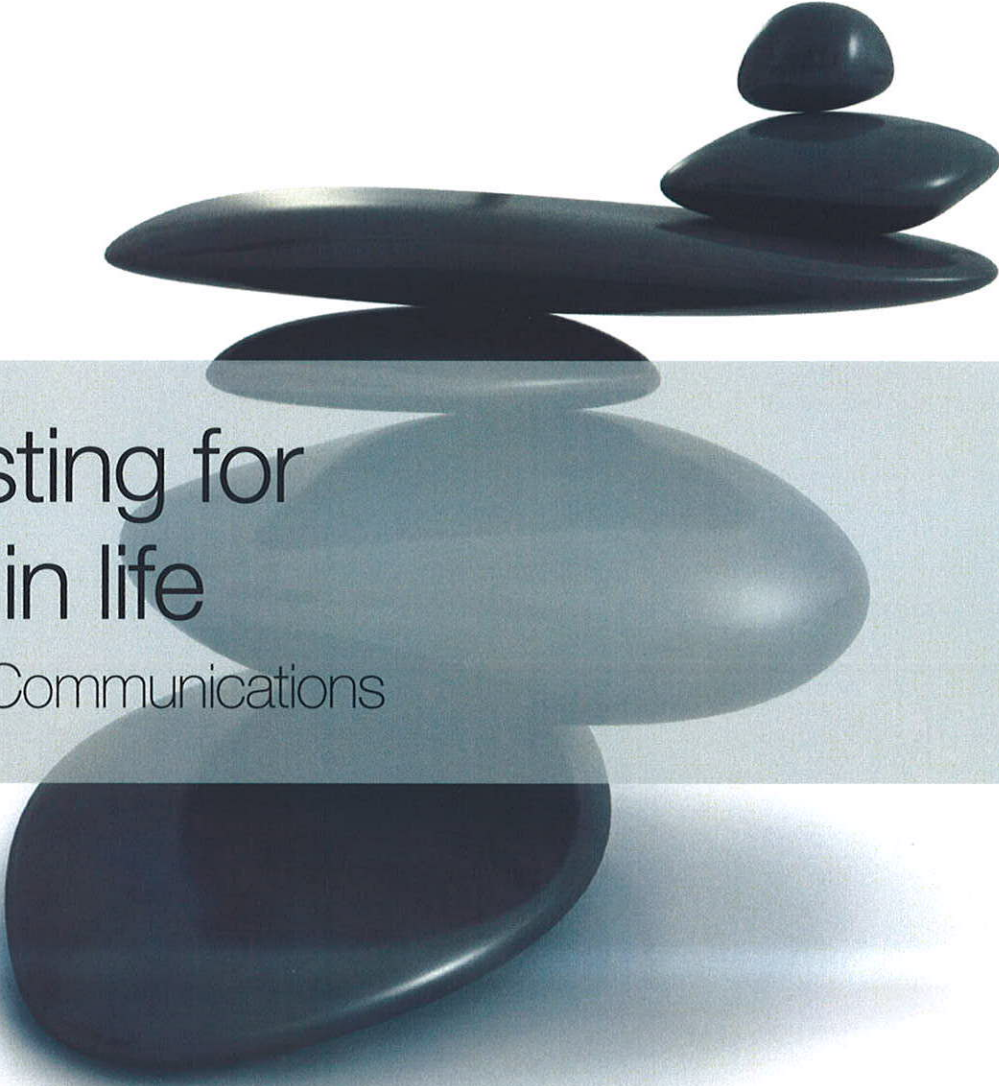


# ARUP



Investing for  
later in life

Internal Communications

Ferrier Pearce   
Creating Strategic Communications

Category: Internal Communications

Sub Category: n/a

Client Company: Arup

Design Consultancy: Ferrier Pearce

Current date:

## Communications drive **40%** increase in expected take up

Arup is an independent firm of consulting engineers and designers, with a strong set of core values passed down from its founder Sir Ove Arup. These core values such as, social usefulness and reasonable prosperity of members were the driving force behind Arup being the last firm in its sector to close its final salary scheme.

Once they had made the difficult decision to close the final salary pension scheme, Arup sought to provide the best quality alternative it could. The firm was keen to achieve maximum engagement, with as many eligible staff joining the new plan as possible, thereby continuing to look after its employees in line with its core values.

