

Survey report

January 2017



Employee financial
well-being:
Behavioural insights

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Employee financial well-being: Behavioural insights

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Contents

Introduction	2
What this report does and who it's aimed at	2
Why use behavioural insights to enhance your approach to employee financial well-being?	2
What's in this report?	3
1 What behavioural insights tells us about how people make financial decisions	4
2 How to use BI to help employees	10
People aged 18–25, starting their first job or apprenticeship	10
<i>Behavioural insights factors most applicable to this age group</i>	11
People aged from late 20s to mid-40s	12
<i>Behavioural insights factors most applicable to this age group</i>	13
Workers in their late 40s onwards preparing for later life	14
<i>Behavioural insights factors most applicable to this age group</i>	15
3 Top ten BI tips	16
References	18

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Introduction

'Poor financial well-being impacts on health in terms of poor psychological well-being, higher stress and anxiety levels, and lower levels of good health.'

What this report does and who it's aimed at

This guide provides insights about using behavioural insights approaches to influence employee behaviour. It is aimed at organisations already taking action to help support employee financial well-being (FWB).

It's aimed at leaders and HR professionals in organisations of all sizes and in all sectors, and builds on:

- evidence from the report *Employee Financial Well-being: Why it's important*, makes a strong case for employer action in this area, for the benefit of individuals, the organisation and wider society. The report presents research evidence that shows poor financial well-being impacts on health in terms of poor psychological well-being, higher stress and anxiety levels, and lower levels of good health. In turn, this affects productivity in terms of poorer job performance, short-term decision-making, reduced ability to concentrate, lower productivity and absenteeism. This research evidence was drawn from a comprehensive literature review and workshops with experts in financial well-being
- the report *Employee Financial Well-being: Practical guidance*, which offers a menu of options that you may want to consider when promoting and supporting employee financial well-being.

Why use behavioural insights to enhance your approach to employee financial well-being?

Behavioural insights (BI) combine psychology and economics to investigate how individuals *actually* behave in real-world situations rather than artificial or hypothetical settings, such as laboratory settings. This helps us to understand the range of real-life positive and negative influences and triggers of 'good' decision-making. We can use these insights to design information, advice and support to take advantage of circumstantial or environmental factors that shape people's decision-making.

One area where behavioural insights have been used is in public policy design in the form of 'nudges' or behaviour change policies that alter behaviour in a predictable way without restricting any particular option or significantly changing economic incentives (Sunstein and Thaler 2008).

BI can be used to:

- Encourage us to spend enough time looking at our FWB, and BI offers us insights into how we can encourage people to spend more time on it and make better decisions in that time.
- Inform FWB activities with employees based on understanding the hooks and triggers that may influence them to make the best long-term decisions. For example, the insights might help in the design of administrative

- processes, marketing materials, educational materials and delivery mechanisms to improve take-up of education and relevant products, increase behaviour change following education and incentivise commitment and sustained behaviour (OECD 2013).
- Increase take-up and engagement in FWB among individuals and make your reward and benefits package deliver increased value for money.
 - Uncover and challenge biases that affect the decisions employees make about pensions, benefits, savings and making the most of their money.
 - Discover attitudes, ethics and values common to your workforce or groups within it, and then use these insights to understand and challenge employee perceptions and stimulate proactive and positive financial behaviours.

What's in this report?

- **Overview of key insights** from BI literature about how BI can contribute to improve FWB in your workforce.
- **Think about how this might vary by key employee segments** to positively influence their behaviour:
 - people aged 18–25, typically starting their first job or apprenticeship
 - people aged from late 20s to mid-40s, possibly with a young family to support, balancing demands and costs of childcare, rent or mortgage payments and costs of family life
 - workers in their late 40s onwards preparing for later life who need to maximise their retirement provision while at the same time dealing with caring responsibilities.
- **Think about how you might overcome any barriers to having this impact** through 'BI top ten tips'.

