



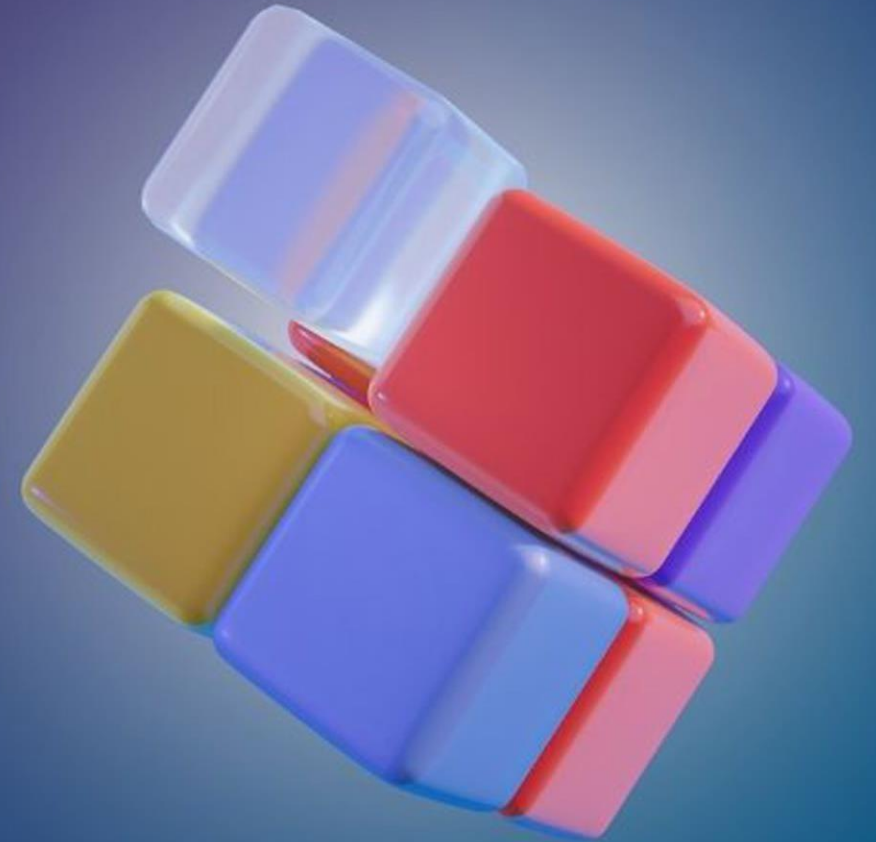
# UHR Conference 2025


Online 13 - 15 May

#UHR25

#UHRawards25

#workwithUHR





# Is flexibility the key for better outcomes for a Defined Contribution pension scheme?

May 2025

**isio.**

# Agenda



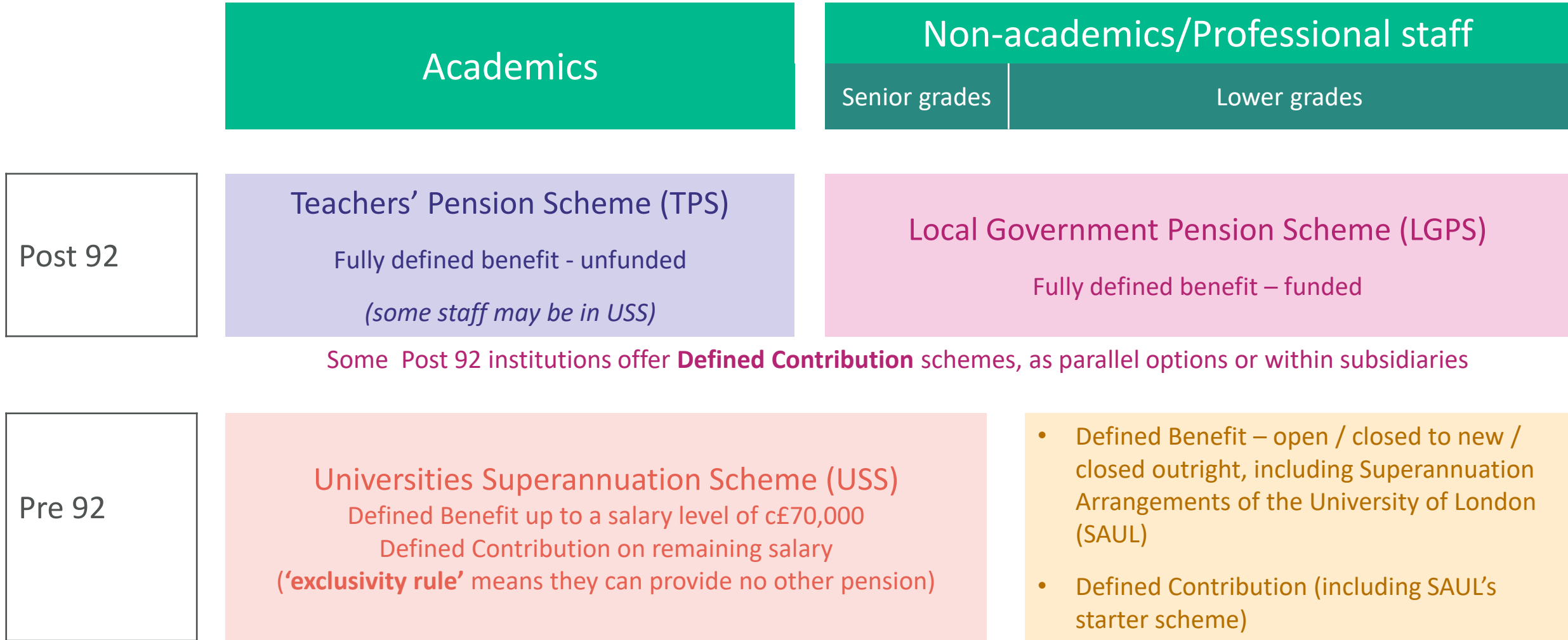
Sophie Ash  
Higher Education Lead,  
Director and Actuary



Jon Gilbey  
Higher Education DC Lead  
Director

- 1 Introduction
- 2 A reminder of the pensions landscape for the sector
- 3 Developments in the DC market