We were challenged by Arup to create a cohesive platform to communicate a new pension arrangement in a way that would reach a global audience and enthusing staff to engage with a new pension arrangement.

We responded with the 'Investing for later in life' campaign, which focused on treating Arup employees as internal consumers by using a segmented and personalised approach across all deliverables.



'One of the biggest improvements we have seen in the year since the new website went live is the increase in new graduate staff members actually taking up the option of membership of the Plan.'

Our pension has always been a significant part of the attraction for potential new employees to Arup, but often those keen new starters lost the impetus to join once they started working for us because it was just too difficult to understand the options available to them explained in three separate booklets. Now it is easy for new staff members to understand the Plan, they can find out the information they need online and joining is quick and simple. We finally feel we have cracked the hardest of all pensions markets, the 20 somethings with student loans and high housing costs.'



*Rosemary Mounce*

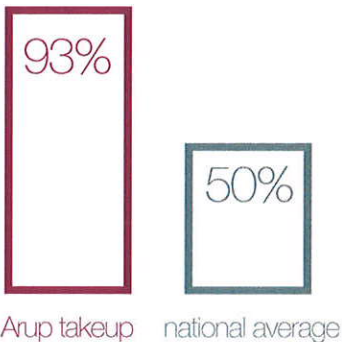
Rosemary Mounce - Arup



# Executive Summary

Arup have reported an increased engagement with the new plan, with more staff paying high contributions and additional voluntary contributions, and an increase in staff awareness of their pension.

Overall this means that there is now a real appreciation of the value in the overall benefit package offered by Arup. Voluntary transfers to the new plan indicate increased staff confidence in the employer and the plan. Overall the results were impressive:



One year on... take up of the scheme is now **almost double the national average**

One year on and the communications solution continues to educate, inform and encourage staff to take advantage of Arup's Group Personal Pension Plan. The take up, now at 93%, exceeds a national average of 50%.

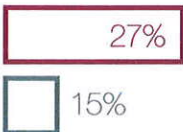


**82%\*** of eligible employees (**over 3,000**) initially signed up to the new pension plan against 63% of members in the old scheme

\*take up now 93%



**95%** of members actively chose investments. Only 5% of employees made no investment choice against a national average of 90%+



**27%** of members chose ActiveChoice - against a client expectation of 15% at the most



**83%** of members are now paying the maximum contribution match

## Outline of project brief

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### Challenge

## To grab employees attention worldwide while talking pensions

The challenge was to communicate a new pension arrangement in a way that would reach all eligible staff around the world encouraging them to really understand and engage with the benefits offered by the new Plan.

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**Targets** Within a four-week window of opportunity, to achieve enrolment of all eligible employees (over 3,000 employees) into the new Plan.

To help staff understand the fund selection process and make enrolment easier.

To help staff to understand the value of this company benefit and improve staff perception of their employer following negative news about the closure of the previous scheme.

To promote positive engagement with the new Plan and enable employees to feel in control of their benefits.

To communicate the key features of the new Plan in a clear and easy to understand way.

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**Description** Arup provides a broad range of professional engineering and design consultancy services to clients all over the world. The firm's goals are to ensure that the Arup name is always associated with quality and enhanced prosperity for all staff.

In common with many other companies Arup was forced to close its final salary pension scheme (and the much smaller money purchase scheme) to all staff. In moving to a GPPP Arup did not set out to reduce costs, rather it was a necessary change to reduce the risk and volatility experienced by the employer. In line with its intention to always be associated with quality, and a desire to harmonise pension provision across Arup globally it wanted to provide its UK staff with a high quality GPPP with a generous contribution structure. Arup wanted to be able to continue to benefit from its reputation as an excellent employer and provider of valuable benefits to its staff.

Arup identified the challenge of not just informing staff, but encouraging them to really understand and engage with the benefits offered by the new Plan. We provided an innovative solution to this problem, one that encouraged the employees to take ownership of their decisions in a simple, clear and engaging way.

Arup's understanding of their target market, together with research into the demographics, established the best medium to communicate with them.

Arup offered an initial enrolment period for employees, running up to the opening of the new Plan.

## Overview of market

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One of the most significant obstacles faced when trying to communicate any pensions change is the apathy that most people have about pension provision. It is a fact that people do not generally spend much time thinking about their pensions until they come to retire. This is particularly true of members of defined benefit schemes where the employer takes all of the risk and employees feel that they are being looked after and don't need to worry or think about their pension. Typically, levels of employee engagement with pension schemes are low.



