td>1</td>
</tr>
<tr>
<td>GPP</td>
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<td>0</td>
<td>1</td>
</tr>
<tr>
<td>(More than one type, including DB scheme)</td>
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<td>3</td>
<td>4</td>
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<tr>
<td>Size of organisation (number of employees)</td>
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<td></td>
</tr>
<tr>
<td>Less than 100</td>
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<td>0</td>
<td>1</td>
</tr>
<tr>
<td>100-499</td>
<td>6</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>500-1000</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>1000-5000</td>
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<td>1</td>
</tr>
<tr>
<td>10,000+</td>
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<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Size of pension scheme (number of active members)</td>
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<td></td>
</tr>
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<td>Less than 100</td>
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<td>1</td>
</tr>
<tr>
<td>100-499</td>
<td>7</td>
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<td>4</td>
<td>1</td>
</tr>
<tr>
<td>10,000+</td>
<td>3</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

1.4 Employees who had received a CPF

The second stage of the fieldwork involved interviewing employees in live schemes who had received a CPF. These interviews were carried out between 24 November 2003 and 30 January 2004. In total, 110 employees were interviewed across 13 of the live schemes covered in stage 1. In two of these cases, the employees did not initially receive a CPF because a mismatch in the data sent to the DWP
meant a state pension forecast could not be produced. (In both of these cases the issue was sorted out and the members received a CPF with the state pension information.)

Contact details for those employees willing to take part in the research were provided by the employer, who recruited these employees on our behalf on an ‘opt-in’ basis. An opt-in procedure had to be used as this was necessary to obtain employers’ cooperation. Employers were asked to approach a cross section of employees (by gender, age and occupation), but the opt-in process may have resulted in some bias with people who were more interested in the subject being most likely to agree to take part.

A combination of telephone and face-to-face interviews were conducted depending on the preference of employers and availability of employees. Sixty-two interviews were conducted face to face and 49 by telephone. The same topic guide was used for both sets of interviews. The face-to-face interviews were slightly longer on average, but the use of the two methodologies did not result in any discernable differences in the findings obtained. The interviews covered a mix of employees by age, sex and occupation. A profile of the individuals interviewed is shown in Table 1.2.

<table>
<thead>
<tr>
<th>Table 1.2 Profile of members interviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
</tr>
<tr>
<td>Under 35</td>
</tr>
<tr>
<td>35-44</td>
</tr>
<tr>
<td>45-54</td>
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<tr>
<td>55 and over</td>
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<tr>
<td>Refused</td>
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<tr>
<td>Gender</td>
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<td>Female</td>
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<td>Work status</td>
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</tr>
<tr>
<td>Part time</td>
</tr>
<tr>
<td>Occupation</td>
</tr>
<tr>
<td>Manual</td>
</tr>
<tr>
<td>Clerical</td>
</tr>
<tr>
<td>Other services</td>
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<tr>
<td>Manager</td>
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<tr>
<td>Type of pension¹</td>
</tr>
<tr>
<td>Defined Benefit</td>
</tr>
<tr>
<td>Defined Contribution</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

¹ This information was obtained from respondents during the interview. Not all respondents knew what type of scheme they had. In some cases, where the employer offered only one type of pension this could be inferred.

A small number of employees, mainly in clerical positions in the HR or finance functions had increased knowledge of pension issues as a result of the job.
1.5 Report structure

The remainder of this report is structured as follows:

Chapter 2 examines the findings from the interviews with CPF providers and discusses:

- the ways in which CPF providers heard about CPF;
- their motivations for their involvement with the scheme;
- the concerns or barriers to joining (including reasons why some recorded schemes do not intend to “sign-up”);
- the route to becoming ‘live’, including the:
  - support provided prior to registration;
  - internal decision-making process over whether to register;
  - support provided after registration;
  - the opt-out process;
  - exchange of test data;
- the process of issuing ‘live’ CPFs, including:
  - exchange of live data;
  - format of statements;
  - response received from employees to the sending of the statements;
- the overall views of involvement in the CPF process (including views of the account management by the CPF team);
- any variations in opinions by scheme status (live, registered, recorded), by whether public or private sector organisation, by type of pension provision and by size (number of members) are highlighted throughout the chapter.

Chapter 3 examines the findings from interviews with individual recipients of CPFS and discusses:

- the members’ pension situation, including their:
  - length of membership;
  - reasons for joining;
  - overall understanding of, and interest in, pensions;
- the extent to which members recall receiving a CPF;
- ease of understanding of the CPF;
- the impact of the CPF on recipients’ awareness of their financial situation in retirement;
- any action taken or planned as a result of receiving the CPF.

Chapter 4 draws together the conclusions from both the CPF provider and members’ section of the research.
In this chapter we look at views and experiences of pension scheme providers who have engaged with the Combined Pensions Forecasting project. As explained previously, these employers fall into three broad groups – those who have actually sent out combined forecasts to their members (live schemes), those who have made a definite commitment to deliver CPFs and who are at various stages on the way to achieving this goal (registered schemes) and those who have expressed an interest in the project but not yet made a definite commitment to participate (recorded schemes).

We look at the ways in which employers came to hear about CPF, their motivations for involvement and the obstacles/barriers to doing so. We explore their experiences on the route to becoming live – from the support received from the CPF team prior to registration, the internal decision-making processes, the support after making the decision to register, organisation of the opt-out process for members and the exchange of test data. For those that had reached live status by the time of interview, we also present findings relating to their experiences of exchanging live data, the formats used for statements and the response received from employees. In the final section of the chapter, we draw together the overall views of providers of their involvement with the CPF process.

2.1 Hearing about CPF

The majority of organisations interviewed first came to hear about the CPF project through conferences/seminars, other providers involved in the scheme, or direct communications from the DWP. In the case of the providers who had already reached live status, the majority had been proactive in finding out about CPF and had either telephoned the CPF team themselves or had attended conferences with the intention of seeking out the CPF stand. They had initially heard about the scheme through editorial coverage in related media/trade press or through the DWP website.

‘Our manager was interested – he wanted to include something about state pensions in our statement – we then got more information about it at the Profund conference.’

(Live Scheme)

‘After hearing about it (CPF) in the media, we contacted the DWP.’

(Live Scheme)

Representatives of registered schemes had generally been less proactive in finding out about CPF. Again, several of these registered schemes first came into contact with the CPF project through
conferences or seminars but generally they did not attend these events with any prior awareness of CPF. Some registered providers first heard about CPF when they were contacted by a member of the DWP CPF team.

‘CPF did a presentation at the National Information Forum in November 2002 – we did not have a rep at the event but the CPF team sent the presentation by e-mail to all non-attending local authorities with a number to call to set up a meeting with them, we rang to express our interest.’

(Registered Scheme)

‘Various people have brought things back from various places, and we’ve also got things in the post. My main assistant (Deputy Pensions Manager) heard about it at a meeting with a presentation for people involved in pension schemes in the local area. I also got a phone call from the DWP which really caused me to register – it was one of these things in my in tray and I thought I must register for this but it never got to the top of the agenda ‘til then.’

(Registered Scheme)

Those who had ‘recorded’ status at the time of interview were even more likely to have first heard about CPF when they were contacted by the DWP either by telephone or through an information pack in the post.

Generally, those organisations who had progressed further through the CPF process were more enthusiastic about involvement and were more likely to have had prior knowledge of the scheme before contact with the CPF team.

‘An unsolicited pack was sent to the company – I filled in a one-page form expressing my interest. After it was returned to the CPF team, they sent me some information forms and the registration form.’

(Recorded Scheme)

‘I heard about it though general information in the press but I also received a mail shot from the DWP.’

(Recorded Scheme)

2.2 Motivations for involvement

When asked for their reasons for expressing interest in the CPF scheme, providers generally spoke about the benefits for their employees. They felt that providing CPFs would increase their members’ awareness of their likely situation in retirement and hence help them to plan for retirement on a more informed basis. Several stated more specifically that they felt that receipt of a CPF would act as a ‘wake-up call’ for members, reminding them that they are unlikely to be able to rely on the state pension to fund their retirement. One or two schemes stated that they felt that CPFs would serve as a useful reminder for their members to opt back into SERPS at the appropriate time.

‘The state pension is part and parcel of planning for the future – people need to have an overall amount to look at for where they will be when they retire – some people will think that they will get X amount and will be sadly disappointed when they don’t.’

(Live scheme)
‘We wanted to provide employees with as much information as possible – we’re quite a paternalistic employer.’

(Live scheme)

‘It’s something new – we could give members a complete picture of their entitlements on retirement.’

(Recorded scheme)

‘We would like members to get a full picture of what they are likely to get on retirement. There’s misunderstanding on the members’ part and too much reliance on the state to give them a full pension.’

(Recorded Scheme)

Several providers did not feel that there was any particular benefit for them as employers in participation in the CPF scheme. Where providers did acknowledge employer benefits these were very much considered to be secondary to the benefits to employees. The secondary benefits included:

- being seen to be a good employer (and hence improved employee motivation);
- encouraging employees to invest more/encouraging increased uptake of their own pension schemes (and hence increasing loyalty/motivation, by encouraging employees to make changes that would be of benefit to them);
- increasing the value that employees place on the pension scheme provided for them (through the direct comparison between it and the state pension that a CPF allows);
- being at the forefront of a new scheme;
- providing the opportunity to check employer records against those held by the DWP.

‘I can’t see that we saw any particular benefits for the employer other than goodwill... but we saw it as a clear benefit to staff. What is very interesting when we send these sorts of things out is people realise their mistakes and tend to phone up and say ‘Can I join the scheme’ and that kind of thing.’

(Live scheme, which sent CPFs to non-scheme members too)

In some cases employers stated that it was a lack of serious barriers that encouraged their participation rather than any specific advantages for them. They stated that they became involved because – as far as they could see – the scheme was free and reasonably straightforward, necessitating limited resources on their part. A few stated that they had become involved partly because they envisaged that the provision of CPFs was likely to become compulsory in the short to medium-term anyway.

‘It’s just logical as far as I’m concerned – it’s part of my job remit for ‘customer’ (employee) care. Employees receive annual information about their DC pension scheme so it seems logical to get information about their state pensions also.’

(Registered Scheme)
'Members get to see a more realistic value of their state pension alongside their private benefits so they can plan for their retirement. It's better than an actuary’s estimated calculation which is never based on contributions paid. It's also a free service (for us) and if we do it we're seen to be looking after our members and providing accurate information. It also gives the opportunity to check against DWP records.'

(Registered Scheme)

2.3 Barriers to involvement

While many saw no serious barriers to participation, most live or registered providers had at least one concern about the CPF process which needed some consideration before they decided to register. Most commonly, these were concerns about the level of administration needed to set the process up or the technicalities of transferring data to the DWP. Other concerns included:

- managing the opt-out process – with some stating that they were ‘daunted’ by the apparent rigidity of the DWP requirements around this part of the procedure;
- that their staff might not want to take part because of concerns over privacy;
- being inundated with queries once members actually received their CPFs.

‘There were no real barriers or concerns about joining the scheme, no resistance from employees, colleagues or trustees. Time was taken up primarily with getting to grips with the IT aspect.’

(Live scheme)

‘Admin time – it was more that it was an unknown commitment in terms of admin time, but that wasn’t really a barrier as such, more of a minor concern.’

(Live scheme)

In the case of live and registered employers, the DWP played a key role in overcoming these barriers. In many cases, telephone conversations with a member of the CPF team helped to combat concerns in terms of the administrative and IT implications of participation. Some found out from the CPF team that the DWP had a helpline number that employees could contact in the case of queries about the state pension forecast provided (or where it could not be provided) and were reassured that this would reduce the number of enquiries that they would have to deal with. In some cases simply referring to the DWP information pack provided enough information to combat concerns.

‘The chairman and secretary were worried that we would be inundated with 500 phone calls, but we were shown examples of the leaflet with the DWP telephone number. It allayed any fears.’

(Registered Scheme)

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Information pack provided by the Combined Pension Forecasting Team containing information about the scheme and its requirements, including a registration form and technical guide.
‘The concerns are over how easy it’s going to be to get the information from the DWP co-
ordinating with our own benefits statement and the real practicalities of how it will all work -
questions like how do we deal with part-timers. We’ll get advice from the DWP on this.’

(Registered Scheme)

As mentioned earlier, these concerns did not form great barriers to participation for live and
registered providers – in none of these cases were any of these concerns part of a ‘make or break’
decision to participate. Most were fairly determined to take part in the scheme and were just looking
for some reassurance to help them to be sure that there would be no difficulties that would come as
a surprise further down the line.

The barriers to participation for recorded contacts are essentially the same but, because they start
with a slightly less enthusiastic stance, each of these issues represents a somewhat larger barrier to be
overcome. The provision of CPFs is lower in their list of priorities and hence several recorded contacts
stated that the main barrier to participation was simply that there were other activities within their
organisation that were demanding their attention at the moment. These included dealing with re-
structuring, mergers and acquisitions activity, pension scheme changes and the accommodation of
new staff in pensions or HR roles. Hence, most recorded contacts stated that they had not yet decided
whether or not they would participate in the scheme but were simply waiting for a more appropriate
time to consider it in more depth.

‘We’re currently going through massive and significant changes within the administration of
the company so we cannot go into the scheme yet. . . the Administration Manager, like me,
thinks it’s a good idea and informative but obviously we cannot go into the scheme yet.’

(Recorded Scheme)

A few recorded contacts had decided that they would definitely not become involved with the CPF
scheme. The reasons given for reaching this decision included that:

• they had heard bad press about the scheme from employers already involved (in terms of the
  complexity of DWP data requirements and/or the provision of inaccurate data);

• they felt that the CPF scheme was a way of persuading employers to ‘do the Government’s work
  for them’;

• they ran a defined contribution scheme and they felt that CPFs were more appropriate for
  companies with defined benefit schemes (one mention only).

In one other case, a scheme had decided not to become involved because they were already providing
a general illustration (rather than individual) of what employees could expect to get from the State,
which they felt was easier to provide and adequate for employees’ needs.

‘We do some form of this now – we have a planner for members of the defined contributions
scheme, which includes a general illustration of state pension. . . there’s complexity involved
with going with the CPF scheme, which we do a variation of so there is no point.’

(Recorded Scheme)

‘There’s a massive downsizing of the company going on at the moment so it’s not the best time
to participate. We’re also very conscious of the government putting emphasis on employers to
find out this information and thus increase staff workload and costs.’

