Financial Conduct Authority

Research Note

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Reading between the lines: Understanding of targeted support in pensions

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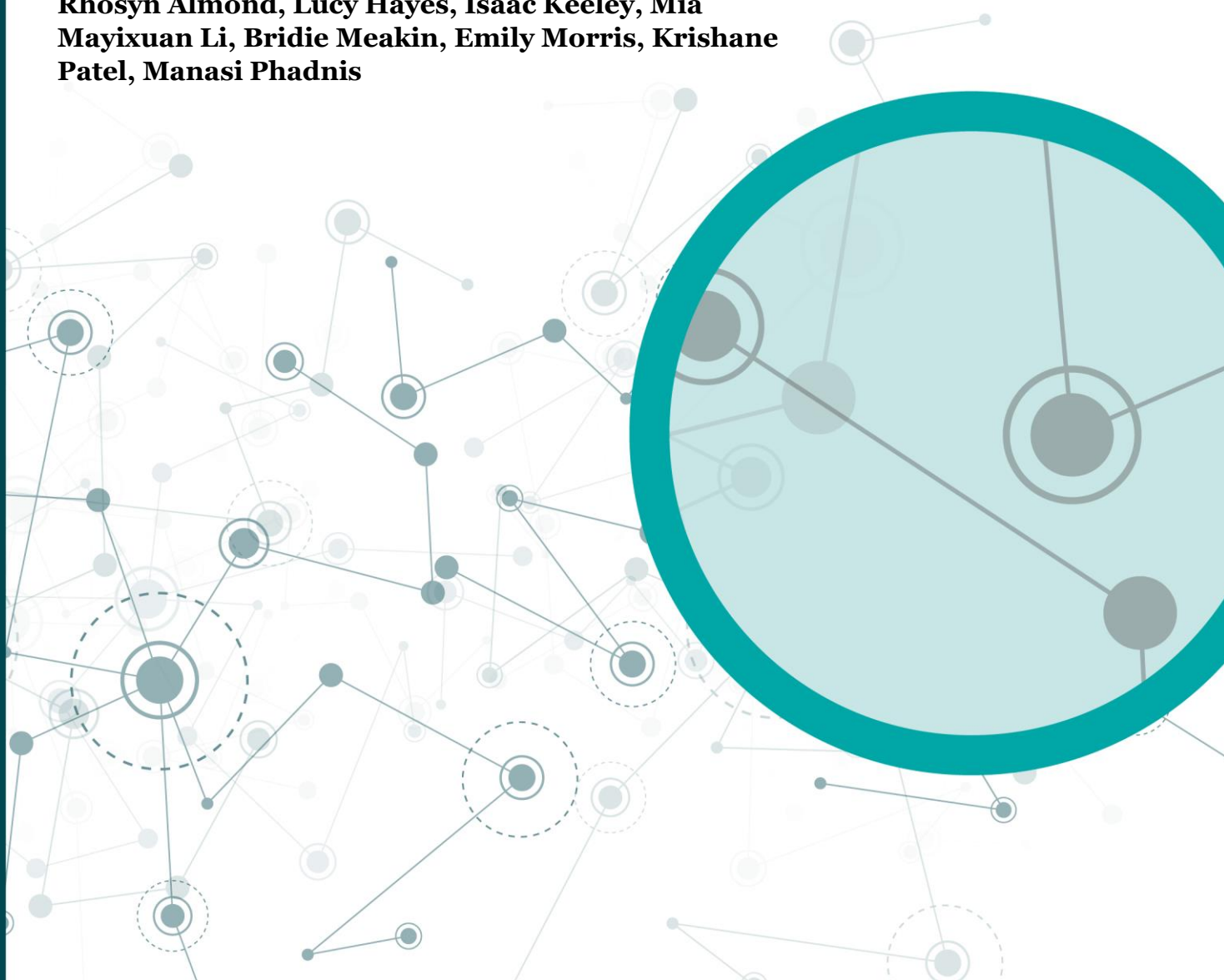

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Summary

Many people are missing out on advice and support that could help them better manage their finances - independent research found that 68% of investors would welcome more help and support when reviewing their investments and 40% of consumers said that lack of knowledge was their main barrier to investing (Thinks Insights & Strategy, 2025). The FCA are proposing a new approach called targeted support (CP25/17: Supporting consumers' pensions and investment decisions: proposals for targeted support), to help narrow the gap between advice and guidance. This allows authorised firms to use limited information to offer appropriate suggestions to consumers who share similar high-level characteristics.