When you consider that 61% of employees are not engaged, 20% are actively disengaged, and only 19% are actively engaged\*. Communicating with an audience you know is already not listening means an even greater effort to reach all of the employees.

In Arup's case, engagement had been at a relatively low level when members had the option to belong to a defined benefit scheme. It was perceived by the client that it would be an uphill struggle to get staff to embrace the new plan and all the additional involvement they would need to have with selecting investment options and personally contributing to their pension.

The language of pensions is a real barrier to members trying to understand their pension choices and see the true value of the benefit they are receiving from their employer. While it is necessary to represent the facts correctly and be legally compliant, there is a danger that resulting material written by pensions experts will be understood only by pensions experts.

Our campaign for Arup overcame this by putting even the most complex decisions about appetite for investment risk into a format that employees could relate to, using every day situations as examples to help them to make decisions about their benefits.

In the pensions sector there has been a slow uptake in viewing internal consumers in the same way as an external customer. The approach we took with Arup's campaign was one of marketing to the internal customer. Strongly themed design tied all of the communications together creating a pensions brand for the new Plan that engaged with employees.

## Outline of design solution

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### Getting the balance right

#### Project launch date

May 2010

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#### Size of design budget

The design budget for all the deliverables excluding production was £50,000

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Our approach was to present the changes via an internal marketing campaign using email alerts, a new pensions website accessible to employees around the world and booklets and leaflets drawing out the key features of the new Plan. This solution covered the whole eligible workforce and delivered targeted information when and where it was needed.

Eligible employees were able to follow the well signposted journey online taking them through the relevant information, ending at a bespoke decision-making tool designed to help them to select an appropriate investment route.

Our design for all the communications focused on Arup's goals and used themes of harmony and balance. We developed the idea through key phrases such as 'Investing for later in life is a matter of getting the balance right' and 'balancing the needs you have now against your future needs.' This helped employees to see how a benefit which might mean a loss of income now, would be balanced out by a gain later in the form of a pension. Images connected with balance were used to reinforce this approach.

During the initial enrolment period, the main goal of the website was to enable employees to enroll in the plan on time, having made an informed choice about their contributions and investments. The homepage of the website provided an overview of the plan and an opportunity to search for more information on the site or to opt to go straight to the joining page on the HR website. Again, recognising staff as individuals who would have different needs and preferences, the site provided a pick and mix approach so that employees could tailor their experience to their own needs.



Investing for later in life  
is a matter of getting  
the balance right...

## Outline of design solution

The main feature of the website is the Risk profiler, a tool that uses a series of questions to help employees understand their own personal attitude to risk. The 12 questions, including questions on everyday matters such as how they plan their annual holiday along with more obviously pension related questions such as how long they have to retirement, combine to produce a profile of the employee's attitude to risk. Based on the answers given by the employee the profiler suggests an investment strategy from within the 12 lifestyle options available in the Plan.

Booklets explaining the Plan and also the PensionSense arrangement (the name given to the salary sacrifice arrangement that the majority of staff use to contribute to the Plan) were produced as well as leaflets on key topics of interest such as Maternity Leave and at a glance guides to the Plan for the use of recruiters.

A set of email alerts were used to remind members to complete the enrolment process. By using data produced from the website we were able to see what stage of the joining process staff had reached and target individuals with messages specific to their circumstances, such as reminding them that they had selected a investment route, but not yet signed up to pay contributions.



## Over **90%** of employees have now joined the scheme



One year on and the communications solution continues to educate, inform and encourage staff to take advantage of Arup's GPPP. The take up, now at 93%, so far exceeds not only Arup's expectations, but also the UK occupational schemes experience across the board. The Office for National Statistics report on Pension Trends published on 22 June 2011 confirms that, according to the Annual Survey of Hours and Earnings, an estimated 50% of UK employees were members of an employer sponsored pension scheme in 2010.\*\*

Staff continue to be engaged with their pensions and having just gone through the annual renewal period it was clear, from the very small number of staff opting to change their contribution rate, that they fully understand the value of their benefit and the need to continue to pay at the maximum level for the best result.

### **Increase in contributions and participation in PensionSense.**

Although the higher rate employee contributions mean a higher rate of employer contributions, this still meets Arup's goal of providing reasonable prosperity to its staff. A high level of participation in PensionSense also means a saving in national insurance for the employer.