- 4 Pensions as part of Employee Value Proposition / Total Reward
- 5 Questions

# Overview of Higher Education pension schemes



:

There are other universities that don't fall into the Pre/Post 92 split (with a different mix of pensions (e.g. USS and LGPS))

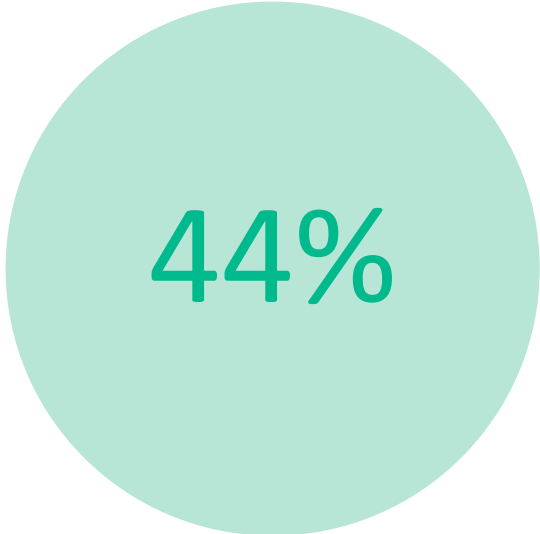




What are the current design considerations for a DC pension scheme?

**isio.**

# Insights on pension savings and engagement



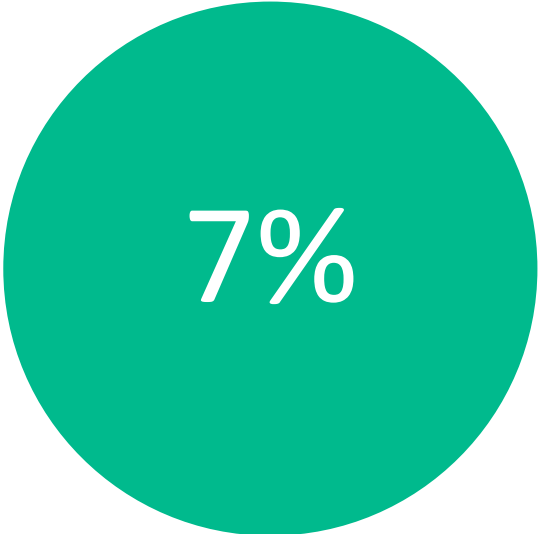
Of UK adults who are yet to retire are building pension savings in a DC scheme