(Recorded Scheme)
2.4  Support prior to registration

While the queries that live and registered providers had were often dealt with through a series of telephone calls with a member of the CPF team, some providers also received a face-to-face presentation prior to deciding to register (particularly if the way in which the provider first heard about the scheme was through a telephone call or a letter from the CPF team). Some did not feel the need for any further contact with the CPF team (after the initial contact) and simply referred to their information packs to answer any further queries. Those live and registered providers who did receive more support from a member of the CPF team tended to be very positive about the quality of this support. They felt that their CPF team contact took time to explain the scheme thoroughly and appreciated the fact that they received several telephone calls to see how things were progressing. Those who had received a presentation felt that these were informative and professionally delivered.

‘The presentation was very good – I was very impressed with this approach and they gave quite an accurate impression of the scheme.’

(Registered scheme)

‘They kept phoning to ask us if things were going OK and if we needed any help.’

(Live scheme)

‘They took a lot of time to explain the process very thoroughly.’

(Live scheme)

Most providers recalled receiving a video or DVD from the CPF team but very few had actually watched this. Generally this was because they did not have the facilities to view it at work and/or they felt that all their queries had already been answered.

Several recorded contacts stated that they had also received several calls from members of the CPF team checking whether they needed any further assistance. In some cases, these providers had found this persistence slightly annoying because they felt that they had already told their CPF contact that they would be unable to think about participating in CPF for a while because they had other priorities.

2.5  Decision-making process

In the case of the live and registered providers, the decision to participate in the CPF scheme had been made relatively quickly and the process of obtaining consent from colleagues had been simple. In most cases there had not been a large-scale consultation process; the scheme ‘champion’ (generally speaking the most senior member of the pensions department) had consulted with one or two other colleagues (usually involving a representative of the human resources department) and a decision had been reached on this basis. A formal consultation with pension scheme trustees had not normally been felt to be necessary although most providers had informed trustees of their intention prior to sending out CPFs. Only in a very few cases did employers take any form of external advice before deciding to participate in the scheme. Where this advice was taken it was normally around the IT demands of participation (and the implications that this would have for the design of internal systems) and involved consultants or suppliers.
‘The ethos of the company is that if you want to get something done, you put a team together and do it – it tends not to be a formal structure.’

(Live scheme)

‘It was a very easy and straightforward decision.’

(Registered scheme)

‘The main pensions guy wanted to do it – he made the decision.’

(Live scheme)

The decision-making process was generally small-scale and straightforward because providers did not see major disadvantages to participation. They understood the resource implications to be slight and hence did not require wider ‘buy-in’ from within their organisation. In the case of the majority of live and registered schemes, there was a reasonable degree of enthusiasm for participation because the provision of greater information to employees formed part of the company’s ethos and hence there was not a need for a great deal of consultation.

Since the bulk of the decision-making around CPF participation has taken place with pensions departments (with some involvement from HR representatives), this provides evidence that the CPF team strategy of targeting pensions directors/managers is the most appropriate route to pursue (at least in companies large enough to employ such staff). It does not seem necessary to target staff further up the general decision-making chain (such as owners/managing directors).

In a few cases, the pensions department did engage in wider consultation prior to registering for the CPF scheme. This involved circulating a paper about the scheme or inviting the CPF team back to present to a wider audience.

2.6 Support after registration

Again, most live and registered providers were positive about the support that they received after registration. Most recalled receiving a work schedule from the CPF team outlining both their role and the role of the CPF team and providing dates for each stage of the process. Most spontaneously mentioned that they found this a very helpful document and stated that they referred back to it regularly. This was particularly important for those who had quite a large gap between registering for the scheme and the date for issuing of CPFs. Often the dates on this schedule had to be altered because of internal resourcing issues or difficulties with the test data exchange but providers found the CPF team willing to provide redrafts of the schedule with each change.

Only very few encountered difficulties at this stage, including a lost registration scheme and one employer who was not issued with a registration number. In none of these cases were these difficulties seen as major problems and all felt that the CPF team were very helpful in resolving them.

‘I can only praise the efforts put in for the company.’

(Live scheme)

‘The initial registration form was lost from the DWP point of reference. We ended up faxing it through. These things happen and it didn’t make us concerned about the scheme.’

(Registered scheme)
2.7 Opt-out process

Before they are able to exchange live data with the DWP, employers have to obtain the consent of their employees. This is conducted by means of an opt-out process whereby employees are informed of their employers’ intention to obtain a state pension forecast on their behalf and told the type of data that will be exchanged to make this possible. Employees can choose to opt out of the scheme if they do not wish to receive a CPF. Of the live and registered providers interviewed, all of the live schemes had completed an opt-out process and half of the registered schemes had done so.

Many of these providers had elected to conduct the opt-out process through a dedicated mailing to employees. Smaller numbers used:

- a note included with pay-slips;
- a company e-mail;
- a note with the company newsletter;
- a note with the company benefits statement.

Some had simply used the DWP opt-out template with no customisation. (A copy of the DWP opt-out template is shown at Appendix E) The extent of customisation made by others varied. Sometimes this involved simply the addition of a company logo and adjustment of a few words. Others had used the opportunity to reconfirm the necessary details with employees including a tear-off slip to be used to notify the provider of any incorrect information.

‘I sent out a copy of the letter the DWP provided, together with a covering letter explaining what it was about, what we were planning to do and why. It was very helpful because, short of changing a little wording, there was no hard thinking of what to send out.’

(Live scheme)

However, some providers expressed frustration with what they perceived as the rigidity of the rules around the opt-out process. They would have preferred greater freedom to adapt the wording of the opt-out letter to reflect the tone with which they normally communicate with their staff. Some had concerns that the DWP wording was unnecessarily intimidating – making the process of obtaining a CPF seem more complicated and involved than it is. In fact, the format of the opt-out letter is flexible so long as the legal caveats are included but this does not appear to have been fully understood by some CPF providers.

A few CPF providers received queries from staff on the back of the opt-out mailing but there were small numbers of these and they had few difficulties in answering them. Generally, these were queries about the value of obtaining a CPF or the type of information that would need to be exchanged to obtain one.

Despite the fact that some employers voiced concern that the DWP wording on the opt-out mailing would make employees more likely to opt out than if the provider had rephrased the letter, in the event, most of those who had completed the opt-out process received a relatively small number of opt-outs. The number of opt-outs received was typically around three per cent of those mailed while a minority of providers received none at all. One or two employers felt that they would have liked to have received notification of the level of opt-outs that they should expect prior to sending out their mailing (they did not recall being given this information by the CPF team). Providers felt that the opt-outs that they did receive were a result of data protection concerns, because employees may be in contravention of employment legislation or because some (older employees) have already obtained a state pension forecast.
Generally speaking, providers did not consider administering the opt-out process to be a large or time-consuming task. This was the case regardless of the number of staff that the provider had.

‘Very little time was taken up by the (opt-out) exercise. There were set up costs in terms of the time spent but this was below average and nothing untoward.’

(Live scheme)

There is no requirement to conduct a full opt-out exercise each year. In subsequent years, CPF providers only need to ensure that new joiners have been given the opportunity to opt out and ensure that they have updated their records to remove anyone who has decided to withdraw from the scheme subsequently. There appeared to be some confusion among employers about how they should conduct the opt-out process in future years. A few stated that they simply intended to include an opt-out form in their ‘welcome pack’ for new joiners. However, others were under the impression that they would need to obtain consent from all employees for every exchange of data and hence would need to conduct a full-scale opt-out process every year. The CPF team advises employers that they do not need to do this but simply tell employees to contact them if, at any stage, they do not wish to have a CPF obtained on their behalf. This message did not seem to have been taken on board by all providers.

‘Each June, prior to the data transmission process starting, participants are asked again, each time. So there’s an opportunity to opt out every time. This means that the form has to be re-dated each time and it could happen every five minutes if they weren’t careful. It’s all a bit of a struggle.’

(Live scheme)

### 2.8 Exchanging test data

Prior to the exchange of live data, providers have to successfully complete a data exchange using dummy data. This is the stage of the CPF process that had caused most frustration among live and registered providers. Most stated that they found that the process of getting test data successfully transferred took considerably more work than they expected (and in a couple of cases this had direct financial implications). Several providers had had their test file rejected at least twice (and a few had had to make four or more attempts before achieving success).

Part of the issue was that providers found the format that the data file was required in unfamiliar (and to their mind unnecessarily complicated). The specific elements of the formatting that were mentioned as unfamiliar included the file naming conventions, the way in which dates are recorded, the need for specific header and footer records and the requirement for a fixed record length.

Further frustration resulted from the fact that providers found that it took a long time (estimated at about two weeks) for them to be notified that their data exchange had been unsuccessful. This became a particular issue when employers had experienced several rejections already (which had not been built into their schedule). In a few cases, repeated rejections meant that the provider came close to withdrawing from the CPF scheme (at least for this year). It should be noted that the procedure is that the data exchange is undertaken on receipt of the file and if a failure occurs, a notification is produced and emailed to the customer on the same day. It is therefore unclear why this problem was reported.
'In the first year problems with the test data caused enormous delays. Data was needed by the end of July to print statements in September for delivery in October. I went into panic mode as every time I submitted (the test data) something went wrong – there were three data trials and each picked up a different problem. There were four trials in the end.'

(Live scheme)

Others were frustrated by the iterative way in which problems with their test data were identified. They found that, instead of notifying them of all the problems with a particular file in one go, they would simply be given one reason for the rejection of the file. They would then correct this particular issue only to have the file rejected on the basis of another problem (which was also an issue with the original file). The combination of this process and the perceived slowness with which they were notified of a file’s rejection caused considerable frustration and anxiety for some providers.

‘There is just no checking at the DWP end – it is just a matter of a computer crunching it and then kicking it back out again.’

(Live scheme)

Providers found that their CPF contacts were unable to provide much support through the problems that they experienced with the test data exchange. They found that often CPF staff were unable to explain the meaning of the error codes that they received or that they were simply referred back to the Technical Guide. They would have liked to see their CPF contact take greater ownership of this process – explaining the full extent of any problems with their test file and providing detailed explanations on how to rectify these difficulties. A few expressed frustrations that they were not provided with updated versions of the Technical Guide or with the Excel File Generator6 until they started to experience problems.

‘The DWP kept telling us to check the Technical Guide. By the sixth or seventh time it was obvious that we were struggling but no detailed help was given.’

(Registered scheme)

‘The main problem seemed to be one of communication – the DWP contact couldn’t help with the resolution of IT queries – they were basically working from the same guidelines as us.’

(Registered scheme)

‘The CPF team were as helpful as they could be but they could not answer my IT questions... the administrative team and the IT team did not seem joined up at the time when I needed help and guidance (2002). At the time I had contact with the IT people working for the DWP team in Newcastle and IT people working for a company called EDS - sometimes I asked a question of one of them and someone else called me back. There was lots of going round and round in circles.’

(Live scheme)

One or two smaller providers were irritated by the fact that they had to generate 100 test records even though they had fewer than 100 staff. They felt that the process of ‘making-up’ the additional records was time-consuming and seemed unnecessary.

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6 The Excel File Generator is a tool developed by the CPF team which helps to convert data into the format required to exchange data successfully. An updated version was provided in April 2003 to improve the success in data tests.
It is, however, worth bearing in mind that several of the providers who had reached (or nearly reached) live status at the time of this research had been involved with the CPF since its relatively early days. It seems that some of the problems experienced by these providers represented ‘teething problems’ that have been rectified (at least in part) as the scheme has developed. Those who had been involved in exchanging test data in the three or four months prior to the research did seem to have experienced fewer problems at this stage than those who had reached this point earlier. Some of the early adopters of the scheme stated that they felt they would have experienced fewer difficulties if the Excel File Generator had been available at the time when they were exchanging test data.

In terms of improvements to the process of exchanging test data, providers suggested that:

- examination of test data files was conducted by CPF staff (rather than through an automatic process generating standardised output) and that CPF staff had a greater ability to diagnose problems with test data files;
- DWP staff were able to visit employer sites and assist with the formatting of files if employers had experienced repeated file rejections;
- any updated guides or tools were sent to all providers as soon as they became available (regardless of the stage of the process that the provider had reached).

‘If the CPF team had just sent an email with the formatted spreadsheet from the word go then it would have been much better.’

(Live scheme)

Some providers suggested more fundamental changes to the process of exchanging data, namely removing the necessity to convert the data to a text format or for this process to be conducted by the CPF team rather than by staff in the provider’s organisation.

2.9 Technical Guide

Most of those who had exchanged test data had consulted the CPF Technical Guide at some stage. The majority of non-IT staff found this guide quite difficult to follow and sometimes confusing, feeling that it had been designed very much with an audience with sophisticated IT knowledge in mind. They felt that this was a mistake since at least part of the process of exchanging data took place outside of the IT department (file preparation has commonly taken place within the pensions department).

‘The Technical Guide could be very off-putting. It’s 35 pages long with loads of technical stuff! I could have easily been put off by it.’

(Live scheme)

Several employers suggested that companies smaller than themselves (who may not have an IT department) would find the Technical Guide particularly difficult to use.

Providers suggested that the following improvements to the Technical Guide could make it more user-friendly:

- (a more accessible) trouble-shooting section to help with sending test data;
- some form of highlighting for the most important/most frequently used sections and/or some form of summary for each section in non-technical language;
- reference to and explanation of how to use the Excel File Generator;
advice for small companies (for example, around generating a dummy data file of 100 records if there are fewer than 100 staff).

2.10 Exchanging live data

A few providers experienced problems with the exchange of live data even after they had completed a successful test exercise. However, in most cases the exchange of live data took place relatively smoothly.

Providers felt that some unnecessary anxiety was caused by the fact that they did not receive an acknowledgement that their datafile had been received and appeared to be in the correct format. Most providers were operating within a relatively tight time window at this stage and were concerned that if anything had gone wrong with their data exchange then they would have been unable to meet their deadlines for incorporation of the state pension forecast into their existing pension statements. They were worried that at the end of the two-week period taken to process data that they would simply receive a message to say that it had not been possible to complete the data exchange. This anxiety largely stemmed from their experiences of the test data exchange when (from their perspective) there were quite long gaps between sending the file and receiving a response from the DWP. Providers felt that a message sent relatively quickly to confirm that the file seemed to be in order and to provide a definite delivery date for the data would have helped to allay their fears.

‘They are slow to let you know if there’s a problem – it took them a week to come back about the file name thing – which slows down the process. It’s also slow because they won’t accept email files of live data – I can’t think of any good reason why not.’

