PRIVATE PENSIONS AND GOVERNMENT INFORMATION CAMPAIGNS: LESSONS FROM OECD COUNTRIES
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Introduction

Most of the OECD countries are facing the challenge of how to maintain sustainable pension systems in the face of aging populations. Many have undertaken pension reforms – which frequently involve the introduction of policies which may be seen as unpalatable to parts of the population. These reforms also often involve individuals having to take more responsibility for funding their retirement income.

Several OECD governments have therefore launched public awareness campaigns to help explain to their populations the need for reform, the policy undertaken and the increased responsibilities which individuals have for funding their own retirement (and how to manage the choices subsequently involved). Such campaigns have been shown to have success in raising awareness amongst the population of these issues - though translating such action into a change in behaviour does seem to have been more challenging.

This report reviews the main campaigns that have been launched in OECD and selected non-OECD countries and provide a preliminary assessment of their effectiveness in terms of extent to which original goals were achieved. The starting point for this assessment is the OECD Recommendation on Principles and Good Practices for Financial Education and Awareness, approved in 2005 and the OECD Recommendation on Good Practices for Financial Education relating to Private Pensions, approved in 2008.

Overview of campaigns

Public awareness campaigns can be divided into two main groups. There are those whose main objective is to explain to the public the need for a particular reform and help build a political and social consensus in order to pass the reform. Such campaigns have usually accompanied the major, systemic pension reforms that have taken place in Latin American and Central and Eastern European countries, where part of the social security system has been substituted by mandatory, privately managed pension funds.

The second type of public awareness campaigns have as their main objective the prompting of consumers into a particular course of action. In the countries mentioned above, the new reformed system is usually optional for workers above a certain age, who may choose instead to stay in the old system. The government may therefore wish to engage in a public information campaigns to explain the virtues of the new system relative to the old one. Similarly, in voluntary pension systems, the government may engage in public information campaigns to encourage individuals to save and inform them about the long-term benefits of maintaining a schedule of regular contributions.
Public information campaigns of this second type may also try to inform workers about other choices they face and about the importance of making a choice. For example, the mandatory private pension systems introduced in recent years are all of the defined contribution type, offering workers choice of fund manager, annuity provider, and increasingly also a choice of investment portfolio during the accumulation stage.

Public awareness campaigns are distinct from financial literacy programmes in the private pensions area whose main objective is to raise the target population’s knowledge of financial and related matters as regards their private pension arrangements. Sometimes, public awareness campaigns are combined with targeted financial literacy programmes (e.g. adult seminars, school curricula, etc) or may involve the use of mass media to transmit financial knowledge to the general population, via, for example, the internet, television or brochures. When judging the impact of public awareness campaigns, it may be difficult to disentangle their effect from that of these additional programmes.

OECD Guidelines

Through its broad Financial Education project, the OECD has surveyed a number of these national pension awareness campaigns. General recommendations on such programmes have been included in the OECD ‘Recommendations on Principles and Good Practices for Financial Education and Awareness’ which were approved by the OECD Council in 2005. For example:

- Financial education should be provided in a fair and unbiased manner. Programmes should be co-ordinated and developed with efficiency.

- Financial education programmes should focus on high priority issues, which depending on national circumstances, may include important aspects of financial life planning such as basic savings, private debt management or insurance as well as pre-requisites for financial awareness such as elementary financial mathematics and economics. The awareness of future retirees about the need to assess the financial adequacy of their current public or private pensions schemes and to take appropriate action when needed should be encouraged.

- National campaigns should be encouraged to raise awareness of the population about the need to improve their understanding of financial risks and ways to protect against financial risks through adequate savings, insurance and financial education.

- Financial education should start at school. People should be educated about financial matters as early as possible in their lives.

Given the particular need for financial education in relation to pensions (due to the complex, long term, nature of pension contracts and their role in providing often vital subsistence income), the OECD Council requested specific guidelines for pension related campaigns to be drawn up. The ‘Recommendations on Good Practices for Financial Education Relating to Private Pensions’, launched in 2008, also make specific recommendations on the role of governments:

Governments and other Public Authorities:

- Have a significant role to play in financial education programmes on pensions via public awareness campaigns and should provide a strong lead, coordinating projects with a range of other partners. Specific websites or a specialized structure or agency should be considered.

- Should promote awareness and education of financial and regulatory issues that bear on pension financial education such as information disclosure guidelines and corporate and financial governance guidelines.

- Should explain public policy clearly (particularly where mandatory savings are involved) – including any pension reforms taking place, the pension environment, increased individual responsibility and demographic and changes requiring individuals to save more – in order to maintain transparency and confidence in the pension system and thereby encourage individual saving for retirement. Care should, however, be taken with public campaigns to distinguish between financial education and political advocacy for a particularly form of pension or retirement income system.

- Should direct public awareness campaigns as broadly as possible, due to a widespread lack of understanding of pension issues. In addition specific programmes targeted at the most vulnerable groups (migrants or those with the lowest income and savings levels) can also have a significant impact.

- Should work towards making individuals aware of their limited knowledge on financial matters, and pension products in particular, stressing the risks of not having an adequate income in retirement, and should provide information for where to seek further information and advice on how to mitigate this risk.

- Should strive to ensure that reliable information of projected public pension income is delivered on a regular basis by public pension providers - giving individuals a clear, prudent projection of potential retirement income.

- Should work to ensure that training in financial education relating to pensions is started as early as possible – potentially as part of school curricula - in order to encourage individuals to start savings from as young an age as possible, which is particularly important in relation to DC type pension plans. They should also ensure that financial education on pensions is available on an on-going basis, at key points through an individual’s life (starting work, marriage, birth of child etc.).
General Lessons on what makes campaigns successful

Echoing the OECD guidelines, and looking at international campaigns, it is possible to start to draw out some lessons for why certain campaigns have been successful.3

- Governments first need to define their role in the campaign (which should focus on explaining systematic change and building confidence).