## **13.8%** of national insurance contributions saved by the firm

The majority of this saving is used to fund the higher contributions paid by the employer.

Queries and correspondence to the pensions team at Arup have reduced since the launch of the website, as members are now able to find the information they need online. New joiners to the firm or to the Plan use the website to understand the benefits available to them and see how the Plan can help them to save for the future.

## Original goal of **75%** membership surpassed within the **first four weeks** of enrolment

One of Arup's major goals was to significantly increase the take up of the company scheme. Not only did the take up increase significantly, a 48% increase within the first year of the change, but the original goal of 75% membership was surpassed within the first four weeks of enrolment.



## Plan bucks the trend with **95%** engaged in active fund selection

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Around 95% of new joiners to the Plan actively chose where to invest their contributions, leaving only 5% automatically allocated to the default fund. An impressive statistic considering that the National Employment Savings Trust (NEST) is expecting as many as 90% of its members to be in the default fund, and the majority of other schemes have a similar experience.\*\*

This shows the real value in the approach that was taken by Ferrier Pearce in helping Arup employees to understand their appetite for risk, the range of funds from which they could choose and ultimately their future plans.

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82%\* of eligible employees (over 3,000) initially signed up to the new pension plan against 63% of members in the old scheme

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27% of members chose ActiveChoice - against a client expectation of 15% at the most

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83% of members are now paying the maximum contribution match

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Initial take up in the scheme was far in excess of that expected by the client. Not only has our segmented approach enabled them to exceed all their aspirations in terms of member engagement, but it continues to add value, encouraging new employees to join the Plan and helping them to understand what membership will mean for them.

# Other Influencing factors

The GPPP was replacing two closed schemes, therefore members of those closed schemes would have been expected to join the new Plan as they were clearly engaged to some degree with saving for their retirement. The segmented communications strategy meant that both these members and employees who had never been in a scheme before were helped and encouraged to join the Plan at the first opportunity, leading to the extremely high levels of engagement experienced by the client.

The generosity of the employer matched contributions, 2:1, was a factor in staff opting into the Plan at the earliest opportunity and at the highest rate they could afford.

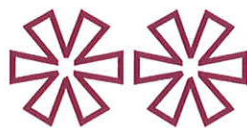
However, employees could have seen this an opportunity to contribute less. The clear and concise communications explaining the contribution structure and how members could get tax and NI relief on their contributions encouraged more members to opt for the highest rate of contributions.

Even the highest member contribution rate in the new Plan (6%) is lower than the contribution (8.25%) many employees were paying as members of the closed final salary scheme. More affordable contributions were a factor in the number of employees who joined the Plan. However, just as important was members feeling that they had control over their money. The website Ferrier Pearce designed gave members a portal through which they could gain access to all the information they needed about the Plan, helping them to feel confident about how their contributions were deducted and paid to the Plan provider.

The PensionSense arrangement enabled the membership to receive national insurance and full (including higher rate) tax relief at source, this was an attraction particularly to high earners trying to make the most of the tax advantages of pension saving with additional voluntary contributions. This sector of the workforce is often time poor due to their senior positions within the firm. They benefited from the ability to access all the pensions information they needed online from any location and from the relevant updates on the website regarding changes to tax limits that could affect their future pension savings.



Gallop Poll UK  
Employment Survey



Taken from the Office for  
National Statistics report on  
Pension Trends

Chapter 7 – Pension scheme membership  
published 22 June 2011.



Taken from the April 2011  
issue of Pension Matters

Produced by Torquil Clark Group and  
written by Ian Hill, Pensions Technical  
Manager. The 90% in default funds is  
also backed up by information in the  
Clear Path Analysis DC Pension Design  
and Investment Survey an article about  
which was published on FT.com on 17  
April 2011: NEST spurs DC member  
contact by Ellen Kelleher.

## Your guide to the Arup UK Retirement Plan

# ARUP

Arup UK Retirement Plan

Investing for later in life  
is a matter of getting  
the balance right...