(Live scheme)

2.11 Mismatches

When provider data for an individual does not match DWP data for that person – in terms of name, gender, date of birth or National Insurance number then it is not possible to produce a state pension forecast and the result is termed a ‘mismatch’. Providers typically found that between three and five per cent of the records that they submitted resulted in mismatches. Before going live, CPF providers are informed that if mismatches occur that they should instruct their members to call the Retirement Pension Forecasting Team (RPFT) call centre, who deal with forecast queries. However, despite this, the ways in which they have been dealt with varied:

- some had simply accepted that mismatches were inevitable and had not conducted any further investigation into these records;
- others had elected to contact the individuals affected and tried to confirm details;
- a few had not anticipated that there would be mismatches and had tried (unsuccessfully) to find out why this was the case from the Technical Guide;
- some were unsure about how to present the fact that there had been a mismatch in statements to affected individuals – usually they had decided to send out a separate letter.

‘The only frustration was that the reason for these 15 (mismatches) are not known.’

(Live scheme)
2.12 Statement formats

CPF providers have some discretion over how they choose to present the state pension forecast to their members/staff. Those who participated in this research had taken two broad approaches - either to have the state pension forecast on a separate letter or to incorporate it into a wider pensions or benefits statement.

It was more common for CPF providers to have presented the state pension forecast on a separate sheet. Generally speaking, where this approach had been taken, CPF providers had simply used the template document that they were provided with by the CPF team. This template provided the format and wording for presenting the state pension forecast information and some additional explanatory notes at the bottom, including the telephone number of the RPFT (Retirement Pension Forecasting Team) helpline if they had any queries about the forecast. (A copy of the template is shown at Appendix F). These CPF providers who had used the template felt that this was an easier approach since it did not require the re-formatting of any existing documents. Some also felt that it made the document look more official and/or disassociated the employer from the state pension forecast (making it clear that they - the CPF provider - were not responsible for the accuracy of the data or for handling any queries about the information shown).

'We sent it out with the benefits statement, but on a separate sheet – this was easiest as the benefit statement format is already set up and fits nicely on to two sides of A4. If we were to include the statement as one document we would have to print on A3 and we don’t have the ability to do that in house.'

(Live scheme)

CPF providers with defined benefit schemes (that were open to new members) were more likely than other CPF providers to have elected to incorporate the state pension forecast into a wider statement (either a company pension statement or a wider benefits statement). Even where the state pension forecast had been incorporated into the wider statement, many still used a similar format to the template provided by the CPF team. Many included some of the explanatory notes or at least the telephone number of the RPFT helpline for queries about the state pension forecast. A few had presented a combined forecast of the total amount the member would get from both the state and occupational pension (based on retirement at 65 years old).

Several employers who had taken this incorporated approach stated that they had chosen to do so because they felt that this was the only way in which a statement could be considered to be combined. Some were also keen to claim ownership of the information that they had obtained from the DWP - they wanted to make it clear that the information had not been obtained ‘automatically’ and that they had made some effort to secure it for employees. A small number of these CPF providers voiced slight concern that, by taking the approach of incorporating the state pension forecast into their own statement, they might cause some confusion among employees over the fact that the figures presented for the state and occupational pension related to different retirement ages. However, they felt that this potential problem was outweighed by the advantages of allowing employees to see the two sets of figures alongside each other. This did not appear to cause any confusion for employees as it was not mentioned by any employees covered in the research.
2.13 Scheme coverage

The majority of CPF providers had sought to obtain state pension forecasts for the active members of all their pension schemes. In a few cases, CPF providers had elected simply to obtain state pension forecasts for members of one of their schemes. This tended to be either because the rest of their schemes had very small numbers of members or because they were keen to use one scheme as a ‘trial’ for their first year of participation and then roll out to other schemes in later years.

A few CPF providers have also obtained state pension forecasts for non-members of their pension scheme(s). Most of these were running defined benefit schemes that had very high levels of membership (and hence the inclusion of non-members did not greatly increase the workload, in fact at least one scheme felt that it would have been more work to have removed the small number of non-members from the exercise). A small number of CPF providers with defined contribution schemes have obtained state pension forecasts for non-members in an attempt to prompt greater take-up of their pension scheme. It did not seem that all CPF providers were aware that they could have elected to obtain CPFs for non-members as well as members (and to some extent this seemed counter-intuitive since they would not be able to produce a combined pension forecast for these individuals).

None of the CPF providers interviewed had obtained state pension forecasts for deferred members of their pension schemes. This was not something that they were interested in doing since they felt both that their records would be out of date and that there would be ‘nothing in it for them’ since these members have already left their organisation.

2.14 Employee reactions to CPFs (employer view)

At the time of interview, employers had not received much feedback from the staff who had received CPFs. They generally felt that employees had been able to understand the CPF (usually on the basis that they had not received many queries). A few had anecdotal evidence that employees had been shocked at the (low) level of state pension that they were likely to receive. A few had noticed increased employee contributions (to defined contribution schemes) after the CPFs were sent out and one or two had seen increased membership of their scheme (where the CPF had been sent to non-members). No employers were monitoring this systematically.

‘There have been a few raised eyebrows and an increased knowledge and awareness among our members.’

(Live scheme)

‘I think that having a CPF scheme brought home to people the huge cost to the company of running a final salary scheme.’

(Live scheme)

‘People are changing their views about how they think about their retirement income.’

(Live scheme)
2.15 Overall opinions on involvement with provision of CPFs

All live providers stated that they felt that their involvement with the CPF scheme had been worthwhile. They felt that sending out CPFs had helped (or should help) to raise staff awareness of their likely financial position in retirement and to provide them with more information to make an informed choice on what action they needed to take. They also generally felt that issuing CPFs had enhanced the impression employees had of them as an employer (albeit slightly).

All those who had sent out CPFs anticipated that they would continue their involvement with the scheme in the future, although one or two added the caveat that this would be dependent on not receiving a dramatic increase in the number of opt-outs in subsequent years.

‘The membership now expects it. We would only stop it if members themselves said that they didn’t want it anymore.’

(Live Scheme)

Most live providers who had only included members of one of their pension schemes in the first year of their involvement with CPF anticipated that they would extend their participation to include their other schemes next year.

All live providers and most registered providers stated that they would recommend the CPF programme to other employers/providers and a few had already done so. However, some stated that they would only be prepared to do so if they had confidence that anyone they recommended the scheme to would experience fewer problems with the transfer of test data than they themselves had experienced and that the CPF team would be resourced to handle an increased level of custom. A few also stated that they would only feel comfortable in recommending involvement with CPF to organisations similar to themselves i.e. with in-house IT resources.

Providers’ views of the CPF account management process were generally very positive. Some had dealt with a single point of contact while others had spoken to a number of different members of the CPF team throughout the process. Whether an employer had spoken to one or several contacts did not seem to have a bearing on their overall views of the CPF account management. The majority of providers stated that they did not feel that it was necessary to deal with a single contact provided that all the members of the CPF team were able to access information on the progress of their account and to maintain a high quality of service (which generally those who had dealt with several people had found to be the case).

‘As long as you know the names and know they are all there to help then I don’t think it is necessary to have just one contact.’

(Live scheme)

‘Over the last year, we have had three different account managers. This has not caused a problem as all have been competent and friendly and we feel that the personal touch has always been there.’

(Registered scheme)

They found their Account Managers to be personable, supportive and proactive. A small minority stated that they felt that this proactiveness had, on occasions, been a little frustrating and seemed to...
them to demonstrate a preoccupation with schedules and dates rather than an understanding of the conflicting demands on their time that employers were experiencing.

All felt that the knowledge and expertise of the CPF Account Managers was generally good but some felt that more technical knowledge regarding data formatting would have helped to prevent their frustrations at the test data exchange stage.

‘They need more technical people in the office and there is not enough in-depth knowledge. We had queries about EDI (Electronic Data Interchange) and stuff got lost in the third party translation.’

(Registered scheme)

‘The CPF team were as helpful as they could be but they couldn’t answer my IT queries.’

(Live scheme)
3 Employee research

In this chapter we examine the findings from the interviews with members of live schemes, i.e. members who had received a combined pension forecast (CPF). Before looking at their views about the CPF and the impact of receiving one, we look at the pension provision amongst this group, considering how long they have been a scheme member, their reasons for joining and whether they have any additional provision. We then look at their knowledge of their own pension scheme as well as their interest in pension issues more generally.

Moving on to examining the CPF itself, we initially assess recall of receiving the forecast and the opt-out process. We then examine these members’ views of the CPF, including their understanding of why it was provided and the information it contained.

We then move on to consider the effect of receiving the CPF, looking at its impact on members’ awareness of their financial situation in retirement and whether any action has been taken or considered as a result.

Variations in the views and effect of receiving the CPF by employees’ gender, age, occupation and overall interest in, and knowledge of, pensions have been examined and are highlighted where they exist.

3.1 Pension provision

All employees interviewed were members of their employers’ pension scheme. As discussed in the previous chapter, a few schemes sent CPFs to all employees, not just scheme members, but in these cases the proportion of non-members in the workforce was small and we did not achieve interviews with any of these staff.

Most employees interviewed had been a member of the scheme which issued them a CPF for less than five years. Only a few of those interviewed had been a member for over 15 years. As might be expected, these older members were more likely to aged 54 and over.

There were a number of reasons mentioned by members as to why they joined their employers’ scheme. Many felt that it was the best scheme or a very good scheme and better for them than contributing to a personal pension. This reflected the fact that most respondents were members of defined benefit (DB) schemes or other schemes to which the employer was contributing. Some mentioned the specific reasons for their positive attitude towards the scheme; namely the fact that their employer contributes and/or that the amount of income they would get when they retired was guaranteed. The latter is only provided by DB schemes and as such it follows that those respondents
who said this were members of a DB scheme, especially one that was still open to new members (this may reflect the fact that employers whose DB schemes are still open to new members may have advertised the advantages of them retaining such a scheme).

‘The company contributes at a generous rate and it’s worth having a little extra for retirement.’
(Female, Over 45)

‘I am not earning a lot of money and couldn’t afford a private pension – with this the company also contributes. It’s stupid not to go into a company pension scheme.’
(Male, Over 45)

‘It’s a good way of saving – the money is not missed as it’s deducted at source. Also you get the employer’s contributions.’
(Female, Over 45)

‘I’ve always been in a pension scheme and any company pension scheme is better than a private one because the employer also contributes.’
(Female, Over 45)

Others mentioned that they wanted or needed to save more, or start saving, for their retirement.

‘I wanted to make some provision for my future – it’s a decent enough scheme.’
(Female, Under 45)

‘You need security for retirement – in addition to the state pension. The state pension is not enough and I would have to take out some scheme or endowment policies. I would rather pay into one scheme than have to worry about saving for retirement.’
(Female, Over 45)

There was a sizable group of people who had joined the scheme when they joined the company. Some of these mentioned that their entry into the scheme was automatic and that you had to actively opt out in order not to join. Some older employees joined their scheme when the company was still allowed to make it a mandatory condition of employment.

‘I had no choice - when you joined the company, you joined the scheme. You could opt out but you’d be silly not to be in the scheme.’
(Male, Over 45)

‘It was a condition of service – at the time you couldn’t opt out. A final salary scheme is an excellent scheme and you get good death benefits for dependants and ill health cover and you can be awarded extra years.’
(Female, Over 45)
Some of the employees interviewed had other pension provision. This was mainly deferred pension provision from previous employers, hence it was more common amongst those aged over 45. These respondents had only received a CPF from their current employer.

### 3.2 Knowledge of Pension

In order to obtain a broad assessment of respondents’ knowledge of pensions we asked them to tell us about their pension scheme and in particular about what type of scheme it was, how much they and their employer contributed, and how the amount they would get when they retired was calculated.

Some had a good knowledge of their scheme. They knew what type of scheme it was, their employer’s contribution rates, and how their final pension was calculated. This group were more likely to be older (aged 45+) and in a managerial or service occupation, earning over £25,000. As may be expected, a higher proportion of those who may have had an increased knowledge of pensions due to their job had a good knowledge about their own pension scheme. They were also more likely to members of schemes other than defined benefit schemes. This reflected the fact that respondents in DB schemes were less likely to know their employers’ contribution rate, reflecting that this is not fixed and were also less likely to know how the pension was calculated.

‘It’s a money purchase scheme – money is invested in a couple of different funds. I contribute two and a half per cent and the company contributes three per cent. What I get will be worked out on the value of the fund.’

(Female, Over 45)

‘It’s a defined benefit, final salary scheme. They take the highest salary of your last three years at work and calculate one sixtieth for each year of service. The employer contribution is 20%, which is up from 14% this year as a result of an actuarial assessment. My contribution is one forty-third of my salary - I can’t contribute any more because of my age. You get the option of contributing between one fortieth and one sixtieth.’

(Male, Over 45)

More of the employees spoken to had a fair knowledge of their pension scheme. Like those with a good knowledge, they could recall what type of scheme it was and they usually knew their contribution rates, but very few knew the contribution rates of their employer and/or how their final pension was calculated. As indicated, these people were more likely to be in DB schemes, particularly ones still open to new members, and in clerical occupations.

‘It’s a defined contribution scheme – it’s like paying into a bank account which gives an interest on savings. On retirement you get a lump sum to buy your pension with. I can’t recall mine or the company’s contributions.’

(Female, Over 45)

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7 This is a higher level of ‘good’ pensions knowledge than has been indicated by other pensions research, this could possibly be due to the fact that those with good pensions knowledge were more likely to volunteer to take part in the research and the high proportion of DB schemes that have joined the CPF scheme, particularly DB schemes run by paternalistic employers who are very keen on making sure their staff are informed of pensions issues.
'It’s a money purchase scheme – I know my money goes into my individual pot rather than one big pot. I can’t recall the contributions right now – they’re on my payslip though.’

(Female, Under 45)

‘I’m not sure what the scheme is called but from the meeting I know it’s not a money purchase. I am going to be contributing five per cent and the company is doing 8.5 per cent, but they had been doing 13.5 previously. I am not sure how the final pension is worked out – I don’t know what it means but they say it’s an eightieth.’

(Male, Under 45)

Only a small group of those interviewed had a poor knowledge of their pension scheme. Unlike those with a good or fair knowledge of their scheme, many employees in this group did not know what type of pension scheme they were in. A few knew how much they contributed each month but only one or two could recall their employer’s contributions and none knew how their final pension was calculated. Those with this poor knowledge of their pension were more likely to be women in clerical occupations and aged between 35 and 54.