- When explaining reforms of a pension system objective information is essential (are governments the best placed to provide this given they were also responsible for the previous system?)/ care should be taken not to be entirely negative about the previous systems, otherwise, people may opt to go into the new mixed schemes even when that is not in their own best interests.

- Government campaigns work when they clearly distinguish between information and advice - otherwise the public sector sources (often the preferred information source of individuals) can lose credibility.

- To be successful governments need work with a wide set of partners and to use varied (often not obvious) channels.

- Building on existing financial education work and campaigns can boost effectiveness and efficiency.

- However, governments need to coordinate their campaigns carefully with these other stakeholders – particularly private sector advertising (e.g. which may be delayed until government campaigns are over/ or government advice on how to interpret advertising may be needed).

- Governments may need to regulate private sector information – e.g. via compatibility requirements.

- Campaigns may be divided into different stages – for example an initial stage may choose to focus on opinion leaders, who can subsequently provide independent information and advice to others.

- Governments may include an element of targeting journalists in the media in their campaigns – with these groups then able to explain reforms to the broader population.

- For campaigns to work they should not only target older people (despite most media coverage of pensions featuring pictures of old people!) – information needs to be delivered to those still working and the young.

- People need a unified picture of their pension options – hence projections of pension payouts are an important information item (though how to present them in an accurate / understandable / not misleading way needs further work).

3 These suggestions, and the following case studies on Poland, Estonia and Germany, are drawn from a recent European Union peer review, looking at public information on pension systems and pension system changes by examining campaigns in a range of EU countries.
• Governments should not shy away from linking pension reform to other topics – such as labour market issues (i.e. need to work longer).

• To have the long lasting impact aimed at, campaigns need to be on-going and have some follow up to initial activity around the time of reforms otherwise the initial benefits will fade (i.e. the government needs to keep returning to the topic and let people know what has happened in the meantime).

• The impact of campaigns needs to be regularly evaluated (does it lead people to making the choices they need?).

• Governments should not overestimate the amount of time people are willing to devote to learning about pensions.

• Behavioural economics shows that some groups will not or cannot save and governments should therefore consider linking their campaigns with other mechanisms (e.g. automatic enrolment and well designed default options).

Case Studies

Examples of some campaigns run by governments and pension regulatory / supervisory authorities follow. They are divided into two main groups. The first contains countries that have reformed their pension system systemically, and who used a public awareness campaign for the purposes of building a consensus about the need to reform. Some of these countries have also used public awareness campaigns to explain how the pension system has been reformed and to help them make certain choices over their mandatory private pension arrangements.

The second group contains examples of countries which have used public awareness campaigns only to inform the public about a particular reform or option they face in the private pension system and to prompt them to take action. They may be general campaigns seeking to encourage individuals to save through voluntary pension arrangements or more specific campaigns explaining in detail a new private pension system or specific changes to the pension system – such as the introduction of individual choice over providers and investments.

Some of these reforms may have also involved the use of specific instruments to assist individuals in making their choices (such as on-line calculators that give them a projection of future pension income) and may have been accompanied by financial literacy programmes. Such instruments and programmes are mentioned but not discussed in detail as they are subject of a separate OECD research project.

Systemic pension reforms and public awareness campaigns

Poland

When the new individual account based pension system was introduced in the 1990s, the government (Office of the Government’s Plenipotentiary for Social Security Reform) commissioned an information campaign. This lasted from March 1997 to December 1999, and had a budget of US$6m (financed by USAID and the Polish State budget).
The campaign was in two stages. The first stage, launched in 1997 when the new pension legislation was passing through parliament, introduced the idea of reform and targeted ‘opinion leaders (trade union leaders, employers groups, members of parliament etc.) to help build consensus about the reform. The campaign dealt with general themes, using opinion polls to show that the old system was viewed critically by the majority of the population, and aiming to build a positive image of the reforms, to explain them and thereby reduce fears (particularly of older people). Educating journalists, so that they could provide independent information, was also an important part of the campaign (given they, as well as the population at large, lacked financial knowledge, following only 10 years of market experience in the county at the time). This effort bore fruit in the appearance of weekly sections in newspapers, explaining pensions issues and answering people’s questions. A logo and slogan were used to give the campaign identity (Security through Diversity (Bezpieczeństwo dzięki różnorodności)), and information brochures for employees, sent to companies and trade unions, also played a critical role. Brochures in newspapers, a road show touring workplaces (aimed at unions), and information packages for MPs, political parties and NGOs were also used.

The second stage, launched in 1999, then targeted individuals affected by the new system, presenting the reforms and providing the information they needed to make necessary decisions. The main challenge of the campaign was communicating different messages to different groups (the new system being compulsory for those under 30, with those between 30-50 being able to choose whether to join– and if so what fund to opt for - and those over 50 requiring reassurance that the changes would not hurt them). 5 million brochures were distributed during the campaign, via pension reform leaflets inserted into daily newspapers, including the most popular ‘tabloid’ in the country, and call centres were set up (which responded to over 200,000 enquiries). In addition, a media advertising campaign was launched. The government also had to help people make rational decisions and how to interpret the heavy advertising which was run by pension funds attempting to get the business of these new subscribers. Surveys at the start of 1999 showed less than 40% of the respondents felt they were well informed about the pension reform, with the number rising to about 60% 10 months later, in the aftermath of the campaign. Polls also showed that 63% felt information about the reform was easily accessible. Coverage levels achieved for the new system were certainly ahead of expectations. For example 60% of the 31-35 age group joined on a voluntary basis vs. original estimates of 25-45%. However, one side effect of the otherwise efficient Polish public awareness campaign was that some of those joining on a voluntary basis were from an age group where the decision may have been detrimental (i.e. employees entitled to early retirement under the previous system who lost this right when transferring to the new arrangements). It could also be argued that the awareness campaign, and accompanying marketing by private operators, painted too rosy a picture of the new pension system, which may have raised expectations beyond what can be delivered as the payout phase of the reform gets underway in the coming years.