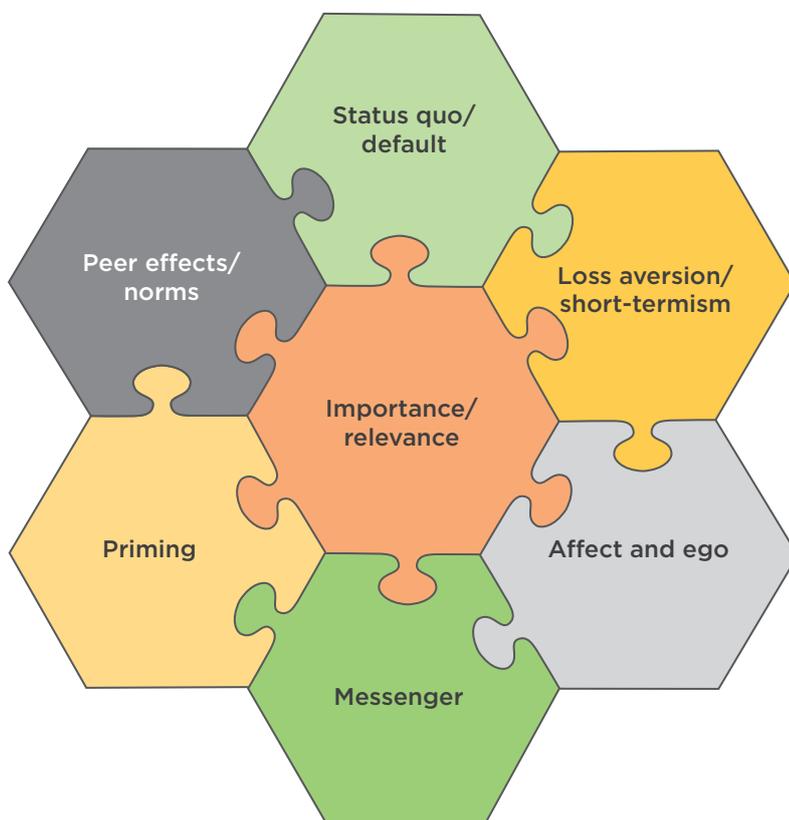
1 What behavioural insights tells us about how people make financial decisions

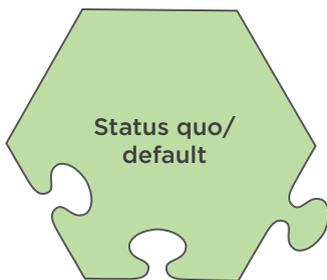
Experimental research shows that we make many of our decisions by rules of thumb or shortcuts – known as **heuristics** – that allow the human brain to cope with complex choices with lots of factors to take into consideration (Dolan et al 2012b). Financial well-being advice should be based on a realistic picture of human psychology – a picture that takes into account heuristics, emotions and other behavioural influences.

Figure 1 shows some examples of these mental shortcuts along with suggestions and examples of how they apply to financial well-being education and the actions that employers should consider taking.

These are important to bear in mind when selecting and designing methods to support employees' financial well-being. Each of the seven elements are examined separately below.

Figure 1: Heuristics influencing behaviour and the implications for financial well-being programmes/initiatives





Mental shortcuts:

- People are more likely to make a decision that follows the default option because they 'go with the flow' of pre-set options.
- Designing defaults carefully can capitalise on people's inertia and turn inaction into a positive.

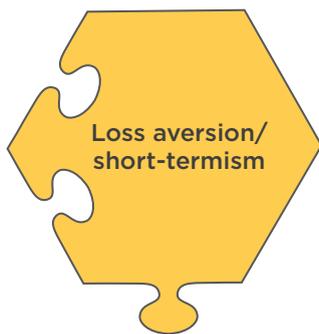


The implications for financial education

- Default options are a central way to counter status quo bias (for example default contribution rates for pension plans).
- Financial advice can add to the influence of defaults to enhance message persuasiveness.
- Influencing decisions about retirement savings plans can be done by choosing the features of a retirement savings plan in a way that will promote desired objectives. The simplest change is automatic enrolment.
- Automatic enrolment is very effective at getting new and younger workers to enrol sooner than they would have otherwise, though individuals usually stick with the default contribution rate, which can be quite low (Sunstein and Thaler 2008).

The implications for action

- Offer employees the choice to opt out rather than opt in to FWB programmes.
- Individuals can participate in a retirement savings plan at a low initial contribution rate that then automatically increases their contributions up to the maximum point in later pay periods (Benartzi and Thaler 1999).
- Employees commit to allocate a substantial part of their future pay rises to savings, a design that helps overcome loss aversion by pushing perceived sacrifices into the future while taking advantage of inertia to ensure that the savings are realised (see Case Study 3).



Mental shortcuts:

- People are more frightened of losing money than they are positively disposed towards gaining it. This results in **loss aversion** – the tendency for people to strongly prefer avoiding losses than acquiring gain.
- **Short-termism** is the tendency to make decisions that appear beneficial in the short term at the expense of decisions that have a higher payoff in the long term.
- People are often mistaken in how spending money might benefit their lives (Pchelina and Howell 2014).
- People prefer short-term over long-term gains. There is a market for self-control devices if you know you are impulsive, for example Piggy Banks or auto sweep on current accounts, which siphons off any money at the end of the month into a savings account.