‘I can’t really say, except that I make a contribution which is matched by the company – it’s three per cent.’

(Female, Under 45)

‘I can remember what type of scheme it is – I contribute about £80 to £100 a month, I don’t know what my employer contributes.’

(Female, Under 45)

3.3 Interest in pensions issues

Most employees said that they were very or fairly interested in pension issues. Those aged 45 and over were more likely to say this, as were those in managerial occupations and those who were members of DB schemes, particularly those still open to new members.

‘Yes, pretty interested. I have worked for this pension so I want to make sure it’s in the best possible state.’

(Female, Under 45)

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As with knowledge, this is a higher level of interest in pension issues than has been indicated by other pensions research, this could possibly be due to volunteer bias and the high proportion of DB schemes that have joined the CPF scheme, particularly DB schemes run by paternalistic employers who are very keen on making sure their staff are informed of pensions issues. It could also be due to the fact that people were not willing to admit that their interest in pension issues was low in an interview about pensions and we also have to be aware that people were not required to ‘prove’ their level of interest, i.e. those who said they were very interested may not engage in any activities that would back up such an assertion.
Those whose job role may give them an increased knowledge of pensions were more likely to be very interested in pension issues. Many in this group felt that their interest in pensions had increased recently, primarily due to their age (albeit as the quotes below illustrate, not all were in the older age groups i.e. 45+ years), but also due to the media coverage or because it had been prompted by possible redundancy or early retirement.

‘Now I’m getting older – more so than five years ago. There’s a lot in the news and it’s a bit worrying – that it’s not paying out what you’re expecting.’

(Female, Under 45)

‘I’ve become more interested purely because I have turned 30 which is half way to pensionable age and I need to get this sorted out.’

(Female, Under 45)

‘I’m a lot more interested now than I used to be – I’m very concerned about the fact that at one time a final salary scheme was a guaranteed amount, but that isn’t true anymore, so I watch the news and keep up with what’s going on as best as possible.’

(Male, Under 45)

‘I’m very interested – I retire in four years.’

(Female, Over 45)

‘Quite interested, for when we finish work. I want to make sure we have enough to live on and I hear about lots of pensioners that don’t.’

(Male, Over 45)

Some of the employees interviewed said that they were not that interested or not interested at all in pension issues. As would be expected, those who were less knowledgeable about their own pension scheme were more likely to be in this less interested group. They were also more likely to be clerical and manual workers, earning less than £25,000 and under 45 years old. Some indicated their current personal circumstances prevented them from taking more action about their retirement so therefore they were not that interested in pension issues.

‘Not ever so. My husband is disabled and so I have to weigh up my current income against an unknown future.’

(Female, Over 45)

‘Nowhere near as much as I should be but because of my financial situation at home we probably would not look at any other schemes anyway.’

(Male, Over 45)

‘Not a great deal – things change so much and I have been stung with mortgages and endowments.’

(Male, Over 45)
Reflecting the fact that some slightly older members had recently become more interested, some younger members said that pensions were something they would turn their interest to as they got older. However, there was no age where you could say people become more interested – as noted above, some people regarded being ‘near’ retirement when they were around 30, whereas in other cases, those around 40 said it was still a long way off.

‘Not very – probably will be more interested as I get older and nearer retirement.’
(Male, Under 45)

‘To be honest – not terribly. It’s a long way off and I have more immediate financial concerns.’
(Male, Under 45)

‘Not very – what I have got will suffice when I reach pension age.’
(Female, Under 45)

3.4 Sub-group differences summary: pension provision, knowledge of pensions and interest in pensions

Older employees (those aged over 45) are more likely to have been members of pension schemes for a long time (over 15 years) and may have first joined a pension scheme when it was mandatory to do so. They are also more likely to have other (deferred) pension provision and typically have a better knowledge of their pension scheme, which may be allied with a greater interest in pensions, than younger members.

Higher earners, i.e. those earning over £25,000, are more likely than lower earners to have a good knowledge about their pension scheme and are often more interested in pension issues generally.

Those in clerical and manual occupations tend to be less interested in pension issues; and those in clerical jobs in particular (especially female clerical workers) are more likely to have less knowledge about their pension provision.

Those not in a defined benefit scheme tended to have a greater knowledge about their own pension scheme, in particular they were much more likely to be aware of their employer’s contribution.

3.5 Recall of CPF

Before asking respondents if they recalled receiving the CPF, we first asked them about how much attention they generally paid to their company pension forecasts which they receive each year. This helped us to determine whether the inclusion of the CPF had engendered more interest in the annual pension statement.

Many of those interviewed reported that they usually pay a great deal or a lot of attention to the pension forecasts that they had been receiving (again this was higher amongst those whose job may have given them an increased knowledge of pension issues). This was also more likely amongst both newer scheme members, i.e. those that had been a member for less than five years, and those that had been a member for a long time, i.e. over 15 years. This suggests that people initially looked at their statements just to check that everything was fine and that the correct amounts were being paid into...
their pension and then again when getting nearer to retirement, indeed those aged 45 and over were more likely to report paying a great deal or a lot of attention to their company pension forecasts. Those in managerial or service occupations and members of DB schemes, particularly those still open to new members (where the employers may distribute extensive forecasts), were also more likely to report paying more attention to their forecast.

The reasons for paying attention to forecasts primarily centred on wanting to see how much they will receive in retirement (particularly members of DC schemes) as well as wanting to see if they should be contributing more. They also reflected many of the reasons for being interested in pension issues generally; including the fact that they were getting older and the prominence of pensions in the media.

‘I've paid more attention particularly over the last two years as I am getting old.’
(Female, Over 45)

‘I generally pay a lot of attention – the government may make changes to the rules on FS pensions and I also look to see if I should take AVCs.’
(Female, Over 45)

‘I have a look through and keep them to refer back to. I want to know how much I will get when I retire and whether it will be worth anything at retirement or whether I will need a top up.’
(Male, Under 45)

Reasons for not paying much attention to annual pension statements similarly reflected the reasons why people were less interested in pension issues more generally, with age being the key factor.

‘I've only been in the scheme a year so I haven't really looked at the pension forecast – I didn’t see the state pension forecast.’
(Female, Under 30)

There was also some reflection of the fact that the less interested and knowledgeable people were more likely to be women in clerical jobs; there were a number of these women who said that they handed their forecast to their husband and there was some indication that their pension mattered less to their situation in retirement in comparison with their (higher earning) husband's.

‘Not a lot – I give them a glance and then hand them to my husband.’
(Female, Over 45)

There were also a few people who indicated their lack of faith in pension schemes led them to pay little attention to their forecasts.

‘I don’t pay a vast amount of attention to them – I don’t have much confidence in pension schemes or the market generally. I also have a mistrust of financial advisors. It’s better to invest in property.’
(Male, Under 45)

The majority of employees interviewed could recall receiving a CPF when prompted. This may be higher than would normally be expected as respondents were told the study was about the CPF when they were recruited by their employers, although there was little spontaneous mention of it prior to
this prompting. Only a few could not recall receiving the forecast after prompting. They included the small group of women, in mainly clerical jobs, who were less knowledgeable and interested in pensions.

Whether the state pension forecast was provided separately or incorporated into the company statement had no impact on recall, possibly reflecting the high level of recall overall. However, the one scheme that issued its forecasts online via the company Intranet had the lowest level of recall across all the schemes.

As might be expected, time was a factor. Recall was highest amongst employees who had received their forecast relatively recently, i.e. those who had received their CPF within the six months prior to the interview.

Only two of the 110 employees we interviewed did not receive a forecast due to a mismatch. They were not unduly concerned about this, particularly as both of them had since had the reason for the mismatch dealt with. This level of mismatch is in keeping with the low level reported by employers (three to five per cent).

One of the reasons for the high recall was that the opt-out exercise9 had clearly primed employees to expect the state pension forecast. It needs to be recognised that the opt-out exercise will not be undertaken in future years and also that this was the first time the state pension forecast was included and that it might lose its ‘novelty value’ and become accepted as part of the statement in future years.

Many of the employees interviewed said that, as a result of the opt-out exercise, they were expecting to receive their first state pension forecast in addition to their regular forecast, when their regular forecast was due. This was higher amongst those who were more interested in pension issues and reported that they paid a lot of interest to their pension forecasts as well as those over 45 year olds and in management roles. As would be expected it was also higher amongst those in a job role which gave them increased knowledge of pensions. Employees were not asked if they were aware that they could obtain their own state pension forecast without their employer being signed up to the CPF scheme, however, one person did indicate spontaneously that they had considered doing it but had not got round to filling in the form.

Looking at the opt-out process specifically, when asked directly most of the employees interviewed remembered being asked permission for their state pension forecast to be obtained for them. Most employees who remembered being asked permission were asked within the last year, usually via letters or emails. There were some who were told via a note in their payslip or a newsletter. However, those who got a separate letter or email were slightly more likely to recall the opt-out process. One scheme carried out the opt-out via a note in the benefit statement issued prior to the one issued with the CPF; none of the members of this scheme who were interviewed could recall being asked permission, which would have been at over a year prior to the research.

‘Helen gave us a questionnaire to tick if we didn’t want it or did want it and I think we had to sign something.’

(Male, Under 45)

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9 All employers had to obtain permission from employees to send personal data including their National Insurance number and date of birth to the DWP to obtain the state pension forecast. This process was normally undertaken as an opt-out exercise.
‘I remember being asked permission – around two and a half years ago. A letter was sent to my home address and I had to sign and return it if I didn’t want my state pension forecast to be obtained.’

(Female, Over 45)

As discussed in the previous chapter, some employers were concerned about how employees would react to the opt-out exercise. They reported that these concerns proved to be unfounded and our discussions with employees similarly indicated that the opt-out exercise caused no concern for them. Some recognised that it was necessary due to data protection and confidentiality requirements, but most commented on the positive aspects of receiving a CPF when asked about their opinions of the opt-out process.

‘Yes, fine. There wasn’t any problem on my part – obviously data protection requires it.’

(Male, Under 45)

‘I thought it would be useful to know just because of all the pressure around and the press about pensions really as you get older – I was thinking perhaps I ought to do more.’

(Female, Over 45)

### 3.6 Views of CPF

Employees were asked why they thought the CPF had been issued and most were aware that the state pension forecast was provided to increase their awareness of what monies they would receive in total when they retired, to enable them to plan more accurately for their retirement. Some gave more specific reasons, including:

- the need to consolidate the information in one place, so they could see ‘the whole picture’;
- to show people that the state pension was not enough and that they would need to save more;
- to increase members’ knowledge or awareness of pensions, with some respondents specifically mentioning that they thought it was a Government initiative or requirement;
- it was particularly useful to staff nearing retirement.

Some respondents interviewed did not know why the state pension forecast was provided, possibly implying a lack of interest and knowledge about pensions. Indeed, they were more likely to be in the less knowledgeable and interested group that, as indicated earlier, was mainly made up of women in clerical occupations.

The majority of employees interviewed thought that issuing the CPF was a good idea. The main reason for this was that it gave them an indication of their total income at retirement or the overall picture for the first time and some also said it had helped them decide whether to save more or not.

‘It brought home to me what I will have to retire on and that I need to take action now.’

(Female, Over 45)

‘It gives everyone a kick start to sort out their finances for their retirement – it really makes people sit up and take notice.’

(Male, Under 45)
'I suppose it gives you the bigger picture, so you can see the whole and what this means to you and it gives you a chance to do more.'

(Female, Under 45)

For some, it actually reminded them that they would get a state pension, (a few people who had opted out of the Second State Pension (or previously SERPS) thought they would not get any state pension benefit at all); while for others it reminded them that they would not get their state pension until they were 65, even if they were actually going to retire earlier.

'I didn’t realise I’d get one (a state pension) – I opted out years ago so I never gave a thought to it.'

(Female, Over 45)

Many said it told them how much the state pension would be; with some also commenting that it acted as a reminder that the state pension was a very small amount (and, therefore, for some, highlighted the value of their company pension scheme). A few felt that the amount they would get was higher than they expected, including some who did not know that they would get more than just the basic state pension.

'It (the state pension) was a little bit more (than I expected) because I didn’t expect to get hardly anything – I thought that we would not get anything at all by the time we retired so it was a nice surprise.'

(Female, Under 45)

'I won’t get a lot (of state pension) for all my NI contributions. Compared to the local government scheme, and what you pay into that, there is no comparison.’

(Female, Over 45)

'It’s when you see it (the state pension) in black and white that you realise its importance – I had no previous idea about its amount.’

(Male, Under 45)

The few who did not think it was a good idea, were not criticising the scheme itself, rather they were questioning whether the state pension would exist when they retired.

3.7 Ease of understanding the statement

The majority of respondents felt the information provided on the state pension in the CPF was very or fairly easy to understand, reflecting that most statements only presented a few figures10 and these were clearly labelled as to what they were. The research did not ask directly about the occupational pension forecast nor ask respondents whether the state pension forecast was more or less easy to understand than the occupational pension forecast. However, fewer said that the state pension

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10 The figures shown were the amount of state pension earned so far (including State Retirement Pension, additional State Retirement Pension and the total amount of State Retirement Pension), the age at which State Retirement Pension will be payable and the projected annual State Retirement Pension at pension age (including Basic State Retirement Pension, Additional State Retirement Pension and Total State Retirement Pension).
forecast was ‘complex’ compared with the number who said that they did not read their regular forecasts because they did not understand them.

Some schemes showed only the forecast of the amount of state pension employees would get when they reached state retirement age whilst most also showed the amount of state retirement benefit they had earned so far. The majority of employees interviewed, not withstanding whether they were given the current and projected, or just the projected figure, understood that the projected figure was a forecast based upon them working till 65. However, no respondents queried the explanation of how this projection was calculated, which we believe was because they did not really read it. The view of the authors of this report is that this explanation is confusing. The explanation provided is as follows:

‘Based on the amount you have earned so far if you pay, or are credited with, enough full rate National Insurance contributions the State Retirement pension payable throughout at state pension age would be: ...’

In our view it is not clear whether it assumes an individual will continue working in the same pattern as they had been until 65 or whether it assumes the individual will make full NI contributions until 65. We believe this statement needs some simplification to ensure complete understanding.

Relatively good understanding of the state pension forecast was also indicated by the fact that many employees felt that the explanation they received with their forecast was sufficient, and others could not remember receiving an explanation (rather than thinking the explanation received was insufficient). Whether they could recall receiving an explanation or not, most of the employees did not feel they required any further explanation of their state pension forecast.