After the Office of the Government’s Plenipotentiary for Social Security Reform was dissolved at the end of 1999, the task of continuous provision of information on new the pension system was taken over by the newly established Pension Supervision Office. The pension supervisor is obliged by law to “further public awareness of the funds’ objectives and terms of operation, in particular of the right appertaining to the fund members.” Since 2001 (when the pension supervisor was established as a separate government body) the public information activities have focused on two issues; making the public aware of investment results achieved and charges levied under second pillar pensions and promoting voluntary savings in the third pillar.

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4 Article 200.1 of Polish Pension Funds Law.
Estonia

As with many other Central and Eastern European countries, Estonia moved from a PAYG to a fully funded, individual account system in the 1990s. The government targeted information about their reforms to a wide audience – though a different message was required for different groups. The first step in the campaign was to define the role of the government, and it was decided that the government should explain why the system needed to be changed (e.g. highlighting demographic impacts on the national budget), and why the particular reform was chosen. Details of the different options for various demographic groups were filled in later, after this ‘scene setting’ exercise. Practical information on how to join the schemes was also provided. Information on pension funds and advice on investment strategies was studiously avoided.

A PR campaign was conducted (by professional consultants) in 2001-2002, lasting for about 6 months and using all kinds of communication channels (including its own TV show featuring interviews with experts, radio and print media, posters, a call centre, a pensions website - www.pensionikeskus.ee - participation in investment fairs and roadshows held in cooperation with the central depository agency – which proved popular). The slogan used was What are you thinking about? About my pension, and the symbol an oak tree (the crown of which was in the shape of Estonia, with the word kogumispension- “funded pension”- at its base, and three branches representing a three-pillar pension system). The campaign benefitted from close cooperation with pension funds (at the start the pension funds used the oak tree logo) – with the private sector agreeing not to launch their own advertising until the campaign was over to avoid confusion. The campaign, though extensive, was not expensive (around €150,000). The initial aim of building trust in the new system is felt to have worked well (for example in first 6 months more than 200 000 people joined the system and in next year another 150 000 joined – this is ca 45% of total potential people who could join according to their age. Today there are 575 000 people in mandatory funded pension scheme).

A new campaigns will begin in 2009 when the new pension system will start to make its first pension payments.

In terms of what was learnt from the campaign, the Estonian authorities found that there could not be too much information coming from a neutral source such as the State, but that ensuring the target audience receives the necessary information from a convenient and appealing channel is key (as they unlikely to make the extra effort to inform themselves on a topic which is seen as ‘boring and related to the distant future’). Cooperation with other authorities (e.g. the tax office, FSA, other Ministries) and the private sector was also important for securing the best results for the campaign. What should be avoided is over estimating people’s ability to understand complex financial issues, the time they are willing to dedicate to learn more or read brochures, and overestimating the abilities of the government to ‘go it alone’. 
Communication regarding pension reform in Hungary is said to not always have been so successful. Unlike its CEE counterparts discussed above, the government’s information campaign during the 1990s reform period, was not effective enough, though heavy advertising was undertaken by pension agents. This is said to have led to complaints that the new system is expensive (due to marketing costs) and many Hungarians slightly underestimated the necessity to introduce the private pension pillar. Switching into the new mixed system, transfers risks more to the individuals, who were not properly explained. There is still no independent rating of pension funds 10 years after the reforms (though these are soon to be introduced by the pension supervisory authority), with a lack of comparative data suppressing switching between funds despite big differences in performance. The media coverage of pensions has been rather highlighting problems than putting forward solutions. Such consequences show why information campaigns are so important.

The Hungarian government has now been building communication regarding the continued need for pension reform in the country and the further need to strengthen pension consciousness. The current campaign has been build using standard communication tools adopted from other sectors targeting consumers. For example, the population has been broken down into groups of ‘opinion leaders’, ‘early adopters’ ‘laggards’ etc. – with the complexity of the message adjusted for each groups’ ability. A new a campaign was launched in June 2008, introducing steps taken over the previous 2 years to secure current and future pensions and to increase awareness on pension issues. Almost 800,000 copies of a brochure covering the topic were produce and enclosed in daily newspapers for a week. The cost of the communication campaign was 28.5 million Hungarian Forint. A periodic, free brochure is also produed - “Új Magyarország Kiadvány” - which reaches most households and informs people about current government decisions and changes. The brochure has been published three times since November 2007, with around 3million copies produced each time. The efficiency of the brochures was measured with a survey, which showed that of those who received the brochures 71% remembered the articles about the pension reform in the first and third brochure.
In recent years the government has set up a Pension and Old Age Roundtable – consisting of a group of professional, pension experts who are developing a national plan based on maximum consensus. In addition an internet based, deliberative discussions around the initiative have been launched, involving civic platforms and creating communications elements to avoid misunderstandings. The government website - www.tegyunkerte.hu - provides information on pension reform and was received more than 1 million visitors in the first half of 2008.
New Zealand

The New Zealand government has implemented a communication and financial literacy campaign, designed to provide workers with the basic tools required to make simple financial decisions. Initially, the campaign (building on and complementing financial education work already being conducted by a number of government and non-government departments and agencies) will provide workers with information that will enable them to decide if new KiwiSaver initiative – a new voluntary, work-based retirement savings scheme - is appropriate for them, if it will help them achieve their savings goals, and if they can afford to participate. It is expected that the KiwiSaver communication and financial education campaign will contribute to improving the level of financial literacy amongst employees in New Zealand - the end goal of the program is to develop a “well-regulated financial intermediary industry” and a “well-informed workforce”. As of May 2008, uptake of the scheme was estimated to have reached 673,000 (40% of the working population).

5 http://www.kiwisaver.govt.nz/
After the superannuation choice of fund legislation went into effect on 1 July 2005, the government allocated almost $20 million over two years to fund education initiatives, directed by the Financial Literacy Foundation (a division in the Department of the Treasury). This education campaign includes four main activities which aim to raise awareness: a call centre to reply to questions regarding fund choice; the Super Choice Internet site; written publications and an advertising initiative targeted to employees and employers informing them of their obligations and rights.

An evaluation of the campaign’s first phase concluded that consumers and employers rated the initiative highly.