Still don't have any pension savings built up

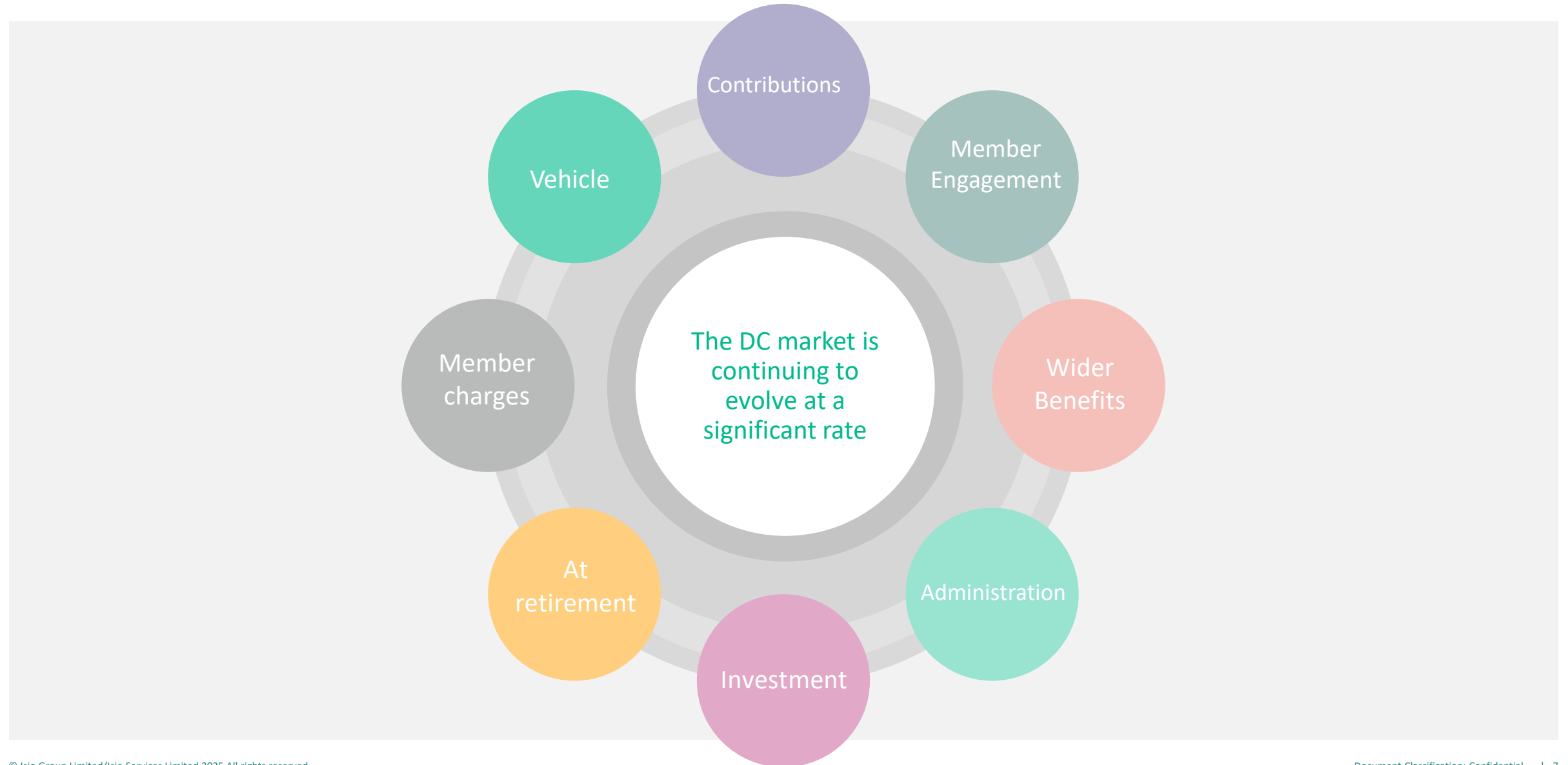


Of women saving in a DC scheme are highly engaged with their pension compared to 24% of men