Though understanding was generally high, a few employees had difficulty with particular phrases used which mainly described the earnings-related element of their state pension, for example ‘Additional state pension earned’ or ‘Payable additional pension’. Furthermore, the main improvement suggested (by employees interviewed) to the forecast was the inclusion of an explanation of what the additional/earnings-related pension or SERPS is.

In the opinion of the authors, the main reason for this is that an explanation of the earnings-related element of the state pension benefit is not provided in the notes which accompany the forecast. The notes simply state that the ‘state retirement pension includes basic state pension and any additional pension (this may include SERPS, graduated retirement benefit and the state second pension) you may be entitled to’. It does not explain what these terms are, which would be beneficial for some recipients.

A few respondents also felt it would be helpful to have the amount they would get expressed as a weekly or monthly amount (in addition to the annual figure). Discussions with the CPF team about this indicated that employers have the choice of how the information is presented, but all chose to have it annually as this matches the way their scheme information is presented.

Some respondents interviewed would have liked more information from their employer about their CPF. Those receiving state pension forecasts incorporated into their company pension forecast or benefits statement were slightly more likely to say this. As there were no real differences in the types of employees who were members of schemes that issued incorporated forecasts and those that did not, we can infer that this finding might be a reflection of the incorporation rather than of the type of employees who received this type of forecast. However, the additional information required, as detailed below, was mainly about the options available to them, which is beyond the scope of the CPF to provide:
• information about the additional state pension or SERPS, including whether to opt out;
• the consequences of taking early retirement;
• information about what action to take, including AVCs.

Very few employees raised queries about their statement with their employer, although as with asking for more information from the employer, this was more common amongst those receiving incorporated statements. This finding was in line with employers’ experiences as discussed in the previous chapter. However, most respondents felt that they knew where to go if they had queries or wanted more information – most would go to their employer (in particular the company pensions department or manager), a named member of staff at the company, or the HR or payroll department. Only a few mentioned that they would go to the DWP or Pensions Service.

The Pension Service’s telephone number (RPFT call centre) was included on the statement for people to contact with queries about their state pension forecast, but most employees did not recall seeing the number. This was especially likely amongst women and those receiving separate statements. Most that did see the number have not and will not call it, due to not needing to or understanding everything on the statement. However, recipients of the CPF are only specifically invited to call the Pension Service number ‘if you think any of the information we have used to prepare this forecast is wrong… If any of the information is not correct or has been incorrectly recorded on your National Insurance record, your forecast may be wrong’. No helpline number or source of information, e.g. the Pension Service website, is provided for them to call if they have any queries or require any other information or any other sources of information on pension issues.

3.8 Sub-group differences summary: recall, views and understanding of CPF

Those who have only been members of a pension scheme for a short time and those who have been members for a long time and are now nearing retirement were the most likely to pay a great deal of attention to their pension forecasts: employees in the ‘middle’ pay less attention.

Those in managerial occupations were more likely than others to pay a lot of their attention to their forecasts in general and were more likely to have expected to receive their CPF and know why it was issued. Female clerical workers were the most likely to pay little attention to their forecasts generally and this time were most likely not to recall receiving their CPF. Older employees, those aged over 45, were more likely than the younger group to expect to receive their CPF.

In some cases the activity of the employer did have an impact:
• those who received their CPF via the company intranet (one employer) had the lowest recall of it;
• one employer administered the opt-out via the previous year’s benefit statement; no employees recalled the opt-out;
• those who received CPFs incorporated into their company pension statement were slightly more likely to have raised queries or wanted further information about pension issues. However, this was mainly about the options available to them and thus beyond the scope of the CPF to provide.
3.9 Effect of CPF on awareness of financial situation

Many employees said that they had paid more attention to this forecast (their CPF) than they usually paid to their company pension forecast and most others said that there was no difference in the amount of attention from normal – very few paid less attention. Those who received a state pension incorporated into their company benefits statements and those earning more than £25,000 were more likely to pay more attention than normal to their CPF, as were those who pay a lot of attention generally, but not a great deal, meaning that the CPF pushed those who already pay a lot of attention to their forecast to pay even more but had less success at convincing those who do not pay much attention normally to start paying attention.

‘I paid a huge amount more (attention) this time – it was a real eye opener. I couldn’t believe that this was what the state expected me to live on.’

(Male, Under 45)

Most of those who had looked at their CPF felt it had increased their awareness of their financial situation in retirement, reflecting the reasons why people thought issuing the forecast was a good idea. More specifically, some of those interviewed said that the state pension forecast had prompted them to consider whether to save more for retirement and some said that the CPF had made them aware, or at least reinforced awareness, that the state pension was not much. In a few cases it had reminded them that they would actually get a state pension.

‘It made me consider the need for AVCs. It made me strongly attached and in favour of final salary schemes and I would be strongly against scrapping them.’

(Male, Under 45)

Furthermore, many of the employees interviewed said that the CPF told them something new, and as might be expected, this was higher amongst those who pay a lot of attention to their forecasts. The new information the CPF offered was mainly related to information about the state pension, with most people saying that the CPF made them more aware of their entire financial situation at retirement by providing forecasts for both their state and occupational pension, whilst others mentioned that they were told for the first time exactly how much their state pension would be; reminding some, as discussed earlier, that they would be receiving a state pension and in some cases more than just the basic state pension. More specific pieces of new information gained included a reminder to some that they would not be getting their full state entitlement, to others that they could not get their state pension until they were 65, even if they retired early and to a few that their earnings-related pension would be affected by early retirement.

‘It gives you an idea of what’s happening and we can see we will be comfortable enough – we don’t need to worry, we’ll be able to manage.’

(Male, Over 45)

Though only some mentioned spontaneously that the CPF had informed them how much their state pension would be, when asked directly most respondents said they did not have any idea how much their state pension would be before receiving their CPF. Whilst a few were pleasantly surprised by the amount, a few expected the amount to be higher.

‘I’d never given it much thought but it was substantially less than I’d imagined – I thought it might be about £500 per month.’

(Male, Under 45)
'I didn’t know how much I would get – I’d never given it any thought.’
(Female, Under 45)

‘It was less than I expected – I thought I’d get about £5,000 a year.’
(Male, Under 45)

3.10  Actions taken or considered taking in response to receiving a CPF

Many of the respondents interviewed had taken action or were considering taking action as a result of receiving the CPF.

At the time the research was conducted a few had already taken action in response to receiving their CPF (and some of these intend to do more) and some intend take action. The remainder have not taken any action and did not intend to take any.

3.10.1  Actions taken

Those who had already taken action had mainly discussed their financial situation or sought information about the options available to them, rather than taking specific decisions or actions as yet. The most common actions were:

• talking to friends, colleagues or partner;
• talking to their employer or a professional advisor; and/or
• considering the options available to them.

Other actions taken (each mentioned by one or two respondents only) included seeking further information from their employer, the Pensions Service or other sources e.g. via the Internet; increasing pension contributions; making calculations or assessing their situation; getting advice on taking early retirement; starting a private pension and increasing repayments to pay off the mortgage early.

‘I’ve taken out an AXA Sun Life policy which means pay is guaranteed for 15 years and I also get a lump sum. I’ll also be working to pay off the mortgage early.’
(Male, Under 45)

‘I increased from seven per cent to nine per cent on my contributions – I had intended to do this anyway but the forecast prompted me more.’
(Male, Under 45)

‘I paid a lump sum into my pension to obtain additional pension credits – I spoke to the pensions section as I wanted to invest a lump sum and this is what they advised.’
(Female, Under 45)

As indicated, some of these discussions led to plans to consider other courses of action, whereas others led to the satisfaction that they were fully prepared for retirement.
'I talked to the payroll officer and my wife. My wife and I decided we had enough to retire on and my wife is still deciding whether to take early retirement.'

(Male, Over 45)

3.10.2 Actions considered

The other actions recipients were considering taking similarly involved discussing with others and investigating the pension options available as well as actually making additional provision for their retirement. The most common actions respondents had considered taking were:

- looking at the pension options available:
  
  ‘I’ve been looking into AVCs. This is partly as a result of receiving the CPF and partly to do with what’s happened in relation to the company I used to work for, which has liquidated, and which held my best occupational pension.’

  (Female, Over 45)

- investing in savings schemes, private pensions or taking out AVCs;

- talking to an employer or professional advisor:

  ‘I have started to plan about investing money elsewhere, probably in shares or a high interest account. I won’t invest in other pension schemes as they’ve had a bad press – I think that there are better financial gains elsewhere.’

  (Female, Under 45)

Most of this action was related to saving more, but some (generally older) respondents had sought or were seeking advice about retiring early as a result of receiving their CPF.

‘I approached the payroll manager to ask him about the situation if I wanted to retire at 60 rather than at 65.’

(Male, Under 45)

Other actions being considered included:

- seeking further information from their employer, the Pension Service or other sources:

  ‘I will be speaking to my financial advisor in the future about opting back into SERPS – I will see what she suggests.’

  (Female, Over 45)

- increasing pensions contributions:

  ‘I’ve got to decide whether or not to do AVCs into the pension scheme – I will probably talk to an IFA about this.’

  (Female, Over 45)

- making calculations or assessing their situation;

- investing in property;
• moving to smaller house:
  
  ‘We’re considering moving home – downsizing to release the equity for retirement.’
  
  (Male, Over 45)

• consulting previous employers about deferred pensions.

When asked directly, whether they were likely to carry out these intended actions or not most employees said that they were likely to do so. However, there was some indication that many would have to wait due to personal circumstances, such as one 53 year old man who said he would increase his pension contributions in three or four years’ time, once his mortgage was paid off.

  ‘We intend to sell our house in the next two years so we’ll leave our finances where they are ‘til then, but we are looking to put more money into the company scheme then.’
  
  (Female, Under 45)

  ‘I have thought about enhancing my pension but I’m not quite sure how at this moment in time – I was paying AVCs but stopped paying them because when the kids came along we needed the extra cash. I will get in touch with the pensions department.’
  
  (Male, Under 45)

  ‘I haven’t done anything yet – I am not in the financial situation to increase my contributions yet. I do intend to though. I want to increase my AVCs, definitely, within the next four or five years.’
  
  (Male, Under 45)

A number of those who were actually considering saving more for their retirement were looking at alternative investments, as they were concerned about the security of pension schemes (related to media coverage of scheme closures) or felt better returns could be obtained through other investments, which included ISAs and property.

  ‘We don’t trust them (pension schemes) any more. My partner has been a member of a scheme for years but this will give him only a small pension. We’d rather put our money in ISAs or property.’
  
  (Female, Under 45)

  ‘AVCs don’t give the rate of the return that they used to.’
  
  (Male, Over 45)

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11 Though this is only an assertion and employees were not required to give evidence to prove that they would take this action. We should also be aware that in an interview about pensions, employees may have been less inclined to indicate that they would not be taking any action to secure their finances in retirement.

12 This quote refers to very specific actions and circumstances, as indicated by the other two quotes most employees’ comments were far more vague.
A few said that they were waiting for a particular event, including changes in their occupational pension scheme, before they could decide what course of action to take. For example, one man aged 45 who already has some AVCs, thought about contributing more towards his retirement as a direct result of receiving his CPF. However, before taking any action he wanted to wait and see what will happen to his occupational scheme as he suspected it might be wound up. There were also a few who have already considered taking action but had not got around to it yet. However, receiving the CPF had given them a further prompt.

‘Probably (will take action). It’s sort of made me think more about saving. I’ve got a savings account but I sort of thought I really need to knuckle down and get a proper amount going in each month, that sort of thing but I don’t really think I really spoke to anyone about it . . . There’s a lot of talk about when I get to retirement that the state pension might not be there or if it is it won’t be enough, and hopefully the occupational pension will be fine, who knows?’

(Female, Under 45)

‘I have thought about it – we have choices where you can surrender part of your salary to it through an AVC, but it’s making the time to speak to these guys because they hold surgeries every now and then and you can just go in and they’d talk you through some of the options that you’re thinking of doing. Again, I just haven’t got round to doing it but I think I will do it now. I’ve already taken out a few longer-term endowments. I’ve taken two out, one for 15 years and one for 20 years and that’s done and dusted.’

(Female, Under 45)

As previously indicated, some of those who said that they did not intend to take any action were older and earning more and were comfortable with their financial situation in retirement.

‘I am happy with my finances – nothing’s in doubt.’

(Male, Over 45)

‘I’m currently contributing at the highest rate so I am quite happy.’

(Male, Under 45)

‘No, no need at this point in time. I know what I will get and I think it’s reasonable and I will be able to manage.’

(Female, Over 45)

However, the other main reason for not taking any action was that they could not afford to save more for their retirement due to their current circumstances and/or having other financial priorities.

‘It’s been a very hectic year and this hasn’t been very important.’

(Female, Under 45)

‘No – I will probably think more about it in five years when the kids have left home and I have more money in my pocket.’

(Male, Under 45)
A few felt they were ‘too young’ to have to take action at this stage.

‘I’m only 20 – I haven’t thought about it!’

(Female, Under 45)

A few also mentioned that the bad press surrounding pensions made them wary of increasing their contributions. For example, one 56 year old woman said that she had been affected by the Equitable Life affair so was wary of saving more towards retirement via AVCs. A few also felt that it was too late for them to do anything – they were all over 50 years old.

‘No – it’s too late in the day, other than pay huge AVCs!’

(Female, Over 45)

There were no particularly strong differences between the groups but those who have not taken any action and do not intend to take any were slightly more likely to be the oldest respondents, aged 54 and over, and those earning over £25,000. They were more likely to be comfortable about their financial situation in retirement and therefore felt that no further action was required.

3.11 Sub-group differences summary: effect of CPF on awareness of financial situation and actions taken or considered taken in response to receiving CPF

Those earning over £25,000 were more likely than lower earners to have paid more attention to their CPF than their regular pension forecast, however, they were also more likely to have not taken any action and to not intend to take any action as a result of receiving their CPF. This was mainly because they were comfortable with their financial situation in retirement.

Older respondents, particularly those aged over 50, were also less likely to have taken any action or be intending to do so. This was either because they were comfortable with their financial situation in retirement or because they felt that it was too late to take any further action.

A few younger people also felt it unnecessary for them to take any action yet.
4 Conclusions

4.1 Views and experiences of CPF providers

All live and registered schemes felt very positively about their involvement with the scheme and would recommend it to other employers. All live schemes were likely to continue their involvement and extend participation to other schemes not currently involved. Most employers had provided CPFs for just scheme members but a few had extended it to all staff. Employees who have received a CPF similarly felt it was a good idea.