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Australia


www.superchoice.gov.au
Sweden

The Swedish public pension system was completely reformed in 1999. The main public pension was changed into a cash-balance type scheme, and a small personal defined contribution pension component called PPM was added. The first set of pension statements for the new system was sent out to 5.3 million individuals in 1999. The send-out of the pension statements was accompanied by an information campaign targeted at the age group 18 through 61. The information campaign consisted of newspaper advertisements, television and radio commercials and public relations events such as conferences. The main goals of the information campaign were to:

- Build knowledge of the new pension system.
- Encourage individuals to read and to understand their pension statements.
- Build trust in the new pension system.

The cost of producing and sending out the first set of pension statements was approximately 45 MSEK. The cost of the information campaign was approximately 55 MSEK.

The information campaign was shown to be initially successful. However, after a while, surveys indicate that knowledge about the public pension system has reverted back to original levels. Around 2/3 of people initially made an active choice regarding which fund they wished their individual defined contribution accounts to be invested – but now only around 2% of new members of the system do so (not helped by the numbers of fund choices rising from 500 to 800). The decline in the number of people making an active choice of fund appears to be related to the discontinuation of the public information campaign after the introduction of the new system.

Currently, the government relies mainly on the annual pension statement, the so-called ‘Orange Envelope’, in order to explain to individuals the way the system operates, the choices they face and what benefits they may expect. The Orange Envelope is sent annually to everyone covered by the country’s national pension system, which contains information on how their defined contribution account has changed over the year and also projections for their future pension income. In addition, there is a summary of how the new pension system works (highlighting to participants that benefits are determined by lifetime earnings). The government agency that administers the individual defined contribution accounts – the Premium Pension Authority – provides information on fund choices, investment risk, and fees and has its own website where participants can review and manage their accounts.

In order to project potential total pension income – as around 15% of retirement income in Sweden comes from occupational pensions - the Swedish Social Insurance Agency and the Premium Pension Authority together with the insurance companies for the occupation plans launched the website www.minpension.se in 2004, which presents individual projections of both the public pension and occupational pension benefits and presents the total projected pension as well its components.
The Swedish Social Insurance Agency conducts an annual survey (since 1999) about the Orange Envelope to examine how participants use it and how well it communicates information about the pension system. The results show that knowledge of the envelope is high (and has held up) but usage is much lower. Though confidence in the pension system does appear to have improved following the introduction of the new communication methods (the share of participants that has no confidence in the system has decreased from 20 percent at the time the new system was introduced to about 13 percent in 2006), knowledge of the pension system as a whole still remains patchy.

In 2008, the Swedish National Audit Office evaluated the information in the Orange Envelope and the efforts by the Swedish Social Insurance Agency and Premium Pension Agency. They concluded that the Orange Envelope contained too much information and recommended the government review its contents. In particular, the Audit Office thought too much information was provided on details that are not directly associated with decisions on work and savings, such as administrative costs.

Sweden is currently going through another pension reform, although this time it is of the occupational pension system for white-collar employees. The occupational pension system was transformed in 2007 from defined benefit to defined contribution for all members born in 1979 or after. The collective agreement which drives the occupational pension system calls for a budget of approximately 50 MSEK to the employees’ confederation for purposes of financial education and approximately half that budget to the employers’ confederation. No particular information campaign, however, has been launched to educate members on the transformation of the occupational pension system.
National awareness and information campaigns

Ireland

The National Pension Policy Initiative (NPPI) was launched in 1996 to facilitate debate on how to achieve a fully developed national pension system and to formulate a strategy and made recommendations for actions needed to achieve this system. The initiative culminated in the publication of a report in 1998 (implemented via legislation in 2002), which included the recognition that the NPPI recommendations would have to be supported by an effective education and awareness programme if they were to have the maximum desired effect as understanding and awareness of pensions amongst the general public in Ireland in the midst 1990s was low.

The National Pension Awareness Campaign9 was launched in 2003 to coincide with the launch of Pension Retirement Savings Accounts (PRSAs). It was run by the Pension Board the on behalf of the government annually from 2003 through 2007. Funds of €500,000 annually were allocated to the programme from 2003-2005, rising to €1million for 2006, 2007 and 2008. The main goal of the campaign was to raise the adult population’s awareness about pension issues, which, according to the government, has been raised from 60% to over 85%. On the other hand, there is less evidence of increased savings as a result of the campaign (the focus was shifted to this goal in 2006/2007).

The success of the campaign has been attributed to its broad nature, with the Pensions Board coordinating many partner organisations (from trade union and employers groups to the National Library Network, to women’s groups and industry associations such as those covering hotels). The campaign also involved a range of media and PR tools, using television, radio and cinema advertising, press coverage and posters – often with a specific target on younger consumers, women or certain types of workers (international migrant workers, rural workers etc.). Further details of the campaign can be found in Annex 1 of this paper.

9 http://www.pensionsboard.ie/index.asp?locID=134&docID=-1
Germany

Given well known demographic pressures, the German government is in the process of reforming the pension system by way of raising the retirement age and increasing the role of occupational and private pensions (via the 2001 ‘Riester’ supplementary pension). The government felt the need to communicate these major shifts in the philosophy of old age pension provisioning (i.e. the move from state to self reliance), and it’s related information campaign has been viewed as a success as there has been a notable change in attitudes in the country.

The reforms have been accompanied by strong information drives, with the Riester reform heavily advertised in all media. For example, the statutory pension insurance institution, the Deutsche Rentenversicherung, sends a Pension Information Letter to everyone with an insurance record of at least five years – about 27 million people in 2007 – informing them (in simple language) of their current and potential future entitlements (based on a simple projection and an estimation of the potential impact of inflation). Such information has been shown to successfully highlight potential gaps in individuals’ pension provisioning. In addition to such specific information, general campaigns have also been used – such as pension specialists attending adult education classes (which are popular in Germany). One of these campaigns, the campaign “Altersvorsorge macht Schule / Old-age provision goes to school” started in 2007. The training course is independent and is provided through about 500 adult education centres in Germany. Over 500 courses with several thousands participants took place in 2007.
As with all Germany government projects, these campaigns are reviewed regularly (with positive responses). The proportion of the population who have begun to reassess their pension provisioning (and to realise that it is insufficient) has risen. Confidence in the new products has also grown. In addition to Riester contracts (which increased to 11m by the end of 2007), coverage of occupational pension schemes - which was stagnant - has also increased since 2001 (which increased 17m by the end of 2007). Furthermore, statistics show the average retirement age rising.