- **Mental accounting:** people use separate mental accounts for ‘old money’ (existing savings), and ‘new money’ (amounts they have not yet contributed). Wearing rose-tinted glasses and having unrealistic expectations about the future can affect money management and leave you unprepared for a change in circumstance.
- People make forecasting errors and predict future events to be better or worse than they turn out to be (Boyce 2014), such as choosing instant-access savings accounts over long-term investments ‘just in case’ money is suddenly needed.

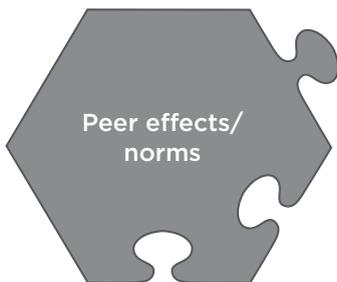


The implications for financial education

- Income losses have a much greater impact on well-being than equivalent income gains.
- Loss-averse individuals may respond more strongly to FWB material that highlights the negative consequences of financial mistakes, such as the exorbitant interest rates charged by loan sharks, being unable to afford a holiday for one’s family or one’s home being at risk if not meeting mortgage payments.
- A tendency towards financial optimism reduces the probability of employees joining employer-run pension schemes (Balasuriya et al 2014).
- FWB programmes should design their enrolment mechanisms to take into account present bias and time inconsistency, and to reinforce individuals’ own commitment to long-term goals of financial well-being.

The implications for action

- Counteract or challenge popular mechanisms of risk in reward that favour immediate gratification over the longer term (such as rewards for credit card spending).
- Frame financial advice/products in terms of cost per day (for example 80p) not per year (for example £300).
- Frame recommendations in terms of avoiding loss rather than maximising gain.
- Use self-commitment devices for individuals to keep to a path of action they might not otherwise choose (for example publishing financial goals on social media, writing a cheque to your least favourite cause for a friend to post if you do not meet your saving aims) (Service et al 2014).
- Use case studies/stories to ‘orientate’ employees to future feelings they might encounter and pull on fear of loss to tap into guilt and regret as well as positive emotions.
- Highlight to employees that any benefit that accrues from an income rise can be completely wiped out by much smaller income losses (Boyce 2014).
- Try to understand the various ‘money pots’ that employees use to divide up income and expenditure.
- Focus on the pots with the most ‘wiggle room’ (that is, the most potential for changes to be made in levels of expenditure).



Mental shortcuts:

- People are strongly influenced by what others do.
- People see the norms of their peers and reference groups as reliable, credible sources of

information and are more likely to trust them over advertising or reviews from unknown sources, even if their peers are not experts (Benartzi and Thaler 1999; CIPD 2017).

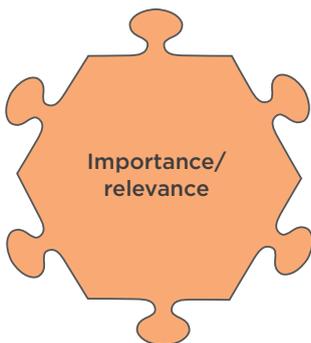


The implications for financial education

- People are heavily influenced by the actions of others, which can cause pressure to 'keep up with the Joneses' and live above our means. Spending and consumption norms are often visible – think of a new mobile phone or the latest fashion. But activities such as contributing to a pension or taking out insurance plans are less visible and therefore less catchy.
- Use norms of what respected peers believe should be done to drive adoption of new behaviours.
- Programmes can also leverage social networking to increase visibility among a particular target audience, by more traditional means such as offering incentives to 'refer a friend' or, where possible, using newer options such as setting up groups on networking sites such as Facebook.

The implications for action

- Appeal to social preferences and peer effects to increase the appeal and take-up of programmes.
- Share the number of individuals taking part as a proportion of the target group, to reinforce social norms.
- Use positive role models of desirable behaviours drawn from employees' peer group.



Mental shortcuts:

- People's attention is drawn by what is novel and seems relevant to them.

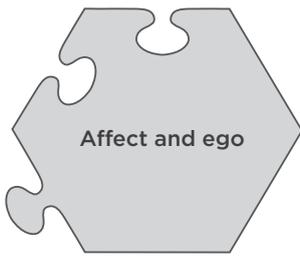


The implications for financial education

- The likelihood of seeking advice is influenced by the nature of the problem as well as the expected benefit. If the expected benefit is misunderstood or underestimated, this could discourage individuals from seeking advice.
- Pay attention to initial messages, making them as tailored as possible to individual employees' circumstances and based around 'people like me'.