We conducted behavioural research with consumers to test how they respond to targeted support communications. In this research, our focus was on exploring how consumers understand targeted support, rather than the effectiveness of targeted support. We ran 3 online experiments in 3 financial contexts: 1 in an investment context and 2 in pensions contexts. The Investment and Pensions experiments were independently designed to suit their respective contexts, and explore different research questions, but they share many common design features. In the Investment experiment we looked at one scenario but were able to measure the effect of discrete 'components' of information. Whereas, in the Pensions experiments we were able to test two scenarios but only measured the effect of 'full' versus 'baseline' information. We report the results separately in Almond et al., (2025) and in this Research Note. The 'Lessons from Behavioural Testing for Targeted Support') Annex to CP25/17: Supporting consumers' pensions and investment decisions: proposals for targeted support brings together insights from the experiments. While the results are not directly comparable, triangulating findings across the studies allows us to explore how context may influence the effectiveness of targeted support communications.

This research explores how consumers respond to communications about targeted support in the context of two pensions decisions: deciding whether to increase contributions to a pension (Contribution experiment) and deciding how to access a pension (Decumulation experiment). Specifically, we examined whether additional information - such as details about the targeted support suggestion (also referred to as a 'ready-made suggestion') and how it was generated - can improve understanding of targeted support, uptake of the targeted support suggestion, confidence in decision-making, and sentiment towards the targeted support suggestion.

What we found:

- **Additional information increased understanding**: Providing additional information to accompany targeted support suggestions improved overall understanding of the suggestion in both contexts tested. This included increasing participants' ability to recall key pieces of information.
- **Additional information increased uptake of support**: Providing additional information encouraged participants to take up the targeted support suggestion in the Contribution experiment but not the Decumulation experiment.

- **Additional information increased confidence**: Participants reported greater confidence in their decision-making when more information was provided.
- **Positive sentiment toward targeted support**: Generally, targeted support was well-received by consumers. The majority of participants agreed that the targeted support suggestion was easy to understand, clear, useful, supportive and did not feel invasive or pressuring.
- **Additional information improved sentiment**: Including additional information about the targeted support suggestion led to higher ratings on clarity, ease of understanding and usefulness across both experiments. In the Decumulation experiment, the information also reduced how pressured participants felt.

Limitations of this research

This research has several key limitations that may provide avenues for future research:

1. This experiment was conducted in a controlled, online experimental environment, which may not fully reflect how consumers behave in real-world pension situations. As participants were not making real financial decisions with real consequences, their stated preferences or choices may not translate into actual behaviour.
2. The sample was not fully representative of the broader population (eg in terms of financial literacy, demographics, or pension experience). Future research could explore whether these findings translate beyond this specific context and sample.
3. Only one communication channel (a mock-up email) was tested. Findings may have been an artefact of this channel. For example, participants with lower digital literacy may behave differently when similar targeted support suggestions are delivered in a different format (in-person, mail, or by mobile application). Future research could explore whether other styles or channels not included in the experiment might perform differently.

1 Policy Context

Many people struggle to make important decisions regarding their finances. 22% of adults reported feeling overwhelmed and stressed when dealing with financial matters or interacting with service providers (Financial Lives Survey, 2025). They may for example, find engaging with their pensions and making decisions about their retirement finances challenging. Over a third of working age people are under-saving for retirement and 75% of defined contribution pension holders aged 45+ did not have a clear plan for how to take their money or know they had to make a choice (DWP, 2023).

Data from the FCA's Financial Lives survey found that 9% of adults took regulated financial advice about pensions and investments over the previous 12 months – 4.6 million consumers in 2024 (Financial Lives Survey, 2025). This shows that many people are not getting the advice and support that could help them to manage their finances.

There is currently a gap in the market for this type of support (DP23/5)- with many relying on information from friends, family and social media. At one end, there is regulated investment advice, with a personal recommendation, that takes account of a person's individual circumstances on how to make the most of your money. At the other end, there are other sources of support such as generic factual information from firms or free, impartial guidance from services such as MoneyHelper. However, these other sources of support do not provide a recommendation for what a consumer should do, which can leave them without sufficient support.

To help address this gap, the FCA are proposing a new form of support called targeted support (CP25/17: Supporting consumers' pensions and investment decisions: proposals for targeted support). Through targeted support, authorised firms can use limited information to provide suggestions appropriate to consumers with the same high-level characteristics.