On-going Financial Education

USA.10

Developed by the Employee Benefit Research Institute (EBRI) and its American Savings Education Council (ASEC) program, the award-winning Choose to Save® national public education and outreach program is dedicated to raising awareness about the need to plan and save for long-term personal financial security. As part of its mission, Choose to Save® develops user-friendly, multimedia materials to help individuals plan and save for their financial future.

Public service announcements (PSAs) are a key tool used to encourage individuals to take charge of their financial future. Programmes on targeted networks as well as national channels are used as well as radio outlets (including armed services radio channels), Internet programmes are also central to the programe, again utilizing PSAs and a dedicated financial education website www.ChoosetoSave.org. This includes free savings tools such as:

- The Ballpark ES*timate® retirement planning worksheet
- Many online calculators provided by ASEC partner organizations
- 14 brochures giving readers valuable information on savings issues
- Savings tips on a wide range of savings topics arranged by subject category and alphabetically

All of the information available through the Choose to Save® Program is free to the general public. All information contained on the Choose to Save® Web site is solely educational and there is never any solicitation of products. Choose to Save® PSAs, Web site, and materials development receive the financial support of EBRI members and ASEC partner institutions.

The Choose to Save® website is currently receiving over 29,000 hits and 16,000 visits a month with the calculator being viewed by up to 300,000 people annually. The savings tips and ballpark estimates have proven particularly popular.

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10 Taken from OECD publication "Improving Financial Education and Awareness on Insurance and Private Pensions".
Mexico

The 1997 reform replaced the country’s pay as you go (PAYG) system with a defined contribution one, based on individual accounts managed by specialized financial institutions called “Afores”\(^{11}\). Contributions to the individual account are made by the employee, the employer and the government. The regulator of Mexico’s pension system, Consar, among many others, has the responsibility for: a) creating the regulations under which Afores report information to their clients and, b) promoting financial education related to the pension system.

Consar’s permanent information campaign is aimed at generating consciousness by employees of their ownership of their respective individual account; involving them in the selection of their Afore based on the concept of net returns (return minus commissions) and the acknowledgement of the importance of preparing effectively for retirement.

The campaign implemented by Consar makes use of Internet and all media channels (TV, radio, newspapers, magazines, billboards) for its principal delivery methods. More specifically, it publishes printed material such as wall posters and advertisements in newspapers and magazines, and online materials, such as banners on principal Internet sites.\(^{12}\) It also diffuses radio and television advertisements, and places posters on information stands nationwide.\(^{13}\) All of them include advertisements such as: “get involved today and not tomorrow when it’s too late”, and “depending on the choice you make today will be the size of your pension tomorrow”.

Moreover, Consar agents make personal visits to companies, universities, trade unions, and associations to make presentations to employees and students on the pension system. An innovative scheme has been the organization of “Afores’ fairs” in which the authorities, Afores and other pension-related institutions give individual attention to employees on the pension system. In these fairs Consar has assisted over 5,000 people on a daily basis. Through these and other means, Consar gave direct attention to 5.4 million people during 2007 and as of September 2008 has already assisted over 6 million.

All these actions have been positively regarded by employees. The closer and simpler the information is, the higher the demand for it.

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\(^{11}\) Specialized financial entities managing and promoting the individual accounts part of Mexico’s system and responsible for the investment of resources through the Sociedades de Inversión Especializadas en Fondos para el Retiro (Siefores) (Investment Funds Specialised in Funds for Retirement).

\(^{12}\) Besides straight forward advertisements, Consar promotes its Internet page where a vast variety of information can be found (i.e. Afores charts based on net returns, basic illustrated documents on the main concepts of the pension system, financial data, press information, presentations, etc).

\(^{13}\) The information stands are located at commercial centers, subway stations and strategic points in main streets. These booths are easily recognizable and one or more specialists are there to give away information materials and solve questions.
National Pensions Awareness Campaign (NPAC)

1. Introduction

“For some countries it is governments and regulators that provide information and education on general issues, while financial institutions provide more specific product information, whilst in others regulations exist on the types of information employers can provide. It is important to have some coordination on the provision of information because although information about pensions is widely available, people do not know which sources to trust, how to access it, or how the information relates to their circumstances. Successful programmes have shown to be ones with a strong leader, but involving many different parties e.g. the “Pensions Awareness Campaign in Ireland”

(Source: OECD Working Party on Private Pensions)

In 1995 the Pensions Board and the Department of Social Welfare (now the Department of Social & Family Affairs (DSFA)), commissioned the Economic Social and Research Institute (ESRI) to undertake a survey of occupational and personal pensions. This survey showed that approximately 50% of the workforce in Ireland had supplementary pension cover in addition to social welfare pension cover.

The National Pensions Policy Initiative (NPPI) was launched in October 1996 to facilitate debate on how to achieve a fully developed national pensions system and to formulate a strategy and make recommendations for actions needed to achieve this system. There was a very wide response to the Initiative from many different sources, showing recognition of the importance of pensions and making use of the opportunity to influence future national pensions’ policy. The Initiative culminated in the publication of the Board’s report, entitled “Securing Retirement Income” in 1998. The report set out the proposed plan for future pensions’ policy. It detailed the need for a fully developed national pension system which enables all residents in the State to acquire an income that allows them to maintain their established standard of living on reaching retirement age, in long-term incapacity and, in the case of dependants, on the death of the income provider. Its recommendations set out how those aims can be achieved. The report and most of its recommendations were implemented via legislation i.e. the Pensions (Amendment) Act, 2002.