The implications for action

- Ensure that written communications are succinct, accessible and have a clear call to action.



Mental shortcuts:

- Emotional associations can powerfully shape actions.
- People want to be consistent with their public promises, and act in ways that make them feel good about themselves.
- Individuals often make decisions with regard to what makes them feel better about themselves. This can play out as what has

been called 'egoistic discounting', or overconfidence in one's own decision (Allam et al 2016).

- Seeking instant gratification drives impulsive spending and can undermine long-term planning and savings.

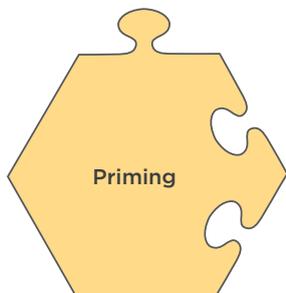


The implications for financial education

- FWB measures should not only address content related to later stages of life, but also be sensitive to the role that emotional framing may play in the presentation of material.
- Compliment employees on previous good decisions they have made (for example savings deposits or sign-up to pension scheme).

The implications for action

- Ask people to consider their 'future self' when discussing financial planning. For example, showing people a digitally aged 'selfie' may increase their propensity to save (Dolan and Martin 2015).
- Demonstrate how small steps towards financial independence are both desirable and ego enhancing (for example, being able to save for a holiday with one's partner, to not be reliant on loans or gifts from family or friends).
- Ensure recommendations are aligned to both the employees' and organisation's values (that is, how employees behave with each other and with customers, and financial advice that fits with what individuals hold to be important, such as supporting family or achieving a healthy work-life balance).



Mental shortcuts:

- Actions are influenced by sub-conscious cues.
- People are heavily influenced by who communicates information to them.
- People have preferences for audio and video advice (over

text, virtual chat, or text accompanied by a photo of the adviser).

- People generally have access to more than one type of advice and typically choose their own preferred means (Riegelsberger et al 2005).

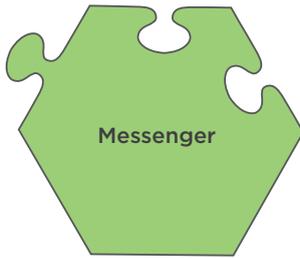


The implications for financial education

- Websites with generic financial advice are unlikely to have a strong influence.
- Experts can be perceived as more persuasive if they admit some uncertainty about their recommendations (Karmarkar and Tormala 2010).
- People with lower financial literacy are more susceptible to how information is presented (Bateman et al 2014). Particular care must then be taken in FWB programmes with employees inexperienced in financial planning.

The implications for action

- Use designs on websites and images on communications that are appropriate to the context and prime employees' attention to financial well-being.
- Look for and highlight similarities between adviser and employees; people are more likely to follow advice from someone similar to them (Dolan and Martin 2015).
- Segment staff by groups and request an adviser that matches each group for each session/set of meetings.
- Demonstrate industry knowledge, credentials and experience before making recommendations.
- Be willing to admit small weaknesses in options before pointing out advantages.



Mental shortcuts:

- People are highly influenced by who communicates information to them (Dolan et al 2012b).



The implications for financial education

- People value advisers with more experience (Harvey and Fischer 1997) but want options communicated without jargon.
- People take more advice from trusted advisers (Dolan and Martin 2015). Individuals are highly sensitive to indicators of trustworthiness, such as known financial brands and personal recommendations, tailored information, personal involvement in the advice process, identifiability of the person giving advice (that is, 'someone like me') and website design that meets expectations of the financial sector's image.
- There is a lack of trust in the UK financial services market, including pensions (Vickerstaff et al 2012). This has led to a tendency to accept advice from those who are close, such as friends or family, even if they are not qualified or an expert. A lack of trust in an adviser could thus be a barrier to seeking advice. A 2017 CIPD survey on FWB showed that trusting in family and friends is most popular among those earning £15,000–24,999 (35%) and among junior managers (35%). Employees in this survey were more likely to report being comfortable discussing their financial situation with HR/payroll the more they trust, and are engaged with, their employer (CIPD 2017).

The implications for action

- Explore opportunities to develop trust between FWB advisers and employees wherever possible, particularly in lower income brackets.
- Consider the location of meetings in advance: choose material formats and locations that are easy to access and lower barriers to attendance, taking scheduling into account and accommodating people working part-time/shifts.