As would be expected, more personalised approaches to employers such as seminars and presentations have been more effective in encouraging scheme uptake than unsolicited mailings. Publicity about the scheme, particularly initially, helped to raise awareness of the scheme and thus the effectiveness of approaches by the CPF team.

Employers who have participated in the scheme to date have mainly been large employers who exhibit more paternalistic attitudes towards pension provision for their employees and are more likely to adopt good practice in this area. Their main motivation for participating has been to provide better information to employees at little or no cost to themselves. Encouraging wider participation will be more challenging as those employers interviewed who felt there was little or no direct benefit for the employer and had some concerns about the potential workload involved. These concerns centred on the potential administration involved, IT requirements and handling queries from employees and were a greater barrier for recorded schemes, probably reflecting that they were less enthusiastic about the scheme in the first place. The experience of those involved has shown that these concerns were largely unfounded, particularly in regard to the amount of administration involved and handling queries from employees. However, IT problems encountered by some of these employers in the early stages of the scheme have created some negative images amongst other employers that the CPF team has approached.

Overall, the process of setting up the scheme has been managed effectively and employers have felt well supported by the CPF team. The only area where many employers encountered problems and felt the CPF were not able to provide effective support was in achieving successful data exchange. This was mainly because the format in which the data was required was unfamiliar and cumbersome and a number of attempts were required to achieve successful data exchange. The development of the Excel File Generator has helped to overcome many of these formatting issues.
The other area of criticism was the Technical Guide. This was helpful for IT staff, but not sufficiently clear and helpful to non-IT staff. The large employers who have mainly been involved with the scheme to date have the necessary IT expertise in-house to assist them, but this could become more of an issue as small to medium firms are brought on board, as they do not have dedicated IT resources.

4.2 Views and experiences of CPF recipients

Most employees who were sent a CPF knew why it was sent and welcomed the initiative. The opt-out exercise helped to prime employees to expect the CPF, especially if it was sent as a separate communication.

Most employees found the information provided on their state pension benefits easy to understand and had not required or sought further explanation. The main area where more explanation was required was about the additional (earnings-related) state pension benefit. Although no employees specifically queried the explanation of how the projected value of their state pension was calculated, the authors’ view is that this also needs to be clarified and simplified. The main area where employees would welcome further information was about the options available to them for increasing their savings for retirement. This is beyond the scope of the forecast document to provide. Most would see their employer as their main source of this type of information; few mention the Pension Service, as it was not promoted in the document as a source of information on pension issues. In the view of the authors, this might be viewed as a missed opportunity.

The CPF was effective in raising employees’ awareness of their financial situation in retirement and in encouraging those who felt the need, and in a position to take action, to consider doing so. Most of those who recalled receiving the CPF felt it had provided them with a fuller picture of their financial situation in retirement – in particular the amount of state pension they would receive. For many, this had acted as a useful and timely prompt to at least consider the options available to them for increasing their savings for retirement. To date, it had resulted in very few employees increasing their pension contributions and/or other savings for retirement, but this may reflect that many of the respondents had received their CPF only fairly recently (within the last two to three months) and were still considering their options. As might be expected, it has been less successful at getting to the harder to reach groups, in particular women in lower paid clerical jobs who have little interest and knowledge of pension issues and those who felt their current circumstances or financial situation prevented them from increasing their savings for retirement at present. In drawing conclusions from the findings it also needs to be recognised that the impact of the CPF is likely to be greatest in the first year or two when it is providing new information.

4.3 Suggested improvements

In conclusion, the findings of this study indicate that the scheme has been well received by both employers and employees, but extending take-up to smaller employers who are less committed to pension provision will be more challenging. The finding also indicate that this is a useful initiative for helping to meet some of the key aims of the Informed Choice strategy, in particular increasing individuals’ awareness of their financial situation in retirement.
The research has identified a number of ways in which the up-take and effectiveness of the CPF scheme might be improved. These include:

- Securing additional and continued media coverage of the scheme in national and relevant professional and trade press could be beneficial in raising awareness of the scheme and minimising the extent to which employers are coming into contact with the CPF team ‘cold’.
- The CPF Team should continue to target their marketing activities at the pension manager/administrator or person responsible for pensions.
- It is important to stress the low level of cost/effort required by employers including that:
  - the opt-out exercise is quick and easy to administer and that few employees opt out or raise any objections;
  - the number of mismatches is low. (Providing better guidelines for employers on how to deal with mismatches if and when they occur would also be helpful);
  - the number of queries from employees prompted by the CPF is low;
  - the RPFT call centre is available to deal with members'/employees’ queries about the state pension forecast.
- Part of being able to offer employers the reassurance of minimal effort will involve minimising any potential problems with achieving successful data exchange as smaller firms will be less tolerant of problems, and require more assistance with dealing with them including:
  - reviewing the data format requirements to determine if any can be changed to reflect normal recording conventions more closely;
  - diagnosing all faults with the data file at the same time and ensuring that employers fully understand the reasons why data exchange has not been successful;
  - ensuring that CPF staff can play a greater role in assisting employers in dealing with any problems. Staff may require additional training to achieve this.
- Producing a more user-friendly version of the Technical Guide aimed at non-IT staff including the addition of summary boxes and highlighting of key points.
- Ensuring that any changes in requirements or improvements in the process (including new tools and documentation) are communicated to all existing Live contacts (to help combat any ‘negative press’ from those who have experienced problems at the early stages of the CPF scheme).

Ways in which employee reaction to the CPF might be improved include:

- encouraging employers to consider providing state pension forecasts for all employees, not just scheme members, as this might help to encourage increased scheme take-up;
- encouraging employers to send out the opt-out letter as a separate communication (rather than alongside other communications such as a payslip or newsletter), as it likely to be more effective in priming employees to expect and look at the CPF;
- including an explanation of what additional (earnings-related) benefits are in the notes that accompany the state pension forecast and simplify the explanation of the assumptions on which the projected state retirement figures are based;
- promoting the Pension Service as a source of information on pension issues and providing contact details of the helpline and website.
Appendix A
Technical report

This section provides further details about the methodology and sample researched.

A two stage approach was required to satisfy the objectives of the study which required looking at how the CPF scheme was working from both the CPF provider and recipients’ perspective.

A.1 CPF provider interviews

Interviews were conducted with providers at all stages of the CPF process, from those who had only received information about the scheme to those who had actually issued CPFs. Providers were grouped into three categories based on the stage of the process that they had reached. The table below shows the stages of the CPF process and indicates how providers were defined as ‘live’, ‘registered’ or ‘recorded’ for the purposes of the research. The CPF team defines a scheme as ‘live’ once it has exchanged live data. However, for the purposes of the research, only those schemes who had actually issued CPFs to their members were classified as ‘live’.

<table>
<thead>
<tr>
<th>Table A.1  The CPF process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stage in CPF process</strong></td>
</tr>
<tr>
<td>CPFs sent to members</td>
</tr>
<tr>
<td>Exchange of live data</td>
</tr>
<tr>
<td>Consent obtained from members</td>
</tr>
<tr>
<td>Exchange of test data</td>
</tr>
<tr>
<td>Registration for scheme</td>
</tr>
<tr>
<td>Interest expressed in CPF/received information</td>
</tr>
</tbody>
</table>

Sample was provided by the CPF team. They provided details of a total of 98 schemes at different stages of the process. In addition to the scheme status, the sample also indicated the type of provider and in the case of occupational schemes, whether they were in the public or private sector.
### Table A.2 Total contacts, quotas and achieved interviews

<table>
<thead>
<tr>
<th>Type</th>
<th>Total number of contacts available</th>
<th>Quotas</th>
<th>Achieved interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>98</td>
<td>30-45</td>
<td>36</td>
</tr>
<tr>
<td>Type</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupational pension scheme</td>
<td>83</td>
<td>20-35</td>
<td>29</td>
</tr>
<tr>
<td>Personal pension provider</td>
<td>2</td>
<td>2-3</td>
<td>0</td>
</tr>
<tr>
<td>Administrator</td>
<td>10</td>
<td>3-5</td>
<td>7</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>2-3</td>
<td>0</td>
</tr>
<tr>
<td>Status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recorded</td>
<td>28</td>
<td>10-15</td>
<td>11</td>
</tr>
<tr>
<td>Registered</td>
<td>23</td>
<td>5-10</td>
<td>9</td>
</tr>
<tr>
<td>Live</td>
<td>47</td>
<td>12-15</td>
<td>16</td>
</tr>
<tr>
<td>Sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>80</td>
<td>27-40</td>
<td>30</td>
</tr>
<tr>
<td>Public</td>
<td>18</td>
<td>3-5</td>
<td>6</td>
</tr>
</tbody>
</table>

Some of the schemes initially selected by the CPF team for inclusion in this study could not be approached as they were involved in another study being undertaken on behalf of the CPF team. This included the personal pension scheme providers, so this study only included employers and administrators. Quotas were set (see Table A.2) to ensure a cross-section of providers was covered by status, type of provider and in the case of employers, whether they were in the private or public sector. We also sought to cover a mix of different sizes of scheme, although most schemes who had been involved to date were large (over 500 members). Reflecting the size and nature of the employers who have been targeted to date by the CPF team, most of the employers covered in the study had defined benefit schemes. The profile of the interviews achieved is shown in Table A.3

### Table A.3 Profile of providers interviewed

<table>
<thead>
<tr>
<th>Type of organisation</th>
<th>Live</th>
<th>Registered</th>
<th>Recorded</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>14</td>
<td>5</td>
<td>11</td>
<td>30</td>
</tr>
<tr>
<td>Public</td>
<td>2</td>
<td>4</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Type of CPF provider</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupational</td>
<td>15</td>
<td>8</td>
<td>6</td>
<td>29</td>
</tr>
<tr>
<td>Administrator</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Type of pension scheme</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined Benefit</td>
<td>13</td>
<td>8</td>
<td>8</td>
<td>29</td>
</tr>
<tr>
<td>Defined Contribution</td>
<td>6</td>
<td>3</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Stakeholder</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>GPP</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>(More than one type, including DB scheme)</td>
<td>7</td>
<td>3</td>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>Size of organisation (number of employees)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 100</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>100-499</td>
<td>6</td>
<td>3</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>500-1000</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1000-5000</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>10,000+</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Size of pension scheme (number of active members)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 100</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>100-499</td>
<td>7</td>
<td>3</td>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>500-1000</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1000-5000</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>10,000+</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>9</td>
</tr>
</tbody>
</table>
In-depth face-to-face interviews were carried out with 16 live schemes and nine registered schemes, these were taped and transcribed. A shorter depth interview was carried out by telephone with 11 recorded schemes, as the range of issues to be covered was more limited. Notes were taken during these interviews. Recruiting respondents was not difficult, though live and registered providers were more willing to take part than recorded providers. In all cases the (primary) respondent was someone with responsibility for pension issues. In larger organisations this tended to be the pensions manager or administrator, while in smaller companies it was more likely to be someone in the HR function or even the owner. In many of the live and some of the registered and recorded schemes multiple interviews were conducted, typically with the main pensions contact and someone with responsibility for IT and/or staff communications or a scheme trustee. In total, we spoke to 53 people across the 36 schemes surveyed.

### Table A.4 Roles of employers interviewed

<table>
<thead>
<tr>
<th>Job title</th>
<th>Live</th>
<th>Registered</th>
<th>Recorded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensions Manager</td>
<td>7</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Pensions Administrator</td>
<td>7</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>IT/Systems staff</td>
<td>7</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Communications staff</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Trustees</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company Secretary</td>
<td>2</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>HR Manager</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>HR Officer</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proprietor</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuary/Consultant</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>29</td>
<td>12</td>
<td>12</td>
</tr>
</tbody>
</table>

### A.2 Employee interviews

Interviews were conducted with employees of the live schemes. All respondents were members of the pension scheme. A few schemes sent CPFs to all employees, not just scheme members, but in these cases the proportion of non-members in the workforce was small and we did not achieve interviews with any of these staff.

The sample of employees was obtained via employers. Contact details for those employees willing to take part in the research were provided by the employer, who recruited these employees on our behalf on an ‘opt-in’ basis. An opt-in procedure had to be used as this was necessary to obtain employers’ cooperation. Employers were asked to approach a cross section of employees (by gender, age and occupation), but the opt-in process may have resulted in some bias with people who were more interested in the subject being most likely to agree to take part. Furthermore, we did not have any control over the contacts provided; therefore the employees interviewed may not form an accurate representation of the workforce as a whole.

Interviews with employees were achieved with 13 of the 16 live schemes interviewed at stage one. With the other three cases the employers were not willing or were unable to provide employee contacts. In total, 110 employees were interviewed across the 13 schemes. In two of these cases, the employees did not initially receive a CPF because a mismatch in the data sent to the DWP meant a state pension forecast could not be produced. (In both cases the issue was sorted out and the members received a CPF with the state pension information.) The number interviewed per scheme ranged from
three to ten. No quotas on types of employee were set. Once contact with employees was gained through the employer, employees were generally easy to recruit.

The way in which staff contacts were obtained varied from scheme to scheme, and this affected the way that the interview was conducted. In some cases interviewers were able to interview staff on the same day as they visited the site to conduct the employer interview; in this case employee interviews were carried out face-to-face. In other cases the employer gave us names to contact, then or at a later date, enabling the interviewer to arrange an interview, which was often carried out by telephone, either at work or at home.

A combination of telephone and face-to-face interviews were conducted depending on the preference of employers and availability of employees. Sixty-two interviews were conducted face to face and 48 by telephone. The same topic guide was used for both sets of interviews. The face-to-face interviews were slightly longer on average, but the use of the two methodologies did not result in any discernable differences in the findings obtained. The interviews covered a mix of employees by age, sex and occupation. A profile of the individuals interviewed is shown in Table A.5.