It was recognised that the recommendations contained in NPPI would need to be supported by an effective education and awareness programme if they were to have the maximum desired effect. The level of understanding and awareness of pensions among the general public in
Ireland in the mid 1990s was low. Market research included in submissions to the Board as part of NPPI showed an important reason for non-participation in pension arrangements as “never thought about it” and a lack of appreciation of the importance of retirement planning. Many people had little comprehension of the impact that retirement would have on personal standards of living and gave little thought to how they would compensate for an absence of employment earning. There was a tendency to believe that the State alone would look after them when they retired. Research at that time provided clear evidence that the extension of pension coverage required more education on the importance of saving for retirement. Consequently the Board recognised that widespread awareness of the need for pension provision was an essential and basic requirement to the success of the NPPI. The Board therefore recommended a Government driven Pension Awareness Campaign to be conducted in conjunction with the relevant public and private sector bodies.

In the Pension Board’s, National Pensions Review 2005 it is stated that “The Board is of the view that further awareness campaigns should form an important part of any voluntary pension system, with continued emphasis on the Board’s priority groups of women and the lower paid.”

Following the completion of the National Pensions Review 2005 and the Special Savings for Retirement Report in 2006, the Board is now participating in the process of working with all the pension stakeholders in completing the Green Paper on Pensions which is expected to be published shortly.

The outputs from the Green Paper, the results of the subsequent consultation process and the framework for long-term pension policy decided upon by Government will influence the nature of the communication and awareness campaigns that will be required for the future. There is a well structured NPAC platform now in place from which any future communications initiatives can be launched.

1.1 Implementation of NPAC

The Pensions Board adopts a multi-stakeholder approach in its implementation of the NPAC project. Through NPAC and the day to day workings of the Pensions Board, contact has been made with a wide range of support agencies that assist in delivering the pensions message to their constituent clients and members. NPAC works closely with a very wide range of employer groups and organisations in educating and providing information support for them in relation to pensions.

A sample of these include;

- State Agencies/Government Departments/ Political Parties
- Pensions Industry
- Irish Congress of Trade Unions (ICTU)
- Irish Business and Employers Confederation (IBEC)
- Small Firms Association (SFA)/Chambers of Commerce in Ireland (CCI)/Irish Small and Medium Enterprises (ISME)
- Universities/Colleges/Schools/Union of Students in Ireland/Career Guidance Counsellors
- FAS/Failte Ireland/National Recruitment Federation
- Comhairle/Citizen Information Centres
- Irish Farmers Association (IFA)/Irish Countrywomen’s Association (ICA)
2. **Campaign Background**

The National Pensions Awareness Campaign arose from a NPPI (National Pensions Policy Initiative 1998) recommendation which was accepted by Government. The campaign commenced in 2003 to coincide with the launch of Personal Retirement Savings Accounts (PRSAs) and has been continued up to and including 2007, conducted by the Board on an Exchequer-financed basis.

€500,000 p.a. was made available annually to carry out a National Pensions Awareness Campaign, on behalf of Government in 2003, 2004, 2005. This allocation was increased to €1,000,000 p.a. for 2006, 2007 and 2008.

The Board established an NPAC Project Team in 2003 to devise an awareness strategy and implementation plan for this important project. This group oversees the conduct of the National Pensions Awareness Campaign.

Independent annual consumer audits were undertaken on behalf of Board to measure the success of campaign activity.

3. **Campaign Objectives**

The primary objective of the campaigns 2003 – 2007 was to heighten pension awareness with the view to increasing pension coverage in Ireland.

The secondary objective of the campaigns was to ensure those with pension provision address the adequacy of that provision.

An associated objective is the building of an educational foundation for retirement planning for the future.

4. **Key Target Sectors**

**Pension Awareness and increasing Pension Coverage**

An integrated advertising and public relations programme is utilised to talk to the identified target audiences using TV, radio, newspapers, online, posters and direct mail. In order to make such a complex message as pensions more consumer friendly the campaign uses every available means of trying to drive action.

A primary focus for NPAC is on young people in the age bracket 25 – 39. Within this group NPAC also focuses on the sectors with low pension coverage.
- **Population aged 25 – 39 years old** – this is the core identified NPAC audience group where it is important that workers start their pension early in their working life in order to ensure they have adequate provision for their retirement.

- **Women** – the female population has traditionally lower pension coverage than the male population.

- **Young People / Graduates** – it is important that the pension message reaches people before they start their first job.

- **Hospitality, Farming and the Rural Community** – the lowest levels of pensions coverage are in the hospitality and agri-sectors.

- **International Workers** – as more and more inward migration takes place into Ireland it is important to communicate the pension message to this audience.

On an ongoing basis throughout the year NPAC continues to promulgate the pension message through a wide and diverse range of communication channels targeting all age groups. It makes extensive use of editorial coverage in local and national media to expand on the seriousness and importance of the need for pension planning particularly emphasising the importance of adequacy. NPAC endeavours to make the subject matter interesting and as consumer friendly as possible.

**Adequacy of pension provision**

Many people have unrealistic expectations as to the level of income they will receive in retirement. Surveys have shown that a high proportion of existing pension holders have inadequate levels of cover.

NPAC delivers its general awareness building activities and promotes the need for adequacy in existing pensions through promotions, dissemination of information, attending at conferences, seminars, workshops etc and operating the information Lo-call helpline and website.

Additional activities include:

- partnering with pension providers and their intermediaries to promote the importance of adequate pension provision among existing pension contributors

- focusing on the responsibility of employers to address the pensions issue with their employees

- continuing to work with employer and trade union groups to encourage their members to address the pensions issue

- continuing to work with various representative organisations in bringing the pensions message to their membership e.g. Accountants, Solicitors and HR Managers.

**Education Initiatives - National Steering Group for Financial Education**

In line with the OECD’s recommendations on principles and good practices for financial education the Financial Regulator has established a National Steering Group to act as an over-arching Government body to promote and coordinate financial education via the formal
education sector and through adult and community education groups. The Pensions Board, as a key stakeholder in terms of financial education on pensions, is a member of the steering group.