Of people don't know if they have any pension savings

# Where will the DC market be in five years' time?





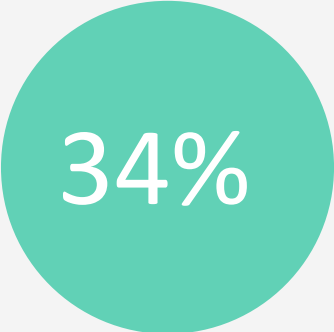
**What benefits do employees value?**

**isio.**



# Bringing diversity to the heart of your benefits

## Evaporating Value



On average, the amount of spend on employee benefits that is lost due to employees not knowing, or not liking, their benefits.

## The Gender Gap



Women are 64% more likely than men to say they are not confident in their financial decision making.

## The Ethnicity Divergence

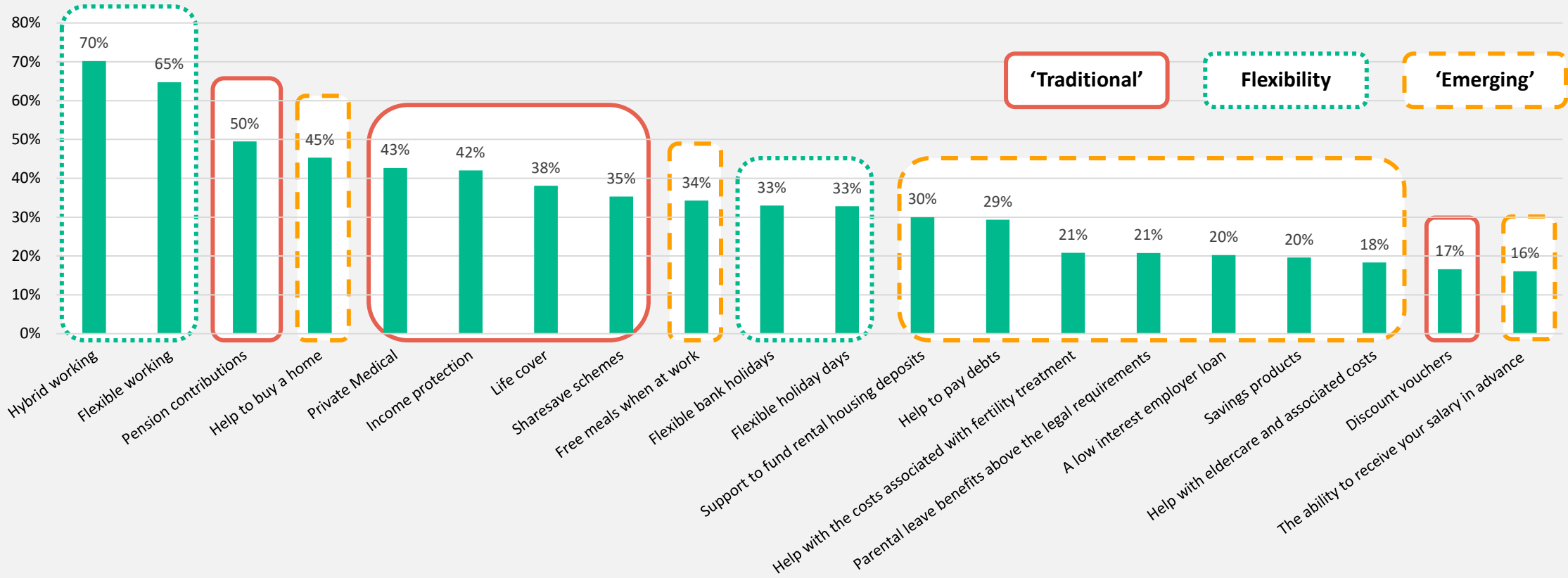


Asian and Black individuals are more than twice as likely to want to save towards a home deposit than a pension.

Source: Isio’s June 2023 survey in conjunction with YouGov of 7,674 UK employees.

# Wider Benefits - What are the sticky benefits employees like?

Which benefits do you currently receive that would persuade you to stay with your employer?



