

# TECHNOLOGY & DATA: REWARD AND BENEFITS TECHNOLOGY INNOVATIONS



**“Begin with the end in mind.”** Some of you might know this as the second ‘habit’ from the blockbuster self-help book *The Seven Habits of Highly Effective People* by Stephen R Covey. Others may see it as simple common sense.

**Either way, it helps draw attention to one facet of the digital transformation that is accelerating the evolution of financial wellness services aimed at helping people transition from work into retirement.**

For employers, pensions have long had a role in attracting, retaining and engaging employees. Technology is helping those workers to better understand and manage that accumulating pot of cash, in terms of access to online valuations and switching between funds and assets.

Most private sector pensions are no longer employer-sponsored promises of future retirement income (defined benefits). Instead, they are standalone pots of money (defined contribution) that leave individuals deciding how and when to best take benefits.

## **“The nastiest, hardest problem in finance”**

Turning a pension pot into an income stream that doesn’t run out is not as easy as it sounds. One Nobel Prize winner described pension decumulation as “the nastiest, hardest problem in finance”.

Today most people accessing pensions have embraced ‘freedom and choice’ and the flexibility to withdraw as much as they want, when they want. Pooling investment and longevity ensures retirement income flows for as long as it is needed – but most people today aren’t choosing to do this.

Many organisations have taken steps to help retiring workers avoid making uninformed decisions and falling victim to poor choices and scams. Traditionally this has taken the form of group seminars, webinars or one-to-one sessions backed up by the information and guidance provided by the pension providers.



Technology is now making financial education lower cost, access is now more flexible, and more widely available in terms of both geographical location and across all types and scales of business.

Recent research by Mercer across 140 organisations found almost all offered digital financial education with most focused on retirement-related digital education. Rates were highest among employers with a formal financial wellbeing strategy in place.

And yet, there still remains huge possibilities for digital evolution in three key areas of workplace financial wellness programmes.

## **Not the end, but the beginning**

First, there is scope for huge growth in non-retirement financial education and guidance in areas such as budgeting, non-pension investments (such as Save As You Earn Schemes as well as Isas), mortgages, personal debt management, protection and tax-planning.

**By Stephen Lowe,  
chief marketing officer,  
HUB Group**



Second, technology offers a solution to the ‘advice gap’ that leaves millions making complex financial decisions without professional help, particularly around retirement.

Employers have been wary of straying across the information/advice boundary when promoting the benefits of products such as pensions. Employees may be put off seeking advice themselves due to cost or trust concerns.

New automated retirement services are overcoming these concerns and giving organisations the confidence to offer high-quality, affordable, information and fully regulated financial advice to retiring colleagues.

### Living the dream

Third, and perhaps most challenging, is that digital services will be able to focus more on the ‘why’ than the ‘what’. In the Seven Habits, Covey emphasised two steps of creation – initially having a vision of what you want to achieve, and only then making the plan – how to make it happen.

Financial wellness offerings are often heavily fact-based information and guidance. Filling knowledge gaps and providing tools and calculators are certainly valuable to help people better understand the context and their options. However, where is the ‘vision’ or the ‘dream’?

When developing our financial wellness solutions, we focused on understanding users’ aspirations and ambitions then painting a picture of their future lives. It includes helping them understand what they could achieve if they made a few changes, either to their savings now or to the lifestyle they want in retirement later.

A fundamental of good financial advice is initially helping people better understand what they really want. That can be used to drive higher levels of engagement, helping people to balance the present with a long-term plan or ambition.

This has been central to the development of our Pension Buddy and Destination Retirement information and advice services which take people from their mid-40s, through their stepping back from work and starting to draw pensions, right through later life.

### Confidence is a superpower

New digital and hybrid solutions that encourage employees to think and plan for the long-term will help drive financial confidence, in turn improving engagement, mental wellness and productivity. There is huge scope for these new contemporary solutions. Digital solutions can promote health, wealth and happiness in the workplace – provided they begin with the end in mind.



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## FOR MORE INFORMATION

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Or visit our website for further information: **[hubfinancialsolutions.co.uk/financialwellness](https://hubfinancialsolutions.co.uk/financialwellness)**

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