

# AXA UK Group – **seizing the opportunity**



In March 2014 George Osborne announced the biggest change to pensions in nearly a century, offering more flexibility to members in DC pensions. James Kirkland, Reward and HR Services Director at AXA UK Group explains what action the Group took to seize the opportunity and quickly respond to the Budget changes, to ensure its DC scheme is future proofed and offers the best outcome for its employees.

## Background

As a 'best companies' top 25 employer, AXA prides itself in doing the right thing for its employees. That includes making sure the pension scheme it offers them is well run to help employees maximise their retirement outcomes. So when the 2014 Budget introduced more retirement flexibilities, we recognised the need to respond quickly and review our investment strategy to ensure it remained appropriate for our membership.

The Trustee set itself two main objectives:

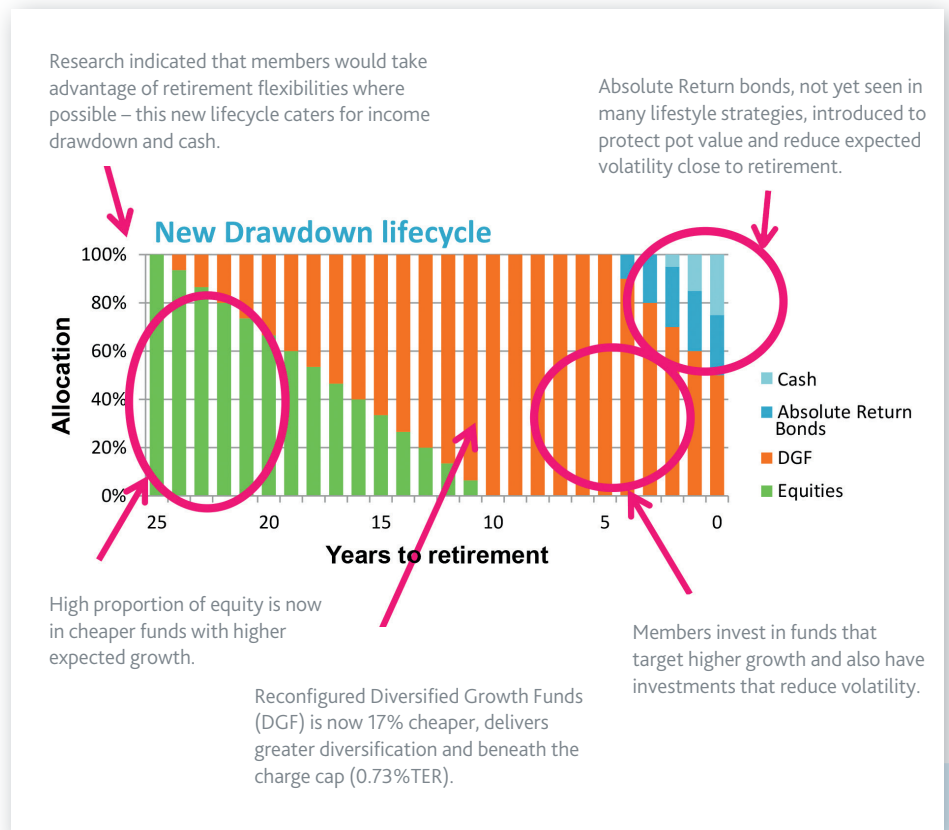
1. To improve member outcomes through a redesign of our investment strategy; and
2. To help all 20,500 members gain a better understanding of the resulting investment changes

In collaboration with Hymans Robertson, the team undertook an assessment of the member data using Hymans Robertson's Guided Outcomes (GO™) solution. The aim was to get a clearer picture of the likelihood of our membership achieving a good retirement outcome and the projected pot size distribution amongst the membership. We then used this assessment data to set clear measurable objectives, based on improving the position on an individual member basis.

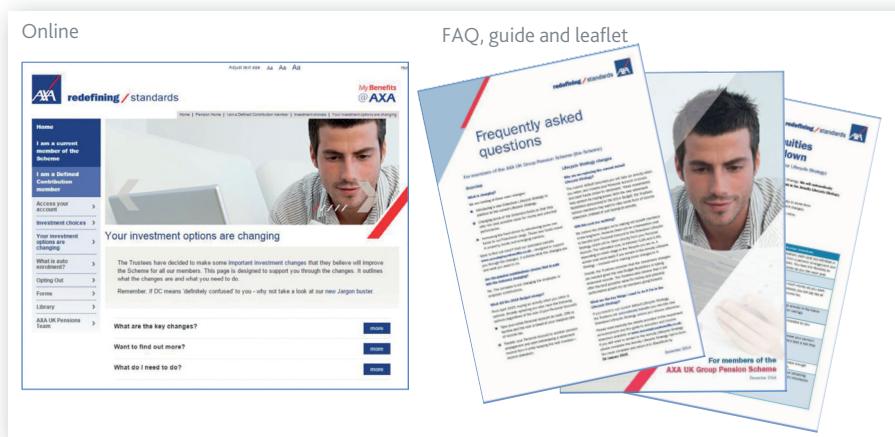
## The Solution

An innovative new drawdown lifecycle strategy implemented alongside a redesigned annuity lifecycle strategy including:

- ◆ More appropriate investment glide path given membership profile and members' likely retirement decisions based on projected pot size;
- ◆ Improved investment characteristics at each point in members' savings journeys;
- ◆ Funds that now offer the best value for money and potential growth; and
- ◆ Additional self-select funds to increase members' choice.



To increase member understanding we launched a member engagement programme to educate members on the new changes. The engagement programme included a mix of new and traditional communication techniques, that were engaging and easy-to-understand, including: printed leaflets, an investment guide, FAQs, and a jargon buster, which was all hosted on an online portal, so members could access the information easily. The communications were also supported by presentations to members, with over 50 roadshow events delivered in 14 locations across the UK with a recorded webinar version also made available to all 20,500 members.



## Results

The project was a huge success. Aside from putting in place a more appropriate investment strategy that better suits the needs of members, the member communications delivered great results, with over 1,000 employees booked onto one of the 50 UK-wide presentations. The results from a company-wide survey also revealed the following:

- ◆ 86% agreed that the communications were easy-to-understand
- ◆ 90% understood their investment options
- ◆ 89% understood their retirement options
- ◆ 98% agreed that the roadshows provided good information
- ◆ 92% agreed that the content was easy to understand
- ◆ 96% thought the presentations gave them clearer understanding of their pension choices



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## About AXA UK Group

With a history stretching back to the 19th Century, AXA has been helping people to protect their possessions, themselves and their families, and look after their money, for nearly 300 years. They're part of the AXA Group, a worldwide leader in financial services. The AXA Group operates in 59 Countries with over 157,000 employees and 103 million customers.



## Commenting on this project, Lee Hollingworth, Partner at Hymans Robertson:

AXA UK Group has not only responded to the latest changes in pensions, but has used the budget announcement as an opportunity to review its entire DC investment strategy and communication, which has resulted in some really positive changes.

We've been delighted with the success seen to date and the positive feedback received by members, which has so far demonstrated strong member engagement on the changes made. The next stage will include personalised statements issued to members informing them of their likely retirement outcome, with clear guidance provided on how to best improve their position.

Please contact Lee on:  
**T 0207 082 6324** or  
**E [lee.hollingworth@hymans.co.uk](mailto:lee.hollingworth@hymans.co.uk)**



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