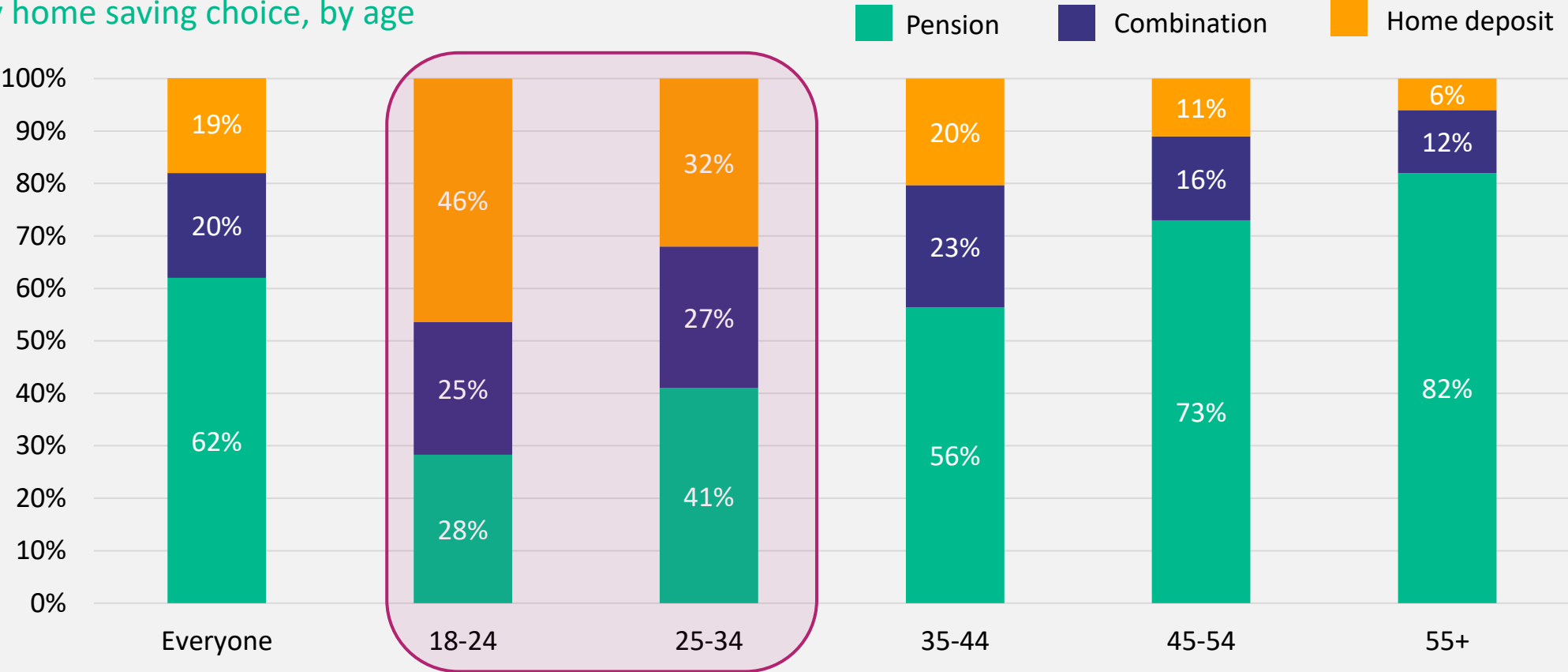
## Takeaway

Importance is not related to monetary value. Emerging benefits are becoming retention tools.

# Wider Benefits - Who could value pension flexibility?

Imagine that instead of a pension contribution, your employer offered you a payment toward a home deposit of equivalent value to a pension contribution. **Which of the following would you prefer - A pension contribution, home deposit contribution or a combination of both?**