2 How to use BI to help employees

The financial advice you provide your employees access to will depend on your type of organisation and your employee profile. For example, supporting employee financial well-being for young people at the beginning of their careers will typically differ substantially from supporting older workers planning for retirement. It's good to tailor what works for different circumstances and demographic profiles.

This guide focuses on some of the main groups as there is not enough space to consider all employee groups, such as those returning from a long-term career break or those in their mid-50s changing career.

- Case studies illustrate possible actions for each employee segment, and the relevant heuristics are highlighted.
- It is effective to target employees at critical 'teachable moments'. FWB messages can be linked to HR systems in order to harness significant life events in employee lifecycles (for example, maternity returners, bonuses, promotions). Life events for each target group that FWB can be hooked onto will also be highlighted.

'Many young people may not want to start saving as they do not feel retirement is an immediate need.'

People aged 18–25, starting their first job or apprenticeship

An individual's motivation and confidence play a significant role in the financial decisions they make. Motivation and confidence are also linked to engagement with decision-making processes, and are most evident in younger people's attitudes towards saving.

Many young people may not want to start saving as they do not feel retirement is an immediate need. Employees in this group may have different needs than the older generation. Many employees in the early years of their career are not as likely to have the same focus on pensions or worries about ill health as older colleagues (Oehler and Werner 2008).

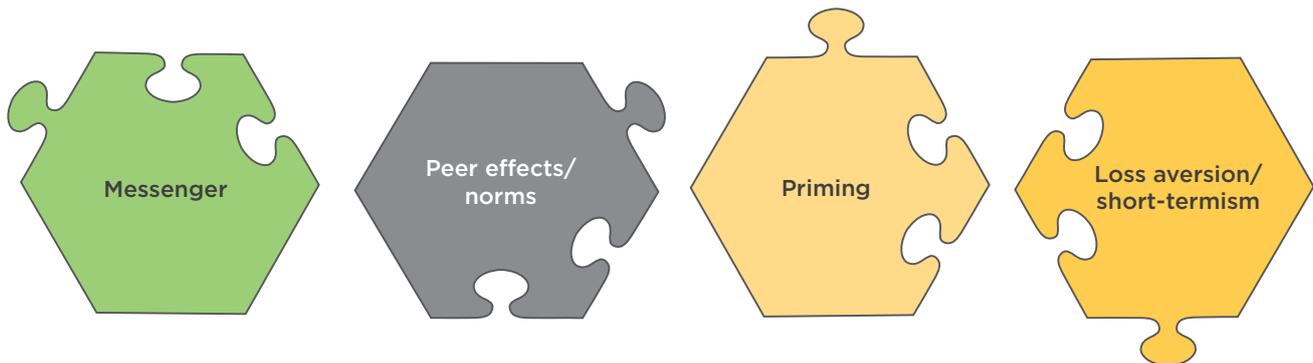
Those less likely to believe that planning for the future is important are younger, female, lower earners and rely upon others for their expected retirement welfare (ibid). This has implications for targeted financial education to those groups least likely to believe planning for the future is important, into which

this employee group falls. These individuals may have not yet begun to pay off their student loans or developed an awareness of the importance of FWB or of beginning to save.

Younger employees may also be more inclined to live for the present, with most respondents to an IPPR poll having savings significantly below the minimum level recommended in case of financial emergencies by financial advisers (three months of post-tax income) (Dolphin 2012). FWB material targeted at this group needs to emphasise the immediate benefits of financial education and focus on saving for short-term goals such as rental deposits, holidays, a car or domestic emergencies.

Those aged between 18 and 25 may also be beginning to consider getting a mortgage. For this employee segment, FWB programmes are most likely to be successful if inputs are kept short, or focus on conveying a limited number of key facts or concepts.

Behavioural insights factors most applicable to this age group are:



Young people may have a tendency to be overconfident in their financial skills (Stangl and Matthews 2013). With overly confident individuals, some form of initial de-biasing or myth-busting may increase take-up of FWB programmes, for example by offering a short quiz, followed by the offer of financial support or advice.

In contrast, employees with low confidence may respond better to marketing that emphasises self-efficacy and a ‘can-do’ message, as well as the reassurance that FWB is within their reach.

Case study 1: Anglian Water’s financial well-being strategy

Anglian Water’s financial well-being strategy has evolved in recognition of the need to help employees with their FWB, and has been integrated into the company’s approach to health and well-being since 2007 as just one of the enablers to reduce employee stress.