### Table A.5 Profile of members interviewed

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
</tr>
<tr>
<td>Under 35</td>
<td>17</td>
</tr>
<tr>
<td>35-44</td>
<td>29</td>
</tr>
<tr>
<td>45-54</td>
<td>33</td>
</tr>
<tr>
<td>55 and over</td>
<td>30</td>
</tr>
<tr>
<td>Refused</td>
<td>1</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>54</td>
</tr>
<tr>
<td>Female</td>
<td>56</td>
</tr>
<tr>
<td><strong>Work status</strong></td>
<td></td>
</tr>
<tr>
<td>Full time</td>
<td>106</td>
</tr>
<tr>
<td>Part time</td>
<td>4</td>
</tr>
<tr>
<td><strong>Occupation</strong></td>
<td></td>
</tr>
<tr>
<td>Manual</td>
<td>12</td>
</tr>
<tr>
<td>Clerical</td>
<td>41</td>
</tr>
<tr>
<td>Other services</td>
<td>41</td>
</tr>
<tr>
<td>Manager</td>
<td>16</td>
</tr>
<tr>
<td><strong>Type of pension</strong></td>
<td></td>
</tr>
<tr>
<td>Defined benefit</td>
<td>76</td>
</tr>
<tr>
<td>Defined contribution</td>
<td>29</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
</tr>
</tbody>
</table>

1 This information was obtained from respondents during the interview. Not all respondents knew what type of scheme they had. In some cases, where the employer offered only one type of pension this could be inferred.

### A.3 Why qualitative analysis was chosen

Throughout the report the limitations of the qualitative approach have been indicated, however, there are advantages to this approach and it was chosen for a number of reasons. The most obvious is that, as yet, relatively few employers have issued CPFs and registered with the scheme.
Furthermore, the adoption of a qualitative case study approach enabled the views and experiences of both CPF providers and recipients to be explored in depth and also enabled possible improvements to the scheme to be identified. However, reflecting the different types of CPF provider and recipient and to enable us to explore if there were differences between these key groups, a relatively large number of interviews was conducted with both audiences.

Adopting a case study approach for ‘live’ schemes was necessary to cost effectively obtain a sample of CPF recipients (due to the relatively small number of people who have received a CPF to date, it would have been very expensive and time consuming to obtain the sample by any other method than via the CPF providers). However, it also enabled us to explore whether differences in the views and reactions to receiving the CPF amongst recipients was in any way due to the differences in the way the CPF process was handled by the CPF provider and this enabled us to make suggestions about the most effective approaches.

A.4 Analysis

The employer interview scripts were analysed manually by the research team. The analysis sought to answer a series of key questions, related to the objectives of the study. The scripts were read and responses collated onto analysis sheets. The initial interviews were used to determine the range of responses to each question/issue and these were added to and/or amended as further scripts were analysed. The serial number of each script was recorded next to the response to enable responses to each issue to be cross-referenced against responses to other questions. The characteristics of the provider, e.g. stage in the CPF process, type, number of scheme members, were also recorded and responses to the key questions were cross-referenced to the characteristics of the provider to determine whether there were any differences in views or behaviour.

The employee scripts were similarly analysed but cross-referenced by both the employee demographic profile and the provider characteristics to determine if there were any differences by type of provider or scheme as well as employee. This also enabled us to examine if there were any differences in the way the provider organised and produced the CPF, for example, whether there were any differences by how the opt-out exercise was carried out or the format of the CPF. In addition to demographic characteristics, employees’ knowledge and interest in pensions issues was also assessed and used as an analysis variable.

The face-to-face interviews were recorded and transcribed, though notes the interviewers made during the interview were also used in the analysis process. Telephone interviews were not recorded but extensive notes were made and these were analysed in the same way as the face-to-face scripts.
Appendix B
Live and registered employers’ topic guide
INTRODUCTION
Explain the purposes of the study
Reassure the respondent of confidentiality
Establish respondent(s) role(s) within the organisation generally and in relation to CPF process

CURRENT PENSION PROVISION (NB. Will need to be adapted for providers)
First I would like to ask you a bit of general information about the pension provision that your organisation makes for employees

CHECK/CONFIRM - size of organisation/number of sites/main business activities/number of staff

Could you please tell me a bit about the pension scheme(s) you provide for your employees?
  What type of scheme is it?
  Do you run more than one scheme? What are the eligibility criteria for each scheme?
  What are the employer/employee contribution rates for each scheme?
  How long has the scheme/have the schemes been running?
  Why did you set it/them up? Why does your organisation provide a pension scheme (beyond what is necessary to meet legislative requirements)?

Can you tell me how many members your pension scheme(s) has? How many of these are active members and how many are lapsed/deferred members?

IF HAVE MORE THAN ONE PENSION SCHEME
If registered contact: Have you registered to provide combined pension forecasts for both/all schemes or just one? If not all schemes: Why? Which schemes are you going to provide CPFs for (in the first instance)?

If live contact: Do you provide combined pension forecasts for both/all schemes or just one? If not all schemes: Why? Which scheme(s) do you provide CPFs for? Do you intend to provide CPFs for all schemes in future?

INITIAL CONTACT WITH CPF TEAM
Now I would like to ask you a bit about how you initially got involved with CPFs

How did you initially hear about Combined Pensions Forecasting?

Probe for information about:
  - Benefits to employer/provider
  - Benefits to members/investors

What sort of communication did you have with the CPF team between this initial contact and registering for CPF?

Did you call for more information? Did they chase things up with you?

What information did the CPF team ask you to provide? What questions did you ask of them? How did they respond?

Do you feel you received enough information?

Was the information useful?

Was the format you received information in OK? Are there other approaches that would have been more helpful?

Do you feel it gave you a realistic picture of the CPF scheme?

Was there any information missing/anything else you would have liked to know (including anything that you know now but would have liked to know earlier)?

Probe for information about:
  - Presentations – organisation-specific or general? Whether Pension Service staff came to their site or they went to them? Who attended?
  - Information packs
  - DVD/Video

Were there any problems getting more information after the initial contact? If so: What sort of problems? Check whether issue was around response to request (speed, helpfulness etc.) or lack of inadequate information provided.
MAKING THE DECISION TO REGISTER FOR CPF

Now, moving on to your decision to register . . . .

Can you talk me through the internal decision-making process that you went through to decide to register for CPF? Who was involved? What roles did they play?

Probe for information about:
- Who was consulted first? Then who was involved next?
- Who was the leg-worker/champion of scheme?
- Who was the final decision maker?
- Who else was involved?
- Involvement/not of the trustees of the pension scheme
- Formal or informal discussions/presentations?
- What were the key arguments that you put forward to persuade others?
- How easy or difficult was it to persuade people? Easier/more difficult than you initially thought?
- How long did it take?
- Any external advice taken?
- What are the benefits of providing CPFs from your organisation’s point of view?/What were seen as the benefits? Establish whether any differences between what respondent sees as benefits and what others in the company see as the benefits.

THE REGISTRATION PROCESS

What happened after you decided that you wanted to register for the scheme? What did the DWP do and what did you do?

What information did you have to provide?

Was this easy or difficult to get hold of?

Were there any problems with your registration/the process after you registered? If so – what? How were they overcome?

What role, if any, did the DWP CPF team play in helping you to overcome these problems? Could any improvements be made to this process – if so what?

HANDLING THE OPT-OUT PROCESS

Next I’d just like you to talk me through how you handled (or how you intend to handle) the process of obtaining agreement from members to receive a CPF.

First of all, can I just check, have you actually been through the process of obtaining permission to receive CPF?

How did you run this exercise?

Who took responsibility for it internally?

How big an exercise was it? In terms of organisation/time commitment? And cost?

How was the contact made with employees (separate mailing/note on payslip etc.)?

What role, if any, did the DWP CPF team play in helping you through this process? Is there more they could have done?

Did you receive any queries from employees on the back of this exercise? If yes: How many? What kinds of queries?

What proportion of members chose not to receive a CPF? Do you have any views on why they chose not to?

EXCHANGING TEST DATA

Next I want to ask you about the process of sending data to the DWP.

INTERVIEWER: if the respondent is a ‘registered’ contact so has not actually exchanged data yet ask them about what they intend to do, for all ‘live’ contacts ask them about what they actually do.

Can I first of all just check - what format do you/will you send your data in?

Why do you/will you use this format?

How much work was involved (will be involved) in making it possible for you to send data in this way – IT systems work and work to get database into appropriate format?

More/less than you expected/were led to believe?

What level of involvement has been necessary from your IT team?

Have there been any financial implications? If yes – can you give an idea of the scale of costs?
Did you request any help from the CPF team on this more technical side of things? What sort of help?
Were you satisfied with the help/advice that you received?
Have you made use of the CPF Technical Guide at all? If so - what are your views on this document? In what ways did it help? Could it have been more help?
Have you/will you use the Excel File Generator produced by the CPF team? IF NECESSARY - the file generator is a software tool that has been designed to help ensure that data sent to the DWP for CPFs is ‘right first time’
I’d now like to ask you a bit about the process of sending test data to the DWP.
**IF REGISTERED:** Have you sent test data yet?
Was your exchange of test data successful on the first attempt? If not - How many ‘tests’ did you go through? What problems did you experience? How could these have been avoided? What role did the DWP play in helping you to sort out these problems?
Could any improvements be made to this process of sending test data?

**EXPERIENCES OF SENDING OUT LIVE FORECASTS (Ask live contacts only)**
Have you actually exchanged ‘real’ data with the DWP yet? (IF NO - SKIP TO NEXT SECTION)
How regularly are you exchanging data/sending out forecasts?
How smooth has the data transfer been? - how satisfied are you with the process?
Has the process of exchanging ‘real’ data thrown up any problems that you did not foresee before? - if so what? How were these resolved? Role of DWP CPF team in resolution? Could anything have been done better? If so, what?
What proportion of the records that you requested a CPF for was the DWP unable to match? Was this roughly the proportion you expected? Have these ‘unmatched’ records caused you any problems?
**IF HAVE LAPSED MEMBERS (Q6):** Did you attempt to obtain CPFs for any of your lapsed/deferred members? What proportion of these were the CPF team unable to match? Did these lapsed members cause you any problems in the CPF process?
**IF SOME LAPSED MEMBERS WERE NOT MATCHED:** Do you intend to do anything in terms of updating your records for these lapsed members? Why/why not? If not - what would you do to attempt to update these records?
What format are you sending out CPFs in? Using template from DWP/two separate forecasts in one envelope/incorporating forecast into own brochure etc? INTERVIEWER OBTAIN COPY OF EXAMPLE CPF.
Why did you decide on this approach?
Do you think that the format used makes any difference to the way in which they are received by members?
How easy/simple do you think the CPF is to understand?
How much time did it take to actually manage the process of sending out the CPFs? More or less than expected?

Do you have any feel for the reactions of members to receiving their CPFs?

**Probe for information about:**
What questions, if any, have members asked?
0 Whether they were able to understand it?
1 Any areas of confusion?
2 Whether it has had any impact on the way that you are viewed as an employer?
3 Whether it has prompted any increase in contributions to scheme (if non-DB scheme)?
4 Is employer/provider monitoring change in contribution levels as a result of CPFs. If so - how? If not - do they intend to?
5 How are you dealing with (or planning to deal with) any additional queries from employees/ members that result from CPFs?

Do you think the process of getting involved with CPFs has been worthwhile? Why/why not?
Have there been any unexpected benefits of sending out CPFs? Ask for examples.
Will you continue to send out CPFs? **IF unsure** - What will your decision depend on?
**IF NOT CURRENTLY REGISTERED ALL SCHEME FOR CPF:-** Will you register your other pension schemes to receive CPFs? If not - why not?
Would you recommend to other employers that they get involved with sending out CPFs? Why/why not?

**PLANS FOR SENDING OUT LIVE FORECASTS (Ask registered contacts only)**
When do you expect to send real data to the DWP?
Has this always been the expected date or was there some delay – if delayed, why?
What format are you intending to send out CPFs in? Using template from DWP/two separate forecasts in one envelope/incorporating forecast into own brochure etc? INTERVIEWER OBTAIN COPY OF EXAMPLE CPF.
Why did you decide on this approach?
Do you think that the format used makes any difference to the way in which they are received by members?
**IF NOT CURRENTLY REGISTERED ALL SCHEME FOR CPF:-** Will you register your other pension schemes to receive CPFs? If not - why not?
Would you recommend to other employers that they get involved with sending out CPFs? Why/why not?
VIEWS ON ACCOUNT MANAGEMENT (Ask all)

Did you have one single account manager on the CPF team or did you speak to different people on each occasion?

If one contact: Do you feel that this one on one contact is necessary/helpful? Why/why not?

If more than one: Would you have preferred one point of contact?

And just to summarise, how do you feel about the service that you have received from the DWP CPF team in terms of...?

Their knowledge

Their expertise

Proactiveness

Supportiveness

Personalised service

Explain the importance of interviewing CPF recipients and ask for member details and permission to interview them.
Appendix C
Recorded employers’ topic guide
INTRODUCTION
Good morning/afternoon. My name is ( . . . . ) and I’m calling from IFF Research, an independent market research agency. We are conducting research about combined pensions forecasting (CPF) on behalf of the Pensions Service, part of the DWP. You should have received a letter about the research.

IF DON'T RECALL LETTER/NEED MORE INFORMATION ABOUT THE STUDY:
• The aim of the research is to further understanding about what employers think of the scheme, any obstacles that have to be overcome in order to participate and views on the way in which the process is handled by the Customer Account Managers (CAMs). In particular, we are interested in finding out how you found out about the scheme, your views of it and why you are planning or not planning to take part in the scheme.
• Our records show that you have been supplied with information about combined pension forecasting but have not registered to take part in the scheme. Even though you may now have decided not to take part in the scheme, or only know a little about it we would still like to talk to you about your experiences of the scheme (so far).

REASSURE THE RESPONDENT OF CONFIDENTIALITY
• Any information provided by your organisation during the research will remain confidential and IFF will report the findings in an anonymised form that will not allow identification of individual organisations.
• The research will be conducted in line with the MRS code of conduct.

Can I first of all start by asking you to tell me about your role(s) within your organisation?
What was your role in relation to your contact with the CPF team?
Were you the person who first expressed interest in the scheme?
Or have you taken over the process of deciding whether to participate?

CONTACT WITH THE CPF TEAM
Now I would like to ask you a bit about how you got in contact with the CPF team/when you expressed your interest in the scheme
How did you initially hear about Combined Pensions Forecasting?

Probe for information about:
• Contact at a conference
  Which conference?
  Who spoke to?
  What situation – stand at conference/in dedicated pensions talk?
  Presentation
To your organisation only or more general?

Telephone call
  Cold call?
  Who from?
  Website
  Why were looking at it?
  What information particularly looking at?

Media
TV/Radio/Press
  What did you think of the way the information was presented? Could it have been improved?
  Why was CPF initially of interest to you? What attracted you to the scheme?
  Have you had any further communication with the Pensions Service/DWP since your initial contact?
  Who contacted who? What did you speak to them about? How helpful did you find them?
  Do you intend to register with the scheme? Have you decided that you definitely will register, are you still considering whether or not to register or have you decided definitely not to register?