We know from previous research that helping consumers to engage can be challenging (FCA, 2023). Much of the success of targeted support will be dependent on consumers engaging with their firms and understand the suggestions they receive. Therefore, this research seeks to understand how consumers may respond to targeted support communications.

Understanding what helps consumers engage with suggestions, what gives them confidence, and whether they understand the limitations of the service, were key considerations in the design of our research. To be successful, it is essential that consumers receiving targeted support understand the nature of the service.

We anticipate that this research will complement existing research conducted on the advice gap and consumer responses to targeted support in the retail investments and pensions space (Thinks Insights & Strategy, 2025; NMG, 2024).

2 Treatment Design

We conducted two online randomised controlled trials (RCTs) with UK adults recruited via a panel provider, Prolific. We tested the impact of different levels of information. Each experiment had two treatments; a 'baseline' level of information, used as the control group, and a 'full' set of information. The communications were designed as an early illustration of what targeted support could look like. They were not designed to reflect the FCA's draft rules around consumer segmentation or delivery of targeted support.

Experiment 1: Contribution

Participants encountered a hypothetical scenario of receiving a communication from their pension provider with a targeted support suggestion (also referred to as a 'ready-made suggestion') to **increase their rate of pension contributions**. In the Contribution experiment, a total of 1,017 participants took part. All were aged 30 to 54, employed, not currently receiving financial advice, contributing to a defined contribution pension, and had a contribution rate of less than 8%.

Experiment 2: Decumulation

Participants were instead in the hypothetical scenario of receiving a communication from their pension provider with a targeted support suggestion to **consider the drawdown option** to access their pension. A total of 951 participants took part in the study. All were aged 55 to 66, not currently receiving financial advice, had defined contribution pensions, and were not yet taking a regular income from their pension.

Treatment Groups

The control group was shown the targeted support suggestion accompanied by the 'Baseline Information'. In each experiment we compare this baseline against the 'Full Information' treatment which contained additional information (Table 1).

Table 1. Communication composition by treatment

	Baseline Information (control)	Full Information
Contribution Experiment	Contribution recommendation + baseline information	Contribution recommendation + baseline information + additional information
Decumulation Experiment	Decumulation recommendation + baseline information	Decumulation recommendation + baseline information + additional information

Baseline Information

Along with the targeted support suggestion, all communications from the hypothetical Pensions firm contained the following baseline information about the targeted support suggestion:

Figure 1: Baseline information

This suggestion is considered appropriate for people in similar circumstances as you.

Additional Information

The additional information provided differed between experiments, as the contexts were different. However, in both cases, the information had the following components:

- Highlighted that the suggestion was not personalised advice and was based on limited information without the consumer's full financial situation or circumstances
- Explained what data was used to make the suggestion and which groups the consumer was in
- Noted what had not been considered and encouraged the consideration of personal circumstances
- Gave the option to seek regulated financial advice

Figure 2: Contribution additional information

Important things to consider:

- **This is not personalised advice.** Our suggestion is based on the limited information we have about you and does not consider your full financial situation or individual circumstances.
- **What we've considered:** We've made our suggestion because you fit into these groups:
    - **Age:** [30 - 34] [35-39] [40-44] [45-49] [50-54]
    - **Estimated retirement age:** [65-68]
    - **Current salary:** [Less than £24,999] [£25,000-£34,999] [£35,000-£44,999] [£45,000-£54,999] [£55,000-£64,999] [£65,000-£74,999] [£75,000-£84,999] [More than £85k,000]
    - **Current charges:** You currently pay 0.5% - 0.75% a year in pension scheme charges
    - **Fund investment:** Your workplace pension is invested in the default fund
- **What we haven't considered:** There may be other factors we don't know about you, such as other pensions you are contributing into or existing debts you are repaying. We encourage you to consider your personal circumstances to decide whether this suggestion is right for you.

What's next?

- **See how increasing your contributions could help:** click here for our online calculator and modelling tool to explore the impact this suggestion could have on your future retirement savings.

Get personalised advice: If you would like a recommendation that considers your full individual circumstances, click here to find out more about receiving **regulated financial advice**.