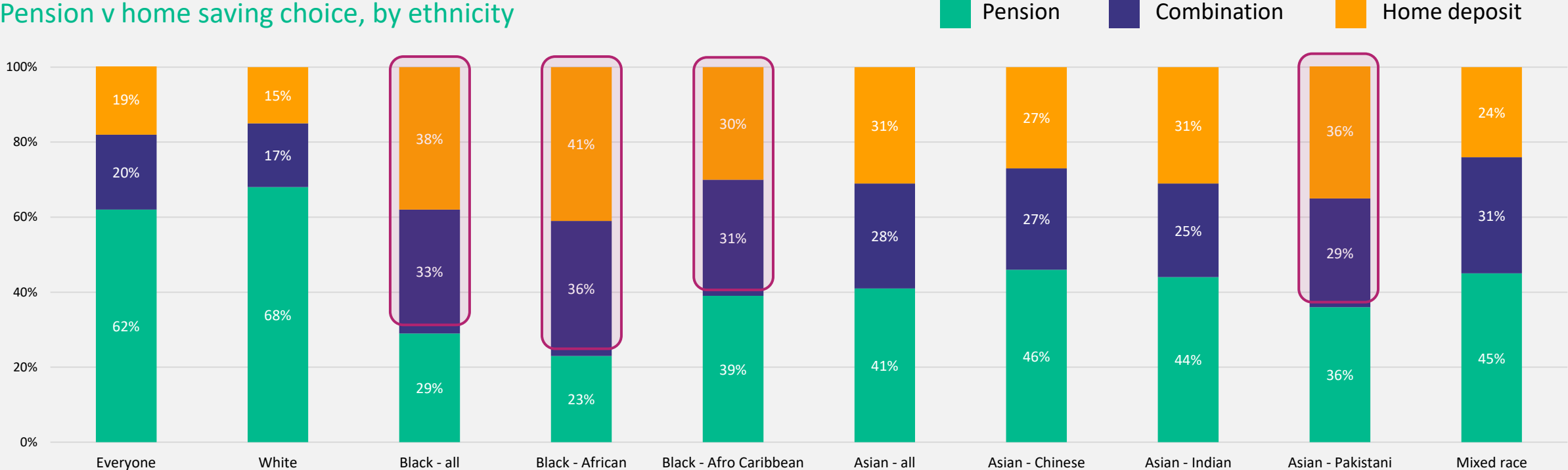
Pension v home saving choice, by age



# Wider Benefits - Who could value pension flexibility?

Imagine that instead of a pension contribution, your employer offered you a payment toward a home deposit of equivalent value to a pension contribution. **Which of the following would you prefer - A pension contribution, home deposit contribution or a combination of both?**

Pension v home saving choice, by ethnicity



**Takeaway**

For some, help in home ownership is more highly valued than pension. Is there an opportunity for employers here?



So what could  
pension flexibility  
look like?

**isio.**



# The traditional contribution structure

When deciding on a future contribution structure there are a number of questions that need to be considered.

The contribution structure will have a direct impact on employee take-up and the appetite of UK pension providers to offer the University commercial terms

- Is the University looking to reduce its pension costs?
- Is inclusivity an integral part of why the DC scheme is being introduced?
- Will employees be required to contribute?
- How will Pensionable Earnings be defined?
- Beware the gender pensions gap

Single Match		
Employee	University	Total Contribution
5%	5%	10%
6%	6%	12%
7%	7%	14%
8%	8%	16%

Non contributory entry option		
Employee	University	Total Contribution
0%	10%	10%
1%	11%	12%
2%	12%	14%
3%	13%	16%
4%	14%	18%
5%	15%	20%

Double Match		
Employee	University	Total Contribution
3%	6%	9%
4%	8%	12%
5%	10%	15%
6%	12%	18%

Single contribution from the University		
Employee	University	Total Contribution
0%	15%	15%

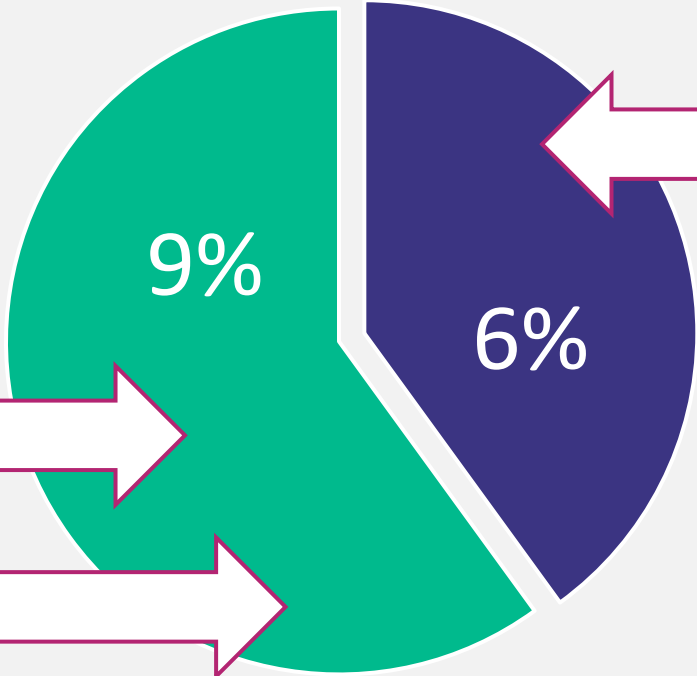
# The modern flexible contribution structure