IF HAVE DECIDED TO REGISTER (AT Q7), OTHERS GO TO INSTRUCTION ABOUT Q16
What made you decide to register?

Probe for information about:
• Benefits to employer/provider
  Benefits to members/investors
Can you talk me through the internal decision-making process that you went through to decide to register for CPF? Who was involved? What roles did they play?

Probe for information about:
• Who was consulted first? Then who was involved next?
  Who was the leg-worker/champion of scheme?
• Who was the final decision maker?
  Who else was involved?
  Involvement/not of the trustees of the pension scheme
  Formal or informal discussions/presentations?
  What were the key arguments that you put forward to persuade others?
  How easy or difficult was it to persuade people? Easier/more difficult than you initially thought?
  How long did it take?
  Any external advice taken?

What do you see as the barriers to/concerns about joining the scheme? Establish whether any differences between what respondent saw as barriers and what others in the company saw as the barriers.
Probe for information about:

- Time/admin costs
- Any IT developments necessary
- Any resistance from employees
- Any resistance from colleagues/trustees
- How can these barriers/concerns be overcome?
- What part, if any, did the DWP CPF team play in helping you to overcome these barriers?
- Is there anything more that they could have done or could do?
- When do you intend to register with the scheme?
- When do you expect to issue your first CPFs?

IF STILL CONSIDERING (AT Q7), OTHERS GO TO INSTRUCTION ABOUT Q23

Have you taken things any further since you initially found out about CPFs?

IF HAVE DISCUSSED WITH OTHERS (AT Q17)

What were the key arguments that you put forward to persuade others?

How easy or difficult has it been to persuade people? Easier/more difficult than you initially thought?

Has any external advice been taken?

What do you think others will see as the barriers to/concerns about joining the scheme?

Establish whether any differences between what respondent saw as barriers and what others in the company saw as the barriers.

Probe for information about:

- Time/admin costs
- Any IT developments necessary
- Any resistance from employees
- Any resistance from colleagues/trustees

IF NOT DISCUSSED WITH OTHERS SO FAR (AT Q17)

What are the key arguments that you will put forward to persuade others?

How easy or difficult do you think it will be to persuade people?

Do you think that any external advice will be taken?

What do you think others will see as the barriers to/concerns about joining the scheme?

Establish whether any differences between what respondent sees as barriers and what others in the company are likely to see as the barriers.

Probe for information about:

- Time/admin costs
- Any IT developments necessary
- Any resistance from employees
- Any resistance from colleagues/trustees

ASK ALL STILL CONSIDERING (AT Q7)

What has prevented you from registering so far? Do you think these barriers are likely to be overcome?

What has prevented you from registering so far?

What part, if any, did the DWP CPF team play in helping you to overcome the barriers?

Is there anything more that they could have done or could do?

Why have you decided not to go further with the scheme?

Probe for information about:

- Time/admin costs
- Any IT developments necessary
- Any resistance from employees
- Any resistance from colleagues/trustees

Do you think your organisation will eventually decide to register?

When do you think your organisation will register?

Which barriers are you likely to face?

Do you think your organisation is likely to reconsider signing up for the CPF scheme in the future?

Under what sort of circumstances?

Do you think your organisation is likely to reconsider signing up for the CPF scheme in the future?
ASK ALL
Can I now just ask you to summarise your views on the CPF scheme.
What do you think are the benefits of providing CPFs from your organisation’s point of view?

Probe for information about who is the beneficiary:
Is the main beneficiary the pension provider?
Are there any benefits for the employer? – if so, what?
Any potential impact on way in which staff view you as an employer?
Potential recruitment or retention value?
Making you feel that you are a responsible employer?
What are the benefits for pension scheme members?
And what do you think are the drawbacks for your organisation?

ASK ALL
READ OUT: That is all the questions we need to ask you about the CPF scheme, we now need to find out some more general information about your organisation and the pension schemes that you provide for your staff.

Firstly we need to find out about the size of your organisation. How many sites does your organisation operate at?
How many staff do you employ?
What is the main activity of your business/organisation?

Now, moving on to your pension scheme(s), do you run more than one scheme?

IF RUN MORE THAN ONE SCHEME (AT Q37)
Can I just check, were you considering the CPF scheme for all your pension schemes or just one? Why?

ASK ALL
What type of scheme(s) do you provide? (Probe for whether defined benefit, defined contribution etc.)

What are the eligibility criteria for joining each scheme/the scheme?
What are the employer and employee contribution rates for each scheme?
How long have the schemes/has the scheme been running?
Why did you set them/it up?
Why does your organisation provide a pension scheme (beyond what is necessary to meet legislative requirements)?
How many members does your pension scheme(s) have? How many are active members and how many are lapsed or deferred members?

THANK AND CLOSE
Appendix D
Employees’ topic guide
INTRODUCTION

Good morning/afternoon. My name is ( . . . . ) and I'm ( calling) from IFF Research, an independent market research agency. We are conducting research about the pension forecasts that you receive from your employer. We are working on behalf of the Pensions Service, part of the Department for Work and Pensions. Your employer may have told you something about the research.

• The aim of the research is to assess the effectiveness of pensions forecasts in helping individuals make decisions about how they prepare for retirement.
• Everything you say is totally confidential and the interview is conducted according to the MRS code of conduct

IF TELEPHONE: If at all possible, we'd like you to have a copy of your most recent forecast in front of you while we conduct the interview. (IF FACE-TO-FACE - Interviewer ensure that have an example of the combined forecast sent out by the employer to hand).

Would it be OK to speak to you about this now?

Yes 1 CONTINUE
No - arrange call-back 2 ARRANGE TIME TO CALL BACK.
No - refused 3 THANK AND CLOSE
Other 4 THANK AND CLOSE

Firstly can you tell me how long ago you received your most recent pension forecast from your employer?

How long have you been receiving 'forecasts' of your pension – by this I mean a statement that lets you know how much you can expect to receive from your pension on retirement?

Generally speaking, how much attention do you pay to these forecasts? Why is that?

How helpful have you found these forecasts in the past? Your most recent forecast contained a statement about how much you could expect to receive from the State when you retire. (IF TELEPHONE – explain where this is shown on the statement, IF FACE-TO-FACE – show section dealing with State pension forecast on example document). Do you remember noticing this part of the forecast at the time?

INTERVIEWER NOTE - IT IS POSSIBLE THAT SOME INDIVIDUALS MAY NOT HAVE RECEIVED A FORECAST BECAUSE OF DIFFICULTIES MATCHING THEIR DATA – THEY WILL HAVE RECEIVED A NOTE TELLING THEM THAT NO MATCH WAS MADE AND TO CONTACT THE PENSION SERVICE IF THEY WANT MORE INFORMATION. ADAPT TOPIC GUIDE FOR THESE PEOPLE – ASK ABOUT AWARENESS THAT WOULD RECEIVE A CPF, WHAT THOUGHT WHEN RECEIVED THE NOTE ABOUT NON-MATCH, UNDERSTANDING OF WHY THIS IS AND WHAT THEY HAVE DONE SINCE.

Were you expecting to receive a State pension forecast as well this time?

Do you remember being asked for your permission for the State pension forecast to be obtained? How long ago was this? How was your permission asked for?

What did you think when you were asked for your permission? Did you think it was a good idea or not? Why?

What did you think when you saw the part of your statement relating to the State pension? What did the statement tell you?

• Whether they realised that this was the forecast of what they would get from the state when they retire
• Whether they realised it is an estimate (base on an assumption that they will continue working at the same rate until retirement)

Why do you think this State pension forecast was included in your pension statement this time?

Did the forecast tell you anything new or help you understand anything better about your potential financial situation when you retire? What did it tell you? Why is this useful?

Did you pay more or less attention to your forecast this time compared to the amount of attention you normally devote to pension statements? Why more/less?

IF HAVE PAID MORE ATTENTION TO FORECAST THIS TIME PROBE AS TO WHY:

• Did you pay more attention because it was a combined forecast or because of something else, such as press coverage about pensions or a change in personal circumstances?

Was the forecast State pension more or less than you were previously expecting? What were you expecting the monthly State pension to be?

How easy was the information on your statement to understand? Were there any parts that you found difficult to understand? Which bits? Why? (Interviewer - ensure that able to distinguish between confusion over part dealing with employer forecast and part dealing with state pension forecast - use example statement as a prompt) What do you think could be done to make it easier to understand this?

Did you have to try to rework it with an explanation of how to interpret the employer and state parts? Would you have liked more explanation? What would you have liked explained?

Would you have liked more information from your employer about the statement? What?

Did you ask anyone else to explain any of the information to you? Why? IF ASKED SOMEONE ELSE: Who? And was their explanation helpful?

Who would you go to if you wanted more information about the pension forecast?

Did you notice that there was a number for the Pension Service that you could contact? If you wanted more information about your forecast? Did you consider calling them at all? Why/why not?

Do you think that issuing a forecast that shows you the predicted State pension as well as your forecast employer pension was a good idea? Was it useful? Why?

Have you done anything as a direct result of receiving your forecast? Why?
PROBE FOR INFORMATION ABOUT:
- Whether seeing both forecasts together was the reason for doing something

IF HAVE DONE SOMETHING AS A DIRECT RESULT OF RECEIVING THE FORECAST

What did you do?

PROBE FOR INFORMATION ABOUT:
- Talking to anyone else – probe for who-friends/colleagues, employer or professional adviser
- Seeking further information
- Looking into pension options
- Increasing pension contributions through provider

And have you considered doing anything else since receiving your forecast? What? Why? How likely do you think you are to take this course of action?

IF NOT ALREADY MENTIONED:

Have these pension forecasts made you think more widely about financial planning for your retirement?

PROBE FOR INFORMATION ABOUT:
- Considering other sources of income
- Reconsidering retirement age

I now just need to ask you some more general questions.

What type of pension scheme are you a member of? Can you explain to me briefly how it works? How much do you contribute and how much does your employer contribute? What approximately is your monthly pension contribution? How will your final pension be worked out?

How long have you been a member of the scheme?

Why did you decide to join the scheme?

Are you a member of any other pension schemes?

How interested would you say that you are in pension issues?

Could you give me a brief description of your job role?

And do you work full or part time?

Can you please tell me how old you are?

And can you tell me what your monthly household income is?

INTERVIEWER RECORD GENDER

THANK AND CLOSE
Appendix E
DWP opt-out template

Notice of Intention (Consent) - Legislative Requirements

1. Date on which notice is sent
2. Give notice that you intend to apply for disclosure of individual’s state pension information
3. What information relating to the individual you (the applicant) can disclose to Sec of State for the purposes of the application (i.e. surname, forename, gender, DoB, NINo, staff/policy/scheme no. etc)
4. Statement that information disclosed to applicant will ONLY be used for the purpose of forecasting
5. An “Opt-out” Clause including –
   • how the individual can “opt out”;
   • period during which it may be made - that being not less than 30 days beginning with date the notice of intention is sent
6. A statement saying that, in the absence of an “opt out”, state pension information relating to the individual may be disclosed to the applicant
7. A statement that in the absence of a subsequent “opt out”, subsequent applications for the disclosure of state pension information relating to the individual will be made by the applicant as long as that individual remains a member of the scheme/employee

On the following page is an example of a notice of intention (consent) containing all the above points, numbered accordingly.
XYZ COMPANY LIMITED PENSION SCHEME

Date

Dear [ ]

So that we can send you a pension forecast that includes information about your State Pension as well as information about your pension from this scheme, we need to get some information about you from the Department for Work and Pensions (DWP). To get that information we need first to tell the DWP the following information about you –

- surname or family name
- forenames
- sex
- date of birth
- National Insurance number
- [staff number or payroll number
- pension scheme number
- pension policy number]

The DWP will then be able to tell us about -

- the State Pension you have earned so far
- what your State Pension is likely to be when you retire
- the age at which you can get State Pension

The information we get from the DWP will be used only for the purposes of providing you with a forecast of your pension rights.

If you object to us giving the DWP the above information about you then you must tick the box below and return this letter to us in the envelope enclosed within 30 days of the date at the top of this letter. If you do this, the pension forecast you receive from us will not include State Pension information.

But if you are happy for us to give the DWP the above information about you, you need do nothing, and we shall be allowed to disclose information about you to the DWP, and to receive information from them, for as long as you continue to work and are a member of this pension scheme. The State Pension information the DWP gives us will be included with the pension forecast you receive from us.

Even though you do not now object to us giving information about you to the DWP you may do so at any time in the future by [ ].

Yours faithfully
Appendix F
CPF template

Your retirement pension forecast

Name
DOB
Policy/Scheme number
National Insurance No.
Date

Your State Retirement Pension

The amount of State Retirement Pension you have earned so far: £xx,xx monthly
The amount of additional State Retirement Pension you have earned so far: £xx,xx monthly
The total amount of State Retirement Pension you have earned so far: £xx,xx monthly

We have assumed your State Retirement Pension will be payable when you reach the age of: xx

Based on the amount you have earned so far if you pay, or are credited with, enough full-rate National Insurance contributions the State Retirement pension payable throughout at State pension age would be:

Basic State Retirement Pension: £xx.xx monthly
Additional State Retirement Pension: £xx.xx monthly
Total State Retirement Pension: £xx.xx monthly

• All amounts are shown at today’s prices

• State Retirement Pension includes basic state pension and any additional pension (this may include SERPS, graduated retirement benefit and state second pension) you may be entitled to.

• Your current State Retirement Pension figure is based only on your own National Insurance record. Your projected State Retirement Pension figure is calculated assuming that you will pay or be credited with full-rate National Insurance contributions until State pension age.

• The amount of State Retirement Pension shown here is what you could get. The amount you get when you actually retire may be different because of changes in your circumstances or changes in the law.

• If you receive more than one combined pension statement in a year, please remember that you should NOT add together the State Retirement Pension amount shown on each statement. The amount of State Retirement Pension you could get is that shown in the latter of those statements.

• The amount of projected State Retirement Pension and associated qualifying age shown here are based on your date of birth held on your National Insurance record.

• If you think any of the information we have used to prepare this forecast is wrong, please let us know by contacting 0845 3000 168. If any of the information is not correct, or has been incorrectly recorded on your National Insurance record, your forecast may be wrong.

If you would like more information about your State Retirement Pension statement please ask for leaflet (name) which you can get from (contact details).
### Other research reports available

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