Investing  
for later in life

### argon Buster

- The Firm
  - The Plan
  - PensionSense
  - BlackRock
  - Standard retirement age
  - Dependent
  - The Scheme
  - Target Plan modeller
  - Annual Allowance
  - Lifetime Allowance
- Over Arup & Partners International Limited  
Arup UK Retirement Plan  
A form of salary sacrifice scheme being introduced by the Firm  
The administrator of the Plan  
Your standard retirement age is 65  
Your spouse, partner, children or others who are financially dependent on you  
The Arup UK Pension Scheme which closed on 30 June 2010  
The modelling tool provided by BlackRock to help you decide your level of contribution  
The maximum annual amount you can contribute to a pension scheme in a tax year and benefit from tax relief  
The maximum amount you can build up in all your pension arrangements without incurring a tax charge



Will you...  
return to you  
ain why it may  
ou, you will be  
pension through  
- a considered way  
ur retirement, which  
I staff.

ArupSense you save tax  
ou and the Firm save  
insurance (NI) contributions.  
ArupSense, you agree  
as your salary by the level  
goes to the Plan you wish to  
. We call this amount your  
ArupSense Adjustment.

I have the option of saving for  
Arup pension at a rate equal to  
is to 6% of your gross monthly  
basic salary. Arup will save for  
your pension at double the rate  
you choose.

As a member  
of the Plan,  
you and the  
Firm will both  
be saving  
for your  
retirement.

Your PensionSense Adjustment	Arup's contribution	Total money going into the Plan
2%	4%	6%
4%	8%	12%
6%	12%	18%
8%	16%	24%

Salary under PensionSense	£110
Annual PensionSense Adjustment	£660
Less saving in income tax	£57.50
Less saving in National Insurance	£57.50
Net cost each year	
Net monthly cost	

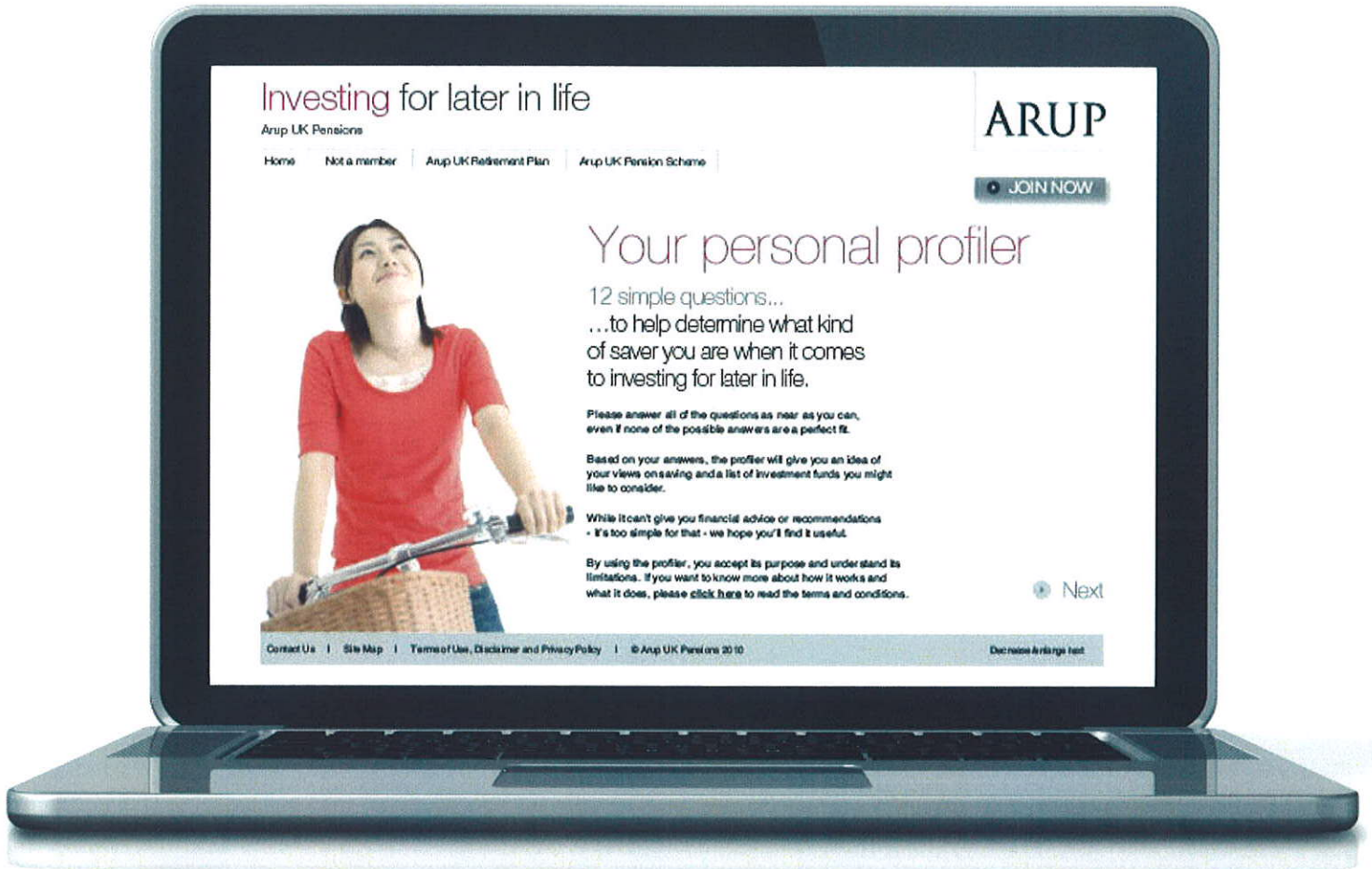
Jim, however, is a higher rate tax payer. His salary is £50,000 a year, and he has chosen a PensionSense Adjustment of 6% (£2,500) of his salary.