The steering group will be proposing policy in the area of financial education, including financial literacy education policy, and through the operation of working groups, effecting the implementation of priorities set by the group.

**Educating the public about pensions**

From an education perspective as stated earlier, pensions and long term financial planning is not on the educational curriculum at any level.

An International Adult Literacy Survey (OECD 1997), highlighted that for up to 500,000 Irish adults low literacy levels can be a barrier to understanding and accessing financial services. In response to these findings the National Adult Literacy Agency (NALA) started a financial literacy campaign focused on alerting management and staff in the financial services sectors to the issues of low literacy capacity among their customers.

Other important characteristics affecting individuals include:

- historical tradition – civil and public servants and employees in big unionised private firms get pensions automatically
- professionals and the well educated and self employed, through tax and accounting advice also take out pensions
- there is a historic and deep rooted land and property ownership passion in Ireland. There needs to be a clearer understanding of the property market and how Irish people see it, as their pension and the effects of when people sell on these properties to realise their pension
- as has been clearly shown by recent Revenue Audits there was a very negative tax and savings attitude during the 70s, 80s and early 90s in Ireland
- in the context of the 70’s right through to the early 90’s with the exclusion of those people in bullet points 1 and 2 above - obtaining a job was the number one challenge. The economics of the country during those times allowed for these people to be cared for by the state systems, family and friends in their retirement years.

4. **NPAC Action and Awareness Strategy**

The approach adopted was:

- intense advertising and promotion focus on the key targets (25 – 39 year olds)
- encouraging people to be aware and informed about their existing pension situation and particularly to examine the adequacy of same
- directing consumers to be personally responsible and take action for their future retirement planning as well as promoting employers responsibility
- driving consumers to the Pensions Board website and particularly the pensions calculators
- engaging consumers with focused awareness building activities through promotions, dissemination of information, attending at conferences, seminars, workshops etc and operating the information Lo-call helpline and website.

6. **NPAC PR and Advertising Strategy**

NPAC engages in an intensive multi-tiered messaging and media approach designed to drive awareness and action amongst the general public and the hard to reach subgroups.

- **Television** is the strongest medium to communicate the message as it delivers high levels of coverage and ensures all age groups and social demographics are reached. TV ads are aired at critical times of the campaign e.g. National Pensions Action Week (NPAW), annual tax filing deadline periods, etc.

- **Radio** is used as a cost effective way of increasing the frequency of message and ensuring increased coverage of light television viewers. Ireland has the highest level of radio listenership in Europe.

- **Cinema** is used to ensure increased coverage of younger adults who tend to be “light” TV viewers.

- **Press** is used as an informational medium through the supply of articles in increasing the awareness of the importance for starting a pension.

- **Ambient** including posters on buses and in washrooms are used in tandem with Internet banner advertising to target young consumers in the course of their daily routines.

7. **NPAC Review**

In February 2007 the Department of Social and Family Affairs (DSFA) and The Pensions Board agreed to carry out a review of the National Pensions Awareness Campaign 2003 – 2007. Terms of Reference for the conduct of the Review were agreed between the Board and DSFA and approved by the NPAC Project Group.

These were as follows:

7.1 Review to what extent the campaign has met the objectives of raising pensions and pension adequacy awareness levels and encouraging pension take-up.

7.2 Review how the resources made available for NPAC have been used and if their use represents value for money.
7.1 **Review to what extent the campaign has met the objectives of raising pensions and pensions adequacy awareness levels and encouraging pension take up.**

It very difficult to systematically assess the effectiveness of NPAC as isolating its impact is challenging when there are so many other extraneous influences. It is also inherently difficult to draw definitive conclusions regarding impact because the ‘cause and effect’ relationships are difficult to establish.

Pension coverage and uptake rates do not reflect the heightened levels of awareness that have been achieved however pension take-up is improving.

**Key points:**

- public awareness levels of pensions and pension adequacy issues have risen from circa 60% in 2003 to 87% in 2007
- the pension coverage rate for those in employment aged 30 to 65 increased from 57.8% in 2002 to 61.8% in 2005
- over the NPAC term 2003 to 2006 the number of participants in Occupational Pension Schemes has increased by 73,037 people
- over 100,000 PRSAs with asset value in excess of €1billion have been taken out by the end of the second quarter 2007
- the coverage rate of 55% of Irish workforce of circa 2,000,000 (CSO 2006) means that approximately 900,000 people do not have private pension provision.

7.2 **Review how the resources made available for NPAC have been used and if their use represents value for money.**
€500,000 p.a. was made available annually to carry out NPAC on behalf of Government in 2003, 2004, 2005. This allocation was increased to €1,000,000 p.a. for 2006, 2007 and 2008.

It is very difficult to cover the value for money element of the NPAC campaign in a forensic way as the diversity of activity carried out by the Board and all the other stakeholders in promulgating the pensions awareness message is what creates the total value.

Effectiveness and efficiency is achieved when and where all elements of the campaign support each other and create a knock on effect where each action and activity generates more interest, discussion, promotion, media coverage, etc of pensions issues.

Sample Media Analysis
For the purpose of this review an evaluation was undertaken by Media Market of the print media coverage for the month of March 2007 which incorporated National Pensions Action Week. Over the month there was a total of 1,180 press articles covering all the print media in Ireland. This equates to a total of 414,787 sq.cm of print media space. To purchase the equivalent volume of advertising space would cost in the region of €3.4 million.

Budget Controls
The NPAC Project Team and the Board of the Pensions Board approved the campaign activity and budget for each year. NPAC budget activity is administered by the Board on behalf of DSFA. Twice a year the Board produces an interim activity and budget report and an invoice for expenditure incurred which is reimbursed by DSFA. All NPAC budget activity is audited by the Comptroller and Auditor General each year.

The open competitive tender process was used by NPAC to ensure that value for money in the Advertising and Public Relations support service contracts was achieved. Through the tendering process NPAC was able to benchmark industry prices for these services.

NPAC Project Manager
Having a dedicated NPAC Project Manager with direct experience in marketing, PR and event management ensured that all activities undertaken during the campaign delivered value for money through maximising media coverage and the engagement and participation of external stakeholders.

