

Written evidence from Just Group (APS0068)

I write to provide further details on the auto-appointment booking approach for pensions guidance I introduced at the Work & Pensions Committee's evidence session on Wednesday 21 July.

Trials have been used before in this policy area including the 'stronger nudge' trial organised by the Money & Pensions Service in 2019/20. This evidence-led approach is helpful in determining what measures are likely to have a material impact on pensions guidance take up as well as those, like the stronger nudge, which have been found to have only a limited impact.

The objective of an auto-appointment booking trial should be to assess the impact that this approach has on Pension Wise take up among pension savers ("participants"). The most important outputs of an automatically-booked Pension Wise appointment trial would be to measure:

- How many participants attend the pre-booked appointment
- How many participants defer the pre-booked appointment
- How many participants decline the pre-booked appointment
- How many participants don't attend the pre-booked appointment

We would also recommend that a trial consider behavioural options for encouraging those participants who initially wish to decline the appointment to reconsider. Organisations such as the Behavioural Insights Team – which helped MaPS with the stronger nudge trial – could offer useful guidance in how to construct these interventions.

Who, how and when?

An auto-appointment trial would need to include pension providers and/or pension schemes in order to provide findings that reflect outcomes for members of both contract-based and trustee-based Defined Contribution ("DC") pension schemes. These are the two principle forms of DC pension saving and are regulated by the Financial Conduct Authority ("FCA") and the Department for Work & Pensions ("DWP") (through The Pensions Regulator) respectively. A successful trial would need the FCA and DWP to collaborate, along with MaPS as the delivery body responsible for Pension Wise. These organisations would need to agree the objectives for the trials and in our view would need to identify a Lead research project manager and/or appoint an independent agency such as the Behavioural Insights Team to help mobilise the trials ("Lead").

After agreeing the objectives of the trials the Lead would need to identify providers and schemes willing to participate, as was done for the MaPS stronger nudge trial. Providers and schemes would send invitations to eligible participants confirming their Pension Wise appointment date and time, and their related options (i.e. to have the appointment, arrange another time or decline).

We envisage that MaPS would allocate blocks of Pension Wise availability to the providers and schemes. We recommend the letter inviting people to an appointment should be designed to indicate it has been sent by MaPS as a trusted, government-backed supplier of Pension Wise, in order to achieve the strongest positive response from recipients. The trial could also test different versions of the template letter in order to gather feedback on which format and content has the strongest impact on recipients.

Samples and duration

The Lead should be charged with determining an appropriate trial structure and timeframe. There is an inevitable linkage between the preferred sample size for any trial and the likely duration, i.e. a trial targeting 4,000 participants would take longer than a trial targeting 2,000 participants. Nine months elapsed between the start of the stronger nudge trial and the subsequent publication of the trial findings. Given the need to quickly identify how to drive up Pension Wise take up, we would recommend that the trial should take no longer than six months to gather and publish the findings. As MaPS has experience of coordinating a trial and working with DWP and FCA as key delivery partners we would recommend that the Lead aims to complete the trials in around three months, so that the trial findings can be assessed without undue delay.

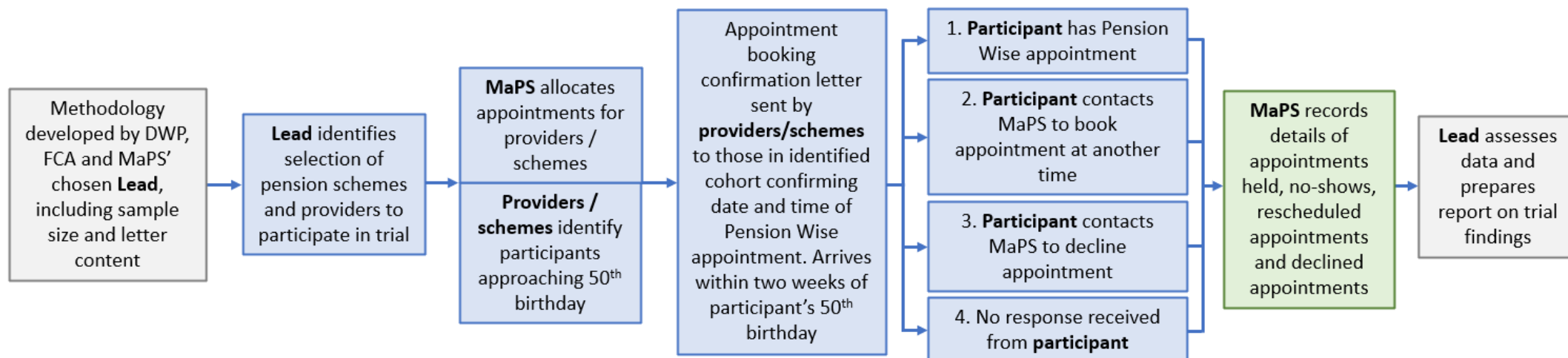
Annex A shows the steps that would enable an auto-appointment trial. As the diagrams show, the trial would need to enable the identification and participation of participants while also meeting relevant data protection requirements. We have assessed these options against the relevant data protection requirements that providers and schemes are subject to, and using the Privacy Impact Assessments approach that all organisations must use to meet the requirements of the General Data Protection Regulation (GDPR). Any one of the three trial design options would provide the findings required to evaluate the auto-appointment booking approach.