Salary under PensionSense = £50,000 - £2,500 =	£47,500
Annual PensionSense Adjustment	£2,500
Less saving in income tax	£1,600
Less saving in National Insurance	£1,400
Net cost each year	£1,400
Net monthly cost	£112

Please note that these are for illustration only, and assume that Jim and...  
entitled to the full personal allowance. They are based on tax and National...  
From April 2011, the tax relief for high earners, if not saving around £100,000...  
gradually reduced to half of the basic rate (10%). If you are currently saving...  
Please refer to effective 2010 and see recommended you take financial advice.

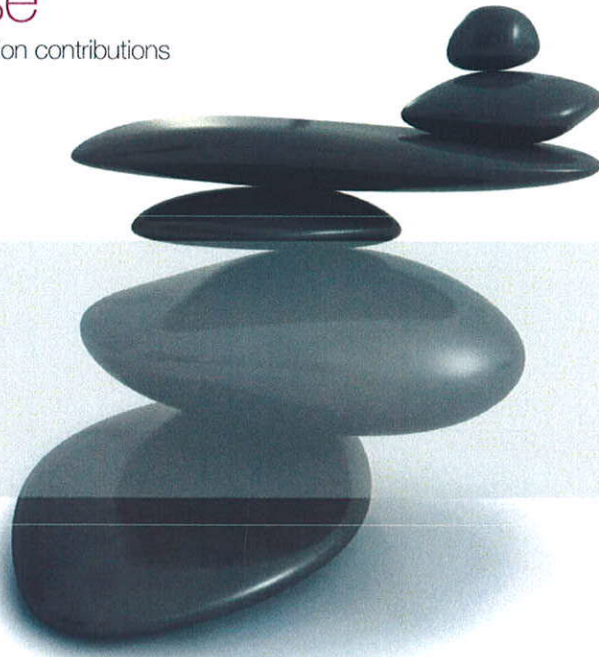
# Appendix 1

A key component of the site is the interactive profiler – a tool to help members understand their attitude to risk and investment.



## PensionSense

A considered way to make pension contributions



# ARUP

Arup UK Retirement Plan

Investing for later in life is a matter of getting the balance right...