NPAC Expenditure
The breakdown of expenditure clearly demonstrates that the maximum expenditure available was allocated to advertising and awareness building activities.
Table 2: NPAC Expenditure 2003 – 2007
Source: Pensions Board

NPAC operates an integrated communications strategy throughout the year thus maximising the opportunities to promote the pensions message through, public relations, advertising, marketing and event management.

7.3 If it were decided to cease NPAC assess the implications this would have on awareness levels in the short/medium and long-term.

The public relations, marketing and advertising industry would argue that the high levels of awareness generated by public awareness campaigns such as NPAC would drop off quite quickly should such a campaign cease and nothing be put in its place.

There are no set rules about how long consumers remember a campaign as it is dependent on a wide variety of influences such as:

- level of spend
- availability of the product or service
- consumer interest in the category
- previous awareness
- creative cut through (impact of advertising and PR)

Where an organisation such as the Pensions Board is not communicating its message in the media market place then public awareness of the Board and pensions in general would be very low. Furthermore if the Board were not so engaged, it is more likely that external interests would be setting the media and communications agenda in relation to pension issues.

The ongoing public relations of the Board have been considerably increased by the NPAC activity and have led to increased and sustained media exposure for pension issues.

On a broader level, prior to the commencement of NPAC in 2003, the main media outlets for pensions related editorial was the financial columns of the national broadsheets. Through
NPAC activity, pensions are now covered by a broad diversity of media including the tabloids, regional press, consumer and trade magazines, information websites, organisational newsletters and e-zines.

Pensions coverage on radio has been a very positive development and particularly coverage on local radio stations throughout the country which facilitates longer and more consumer focused interviews and discussion of pension issues. A positive example of this was during National Pensions Action Week 2007 where Board personnel gave over 40 radio interviews nationwide.

7.4 If it were decided to maintain NPAC should the existing communications and activity strategy be continued and or what other approaches should be considered.

In 2006 and 2007 the focus of NPAC shifted to reflect a change of emphasis from awareness building to action on pension take-up.

To reflect that focus the following options should be considered in the context of the continuation of NPAC:

- continue with a high profile and sustained advertising and promotional campaign to drive pension take-up
- increasing the advertising and media activity to focus in on the key time zones of a “National Pensions Action Week” and on the self-employed tax deadlines in October
- a more focused targeting of activity on the key sectors where coverage remains low such as the hospitality sector, farming and rural communities would be initiated. In adopting this approach care would be needed to ensure that overall awareness levels did not suffer
- expand, develop and evolve longer-term “Partnership Relationships” with external stakeholders such as FAS, Failte Ireland, Careers Guidance Institute, Union of Students in Ireland and the National Recruitment Federation. Educational and promotional “Partnership Relationships” will help to create more buy-in and ownership of the importance of pension coverage and the responsibility for participation in the promotion process on an ongoing basis
- ring-fence some funding for committed financial planning and education initiatives such as the adaptation of the UK – “Learn about Money” project.

7.5 Outline any other issues or actions which may have an impact on NPAC going forward e.g. Green Paper.

In the Pension Board’s, National Pensions Review 2005 it is stated that “The Board is of the view that further awareness campaigns should form an important part of any voluntary pension system, with continued emphasis on the Board’s priority groups of women and the lower paid.”

Following the completion of the National Pensions Review 2005 and the Special Savings for Retirement Report in 2006 the Board is now in the process of working with all the pension
stakeholders in completing the Green Paper on Pensions which is expected to be published shortly.

The outputs from the Green Paper, the results of the subsequent consultation process and the framework for long-term pensions policy decided upon by Government will influence the nature of the communication and awareness campaigns that will be required for the future. At this point in time there is a well structured NPAC campaign platform in place from which any future communications initiatives can be launched.

The OECD report *Good Practices on Financial Education Relating to Private Pensions* makes the following recommendations:

- Governments should play a significant role in financial education programmes on pensions via public awareness campaigns and can provide a strong lead, coordinating projects with a range of other partners.

- Governments should direct public pensions awareness campaigns as broadly as possible due to a widespread lack of understanding of pensions issues. In addition specific programmes targeted at the most vulnerable groups (migrants or those with the lowest income and savings levels) can also have a significant impact.

At this point in time there is a well structured NPAC campaign platform in place from which any future communications initiatives can be launched.

7.6 If it were decided to maintain NPAC should the awareness campaign be embedded in the ongoing work of the Pensions Board or is the existing ad-hoc arrangement, with the future being decided on an annual basis, the correct approach.

Currently the NPAC campaign is funded on a year by year basis. The recommendation from the NPAC Project Team is to embed the awareness campaign in the ongoing work of the Pensions Board for the following reasons:

- capacity to forward plan for a three to five year integrated and intensified campaign

- the timeframe to build, develop and evolve longer-term Partnership Relationships with external stakeholders

- streamlined tendering, procurement and administration.

8. Summary and Recommendations

Over its short life the NPAC initiative has been very successful in meeting its primary objective of substantially increasing pensions awareness in Ireland. Pensions take-up has also increased over the same period but not to the target levels set in the National Pensions Policy Initiative (NPCI 1998). These target levels have been reconfirmed in the National Pensions Review (2006). Accordingly in order to further increase pensions take-up an intensified and sustained public awareness, promotion and education campaign highlighting the necessity of pension provision is essential.
Recommendations

The following are the recommendations for the future direction of NPAC:

- Government needs to continue to play a significant role in financial education programmes on pensions via public awareness campaigns and provide a strong lead, coordinating projects with a range of other partners.

- Public awareness campaigns such as NPAC need to be run on a continual basis, spanning different generations, and not just organised as one-off initiatives in order to have sustained and positive impact.

- NPAC should be embedded in the ongoing work of the Pensions Board.

- Focus the targeting of activity solely on the key sectors where coverage remains continually low such as the hospitality sector, farming and rural communities.

- Ring-fence some funding for committed financial planning and education initiatives.

- NPAC should be reviewed again in 2010.