Introducing a loyalty savings scheme to replace its share scheme after the organisation delisted was the first step in this strategy. This scheme is designed to encourage employees to save, with payments of up to £250 a month coming directly out of pay over a three-year period. The scheme is also linked to the organisation’s business objectives, which, if met, means employees receive a bonus on top of their saving.

The loyalty savings scheme has expanded since its inception to include hardship loans for unexpected circumstances and those affected by the water bill salary sacrifice. The company also has a good pension scheme for long-term saving.

Anglian Water also offers FWB education with financial master classes on money management, aiming to raise awareness of well-being around finances, mortgage deals and savings (Crawford 2015a).

Life events typical of this age group at which to target interventions: induction into new job role/apprenticeship, when considering taking on a mortgage, when reaching the student loans repayment stage.

People aged from late 20s to mid-40s

This employee group may have a young family to support, and are likely to be balancing work-life demands and time pressures, as well as the additional costs of childcare and family life, concerned with protecting their children. This group will also be concerned with rent or mortgage payments, even paying off student debt. They are also expected to be in their prime income-earning years, as well as perhaps starting to feel cautious about saving for retirement.

Having a lot on one's mind impairs decision-making, and can result in people selecting the simplest option – which is not necessarily the best one. If employees have a big deadline at work looming, have family visitors at home, their boiler breaks, and they have one child who is sick and another one who is having trouble at school, this is not a good time for them to review their pension investments or pick a new phone tariff.

Commitment devices for time pressures

Implement commitment devices to ensure that employees follow up with agreed targets. For instance, after completing an FWB session, ask employees to make statements of intended behavioural change and help them track their progress. Costs of tracking have fallen with technology, as it is now possible to automate email reminders and calendar notifications, provide online tools for data logging and visualisation, and generate automatic feedback.

Social pressure and peer effects could also be used as commitment devices of this type to sustain behavioural change. You could facilitate peer-to-peer discussions through online forums for discussion and support, or share group-level success in changing behaviour through success stories and case studies. Small peer groups or one-to-one discussions can be particularly effective in situations where financial matters

are considered highly private, where stigma from poor financial literacy or economic hardship is an issue, or where large-group dynamics can override minority needs and priorities. Discussion among peers and testimonials about success or failure can be invaluable in making problems and solutions more salient and relevant to individuals.

Individuals who recognise procrastination behaviours receive information on commitment devices, while those more susceptible to overconfidence or emotions could be taught to impose cooling-off periods before taking action.

Case study 2: Center Parcs

Center Parcs introduced an incentive scheme for attendance on financial education seminars.

Staff across six sites were offered the chance to enter a prize draw to win an iPad, which encouraged more than 500 employees to attend. The seminars were designed for staff to learn more about the benefits that Center Parcs offers and advice about saving for retirement.

Center Parcs partnered with Hargreaves Lansdown on the content and communications of the FWB programme, and used posters, wage slip flyers, village newsletters, line manager briefings and text messages for staff reminders.

Presentations were held at three points throughout the day at timings most appropriate for the staff at each site. Face-to-face sessions were also available (Crawford 2015b).

Incentivise staff

Employers can conduct an employee assessment similar to a health-risk assessment, providing employees with a 'financial wellness' score that shows them how they may fare, relative to specific financial risks.

Other organisations offer 'Wellness Dollars' as contributions into individual health savings accounts for the completion of specific health-related tasks as part of an employer's overall wellness programme. These could be extended to include participation in financial education programmes, such as attending a budgeting class, viewing a webinar or e-learning on cash flow management, insurance basics or investments (Sanicola 2016).

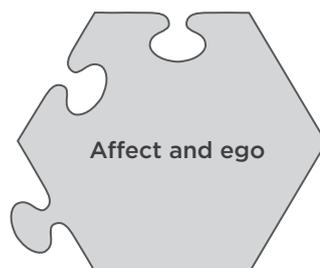
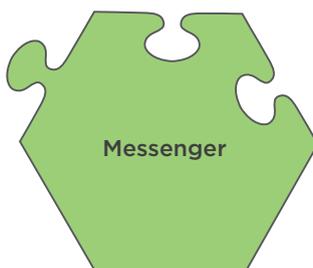
In the CIPD's 2015 report on the behavioural science of reward, ten key behavioural considerations for pay/reward professionals relevant for all age groups were highlighted. These include recommended questions for HR professionals to ask themselves when considering using incentives for employees:

- Pay and reward decisions have an emotional or subjective component.
- Individuals' preference and satisfaction levels in relation to reward are dynamic, not fixed. External events, for example a recession, can affect individuals' confidence, altering their satisfaction with current reward offers.
- Pay and reward also has a social context, in that we value not only our individual need but make comparison with others. This may be deep-rooted in the functioning of the human brain.
- The implications of pay and reward are highly complex, as individuals and organisations need to assess not only present but also future need.
- Financial or similarly tangible incentives may 'crowd out' people's underlying (intrinsic) motivations.
- Money may have distinctive and powerful effects on behaviour, more so than those engendered by other rewards of equivalent value.
- The complexity of decisions around reward means that people use shortcuts (heuristics), which influence their decision-making.
- Choices in benefits or pensions may be responded to as a cost rather than an opportunity, and should thus be limited and meaningful.
- Deferred reward implies sacrificing immediate consumption for a future reward. We tend to undervalue the future reward, so employers need to counter this through education and communication.
- Risk and uncertainty in reward (for example, in a performance-linked bonus) may reduce the subjective value that employees place on it and can affect their behavioural responses (CIPD 2015, p5).

Life events typical of this age group at which to target interventions:

- Focus FWB activities to a single point in the year, selecting a week in September to avoid busy holiday periods.
- When individuals take maternity leave, pre-Christmas and at the start of the school year.

Behavioural insights factors most applicable to this age group are:



‘Employers should recognise that financial worries are a cause of workplace stress and that this is not restricted to those on the lowest salaries.’

Workers in their late 40s onwards preparing for later life

Older populations can have different financial concerns, such as worries about reducing debt and making money go further, the financial implications of illness, and supporting growing children who may be going to university and need financial support. This group may also be caring for elderly relatives.

These employees may also be looking to maximise benefits from their employers, as well as considering life insurance options (Bankrate 2016). There has also been a sharp rise in the number of over-40s who are struggling to get a mortgage or re-mortgage to another deal because of their age. Older borrowers are seen by some lenders as more risky because they will still have outstanding debt once they have stopped earning (Boyce 2016).

Employers should recognise that financial worries are a cause of workplace stress and that this is not restricted to those on the lowest salaries. The higher up the pay scale, the more likely it is that discussing money worries is a financial taboo, potentially leaving these employees feeling isolated if FWB advice is not approached sensitively (Cook 2015).

To avoid feeling that goals are unachievable, for example if people are not saving enough for their retirement, desirable outcomes could be broken down into small intermediate steps (OECD 2013). These might be:

- Focus on the intermediate steps that are needed to achieve the employees’ long-term goals.
- Goals should be outcomes based (that is, the amount of retirement income needed to achieve a specific goal) as opposed to

Case study 3: Save more Tomorrow

One way of overcoming underinvestment in pensions is the ‘Save more Tomorrow’ programme constructed on the following principles:

- People find it easier to accept self-control restrictions that take place in the future, for example, many people plan to start their diet ‘tomorrow’ and to join a gym ‘next month’.
- Potential losses have approximately twice the effect on people’s decision-making as gains.
- Inertia plays a powerful role in participants’ behaviour.

Participants are invited to pre-commit to save more into their pension with every pay rise. Through synchronising pay rises and savings increases, participants never see their take-home pay reduce, and therefore do not view their increased retirement contributions as an immediate income loss. When combined with automatic enrolment, this design can achieve both high participation rates and increased saving rates because it takes advantage of people’s tendencies to use separate mental accounts for ‘old’ and ‘new’ money. In the USA, many pension plan administrators have adopted this scheme and there is growing interest in the UK (CIPD 2012).

Life events typical of this age group at which to target interventions:

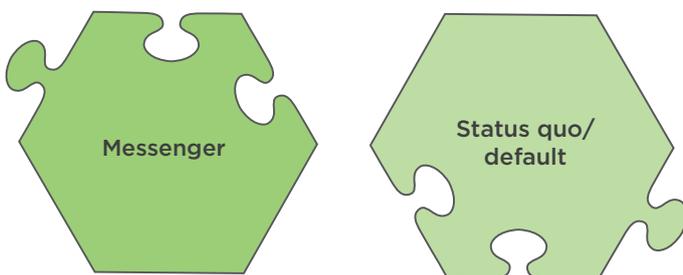
Individuals can frame pension decisions as discrete rather than a continuous process, and this means that singular events can have a disproportionate effect on their decisions. Unless triggered by a major event, people are unlikely to seek advice to support their pension decisions (Allam et al 2016). Pertinent life events to target include:

- on induction to role – give employees comprehensive information on a one-to-one basis on whether you offer a workplace pension scheme, and if so, whether it supports working longer and phased retirement
- at every pay rise
- at the stage at which individuals are eligible to start claiming their state pension.

attaining a specific level of input (that is, the amount an individual should save from their income each month).