## Financial Wellbeing Pot – an example

Employee contribution	Employer contribution	Total contribution
3%	6%	9%
4%	7%	11%
5%	8%	13%
6%	9%	15%

Employee selects their contribution to the FWP and receives a corresponding contribution from their employer

A minimum contribution is paid to pension to meet automatic enrolment requirements



Employees can use the remaining allowance (after tax and NI) to spend on financial priorities that matter to them

- Personal debt repayments
- Mortgage overpayments
- Payroll saving arrangement?
- Lifetime Individual Savings Account (LISA)
- Individual Savings Account (ISA)
- Top up pension contributions



**The employee engagement strategy is key to the success of pension flexibility.**

**isio.**

# The challenge

We need to encourage employees to engage with their pension and benefit options.

1

This is a great opportunity to **engage on pensions more widely!**

2

We need to manage the risk of people making the “wrong” decision with the need to make the process straightforward.

3

Too many steps in an engagement process will mean that people think it’s **a difficult decision and they’ll disengage.**





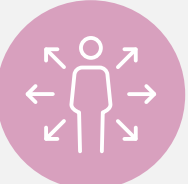
# Communication principles

Employee engagement should be underpinned by the following communication principles:



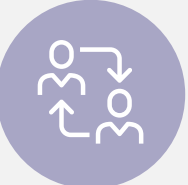
**Lead with the employee:**

Make sure employees can engage with communications via a variety of different channels and at the time that suits them



**Show ownership:**

Set clear expectations about who's doing what, why and when.



**Build trust:**

Help employees understand what any new options might mean for them but reassure them that nothing needs to change.



**Keep it simple:**

Make communications easy to digest by using normal language, avoiding jargon. Make the process as straightforward as possible without unnecessary steps.



# Financial confidence personas

- Expected need
- Potential need

All over it Al



Mostly get it Michelle



Nervous Neha



Pure panic Pete



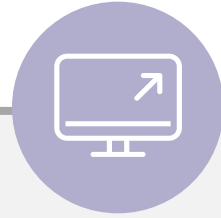
Scheme information	Expected need	Expected need	Expected need	Potential need
Education resources	Potential need	Expected need	Expected need	Potential need
One to one coaching	Potential need	Potential need	Expected need	Expected need
Basic advice	Potential need	Potential need	Expected need	Expected need

# A communications strategy to give your employees the financial confidence to make a decision



## Welcome to University

- New starter documentation issued from University
- Link to employee HUB
- Invited to attend new joiner benefits workshop



## Information HUB

- Written communications
- Videos
- Webinar recording
- Links to providers modelling tools (pension and ISA)
- Decision Modeller
- 1-2-1 booking tool



## Financial Guidance

- 45 minute 1-2-1 session with a financial coach
- Consider options and go through output of decision modeller
- Reaffirm an individual's understanding of the benefits on offer

# Suggested calls to action

## Benefits Review



Consider whether the current benefits are meeting the needs of a diverse workforce.

## Employee Listening



Consider undertaking some employee listening to understand what employees really want when it comes to pension and benefits.

## Improve Financial Confidence



Look to develop an education programme for colleagues that will improve financial confidence and empower them to make their own decisions.

# Any questions?

Join us for our next session

# Improving the Impact of Your Reward and Benefits By Giving Employees Financial Confidence

Thursday 15<sup>th</sup> May, 9:30 - 10:15

**isio.**





# UHR Conference 2025

Online 13 - 15 May

#UHR25

#UHRawards25

#workwithUHR