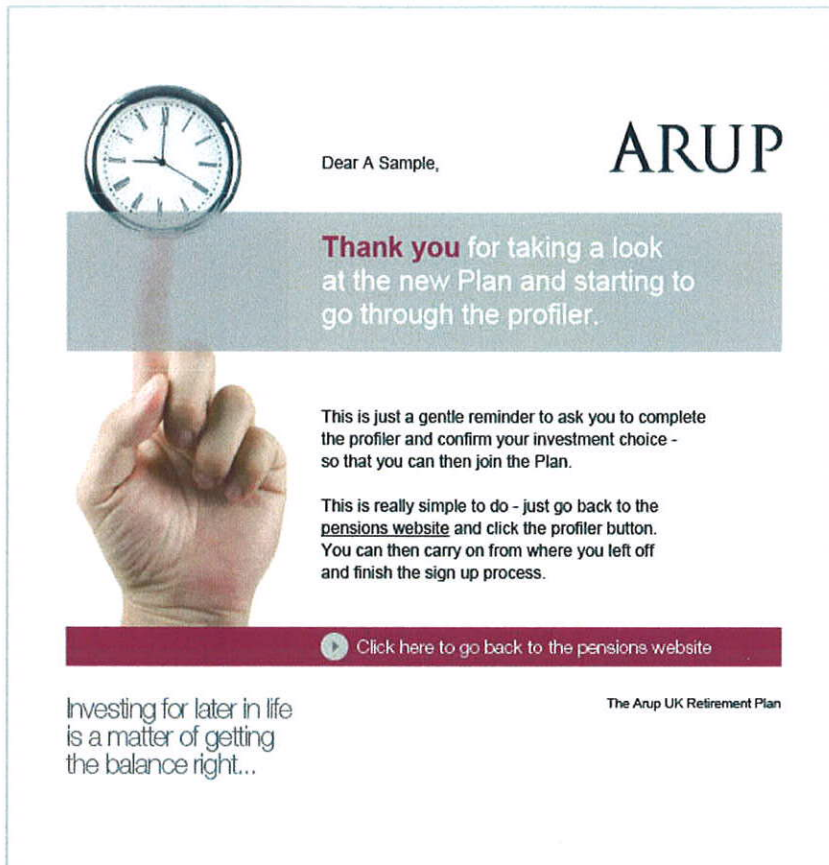
Investing for later in life



- ### 5 reasons to participate in PensionSense
- 1 You pay less NI contributions
  - 2 Your pay reviews, profit share, allowances and overtime are still based on your basic salary before any adjustment for PensionSense
  - 3 Your pension contributions are still based on your basic salary before any adjustment for PensionSense
  - 4 Life assurance benefits are based on your basic salary before any adjustment for PensionSense
  - 5 As under the previous pension arrangements, all staff receive immediate income tax relief for the tax year 2010/11 via payroll rather than having to make a separate claim for higher rate relief to HMRC

It's easy to understand, isn't full of jargon and is quick to read.

# Appendix 1



Dear A Sample,

**ARUP**

**Thank you** for taking a look at the new Plan and starting to go through the profiler.

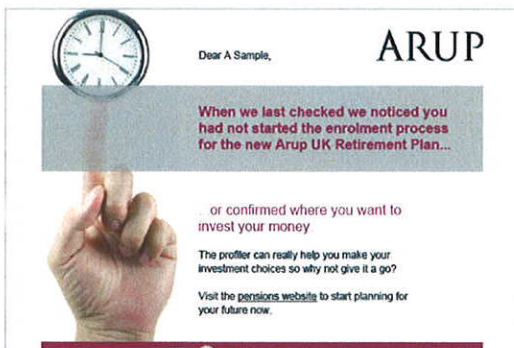
This is just a gentle reminder to ask you to complete the profiler and confirm your investment choice - so that you can then join the Plan.

This is really simple to do - just go back to the [pensions website](#) and click the profiler button. You can then carry on from where you left off and finish the sign up process.

[Click here to go back to the pensions website](#)

Investing for later in life is a matter of getting the balance right...

The Arup UK Retirement Plan



Dear A Sample,

**ARUP**

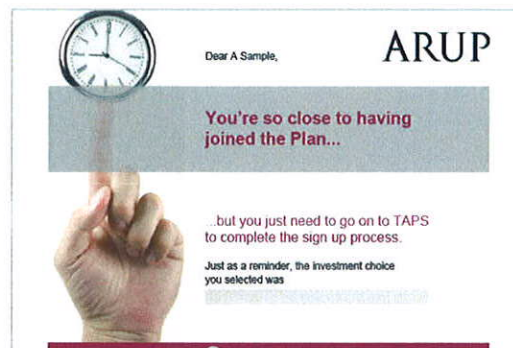
**When we last checked we noticed you had not started the enrolment process for the new Arup UK Retirement Plan...**

... or confirmed where you want to invest your money

The profiler can really help you make your investment choices so why not give it a go?

Visit the [pensions website](#) to start planning for your future now.

[Click here to go back to the pensions website](#)



Dear A Sample,

**ARUP**

**You're so close to having joined the Plan...**

...but you just need to go on to TAPS to complete the sign up process.

Just as a reminder, the investment choice you selected was [\[investment choice\]](#)

[Please click here to complete the sign up process.](#)

Tracking employee's use of the site really helped us to understand the level of their engagement with the new plan.