- Discuss a collective communication strategy for guidance, advice and monitoring of progress.
- Make tools freely available to help employees work towards their retirement goals.
- Advise employees to seek advice on the short- and longer-term financial implications of their decision to work for longer by contacting their pension scheme manager and their tax office. The Money Advice Service website and helpline provides free financial advice (MAS 2016).

Behavioural insights factors most applicable to this age group are:



3 Top ten BI tips

Voluntary participation in FWB programmes is often hard to achieve. Even after employees are enrolled, programmes might see significant rates of attrition before completion. Individuals who are most in need of these programmes may also be most likely to avoid taking them up and completing them. Those who are likely to procrastinate with respect to the rest of their financial lives may also procrastinate when it comes to obtaining FWB (OECD 2013).

Below are our **top ten BI tips** for improving the FWB of your employees based on the BI heuristics in Figure 1.

‘For people who do not have the financial means to save a lot, lotteries offer a chance of potentially high returns for saving even a small amount of money.’

- 1 A financial well-being strategy should not be designed in isolation** – poor financial well-being can be a cause of ill health. Creating a strategy linked to an organisation’s health and well-being strategy should be underpinned by measures ensuring it **caters to all financial health contributors and life stages**.
- 2 Clarity and simplicity of the message matters** – paint a clear and simple picture for employees of the financial benefits of joining a pension scheme, and so on, and incorporate it into an overarching health and well-being policy – making the link between poor financial well-being, health, stress, and so on.
- 3 Lotteries can be used to incentivise positive behaviour** – saving can be made more attractive by adding lotteries that give individuals a chance to win randomly allocated prizes.

So-called ‘*gamification*’ (framing work activities as games and offering rewards for success) can also provide positive reinforcement for desired behaviour (CIPD 2015). These programmes combine the

emotional thrill of winning with the logical notion of saving, while also building an element of fun into the workplace. For people who do not have the financial means to save a lot, lotteries offer a chance of potentially high returns for saving even a small amount of money – and can serve as a powerful motivator with minimal risk.

- 4 Marketing and presentation matter** – financial education programmes should increase their saliency and relevance to their target consumers, taking into account variation in preferences, limited attention and emotional responses. Programme ‘look-and-feel’, the vividness of promotional materials and how interventions are framed are integral parts of the overall FWB strategy, all of which should be designed with your likely target employee segment in mind.

Given that even highly educated individuals have consistent and predictable problems with estimating risk and accurate use of probability, and percentages, it can be helpful to use visual or verbal explanations rather than figures, focusing on numeracy and probability.

- 5 **Material should be as salient and as relevant to the target audience as possible** – individual programmes need to set clear priorities by determining their intended audience and recognising their needs and preferences in order to be selective. Targeting a specific audience applies to content, but also to form. Material should be provided in the appropriate language and at the appropriate grade level. Facts and concepts could be linked to concrete examples based on the experiences of the target audience. In general, programmes that are able to advertise tangible, quantifiable benefits to participants may find more willing participants.
- 6 Generic sources of information provided remotely or at the national scale for pension planning and preparedness do not compare with perceived value of **intimate and specialist advice and relationships**.
- 7 The most effective programmes use **regular follow-ups, to reinforce the lessons** (Lusardi et al 2015). Check in with employees' progress at pre-agreed periods. Programmes could also suggest or actively train participants to use tools that help them to act on their new knowledge. Very simple decision support could include things as basic as a list of 'behavioural warning signs' to look out for before making decisions.
- 8 Programmes should take into account the fact that consumers may not have rational perceptions of their own need for financial education, or how much they stand to benefit.
- 9 Employees could be provided with **regular reminders, and tools to track and visualise individual progress**, such as progressive checklists or periodic measures of how much they have gained to date (for example additional savings, reductions in debt, and so on).
- 10 FWB programmes that are able to advertise tangible, quantifiable benefits to participants may find more willing participants (OECD 2013). Use Defra's 4Es model checklist to help ensure that a balanced 'package of measures' is used to achieve behaviour change objectives (Darnton 2008). The 4Es themselves represent different approaches to behaviour change and can be adapted to different workplaces and employee demographics (enable, encourage, engage and exemplify).

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