There is a growing consensus that testing auto-appointment booking will provide valuable insight which policymakers can use to inform the appropriateness of scaling a solution. We know from the stronger nudge trial that this approach can yield important insight to guide policy, and this has influenced many of those organisations who are now calling for such a trial. Given the risks facing non-advised savers and the need to identify how best to achieve a 'norm' of Pension Wise usage to mitigate those risks, now is surely the time to implement these trials without delay.

I hope this is useful and would be happy to provide any further information required.

Annex A: Options for delivering an auto-appointment booking trial

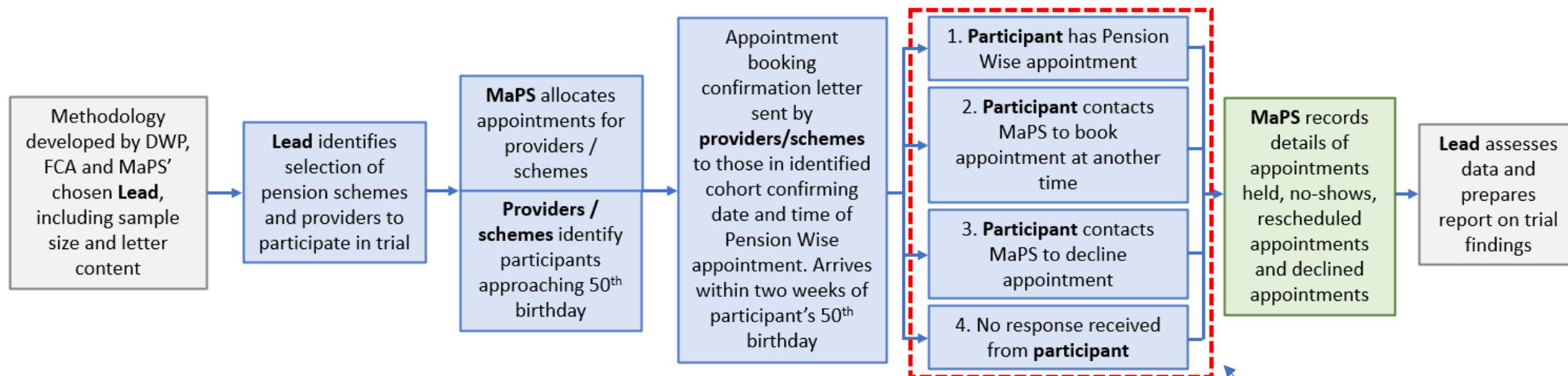
1. Data sharing possible between providers/schemes and MaPS



Key elements:

- Data sharing permitted between schemes and MaPS
- Pension providers/schemes send participants' details to MaPS so invitations can be originated
- MaPS sends the template letter to participants direct

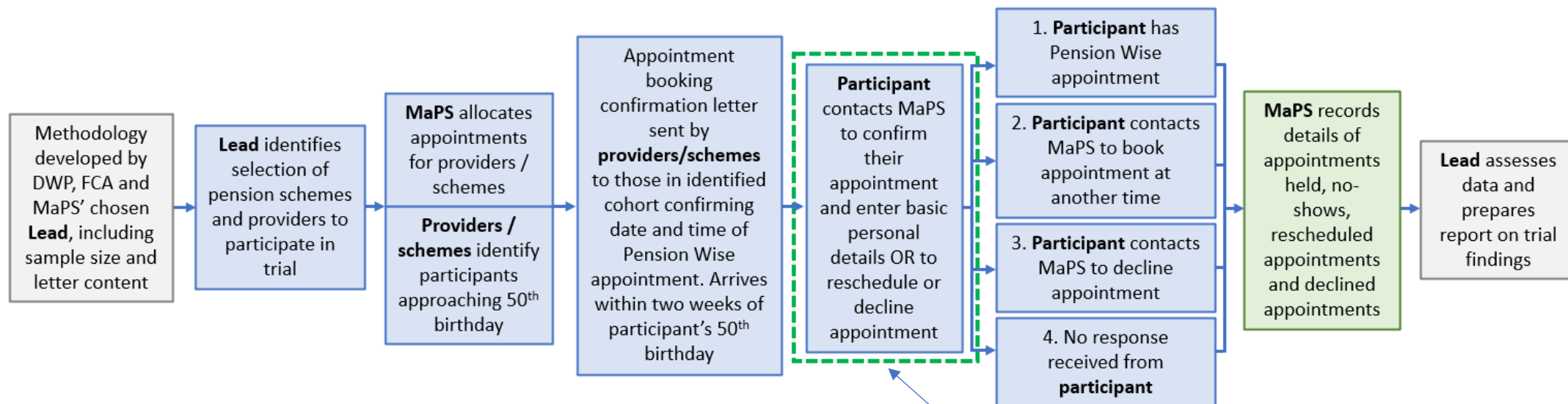
2. Data sharing not possible between providers/schemes and MaPS



Key elements:

- Same as 1. but pension providers/schemes send the template letter to participants rather than MaPS, because providers/schemes not permitted to share participants' details
- MaPS receives contact from participants who take up, reschedule or decline appointment
- ...but Pension Wise representatives don't know participant's identity in advance and have to ask for these details (red box)

3. Hybrid approach – process incorporates verification of participants' details



Key elements:

- Same as 1. and 2. but with participant identify verification process added (green box)
- Pension providers and schemes send the template letter to participants, because providers/schemes not permitted to share participants' details
- MaPS website (and/or telephone service) allows participants to confirm, defer or decline their appointment
- Pension Wise representatives know participants' name prior to appointment