Figure 3: Decumulation additional information

Important things to consider:

- **This is not personalised advice.** Our suggestion is based on the limited information we have about you and does not consider your full financial situation or individual circumstances.
- **What we've considered:** We've made our suggestion because you fit into these groups:
    - **Flexible income preference:** People who prefer to take money from their pension as needed, rather than receiving a fixed amount.
    - **Secure income sources group:** People who have other sources of secure income available, such as another pension or part-time work.
- **What we haven't considered:** There may be other factors we don't know about you, such as your health status or an upcoming major life expense. We encourage you to consider your personal circumstances to decide whether this suggestion is right for you.

What's next?

- **Want to explore your options further?** If you would like a recommendation that considers your full individual circumstances, click here to find out more about receiving **regulated financial advice**.

3 Methodology

This section details the methodology we used to test different targeted support information communication. This includes the experimental design, outcome measures, empirical strategy and sample characteristics.

Experimental Design

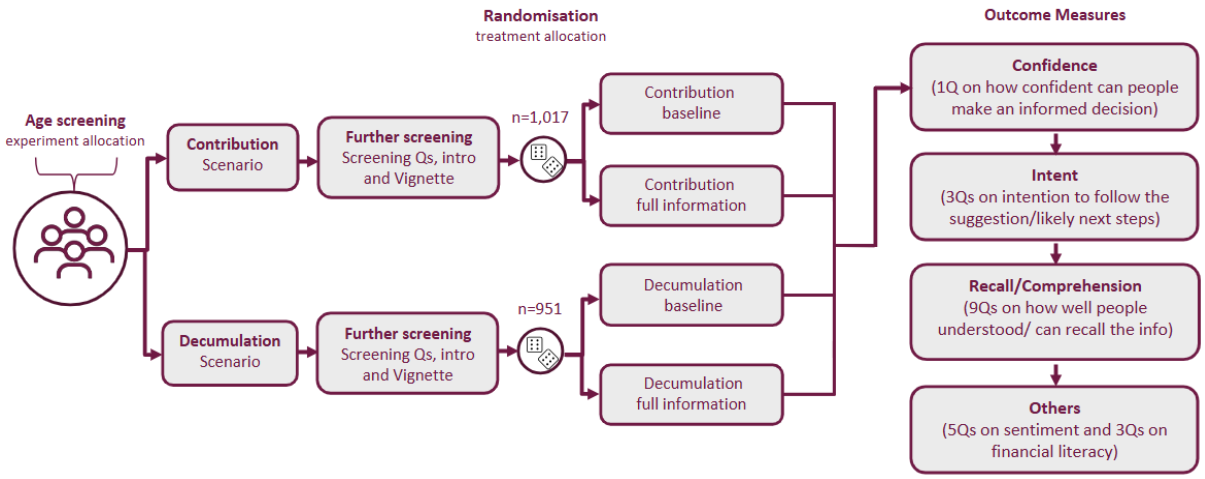
Eligibility and Screening

We sought to have a nationally representative sample on gender and region. However, for the Decumulation experiment, we had to relax the location criteria due to difficulties in reaching the target sample size.

The full list of eligibility and exclusion questions can be found in Annex 1. Based on participants' responses, we excluded people who would be unlikely to be suitable for the targeted support recommendation. The eligibility criteria differed for each experiment, as it was designed to reflect groups which targeted support could be appropriate for in two different contexts, while also considering recruitment feasibility.

Figure 4 outlines the high-level overview of the participants' journey through the experiments.

Figure 4. Experimental flow



Within each experiment, both control and treatment groups were shown the same:

- Scenario
- Targeted support suggestion
- Baseline information
- Survey questions

The only difference was in the level of information provided (Table 1).

Scenario

Participants were asked to imagine themselves in the given scenarios (Figure 55 and 6).

Figure 5 : Contribution scenario

You personally contribute **4% of your salary** to your workplace pension, and your employer contributes 3%.

Your pension is in the **default fund**, which means you haven't changed where it's invested. Your pension provider knows your **current charges** on this pension are **0.55%** a year.

According to your pension provider's records, your **expected retirement age is 66**. They also have information about your current contribution rate (4%) and the answers you provided to the eligibility questions regarding your age and current salary.

While checking your emails, you notice a message from your pension provider. You have verified that it's not a scam or spam.

Figure 6: Decumulation scenario

You are planning to access your pension for retirement **within the next 3 months**. You've already taken some tax-free cash and now need to decide what to do with the rest to generate an income.

Besides this pension, you have another retirement income source, such as a defined benefit (DB) pension (also known as a 'final salary scheme') or part-time work.

You've informed your pension provider that you want to **take money from your pension flexibly** depending on your needs at the time.

Your pension provider knows you are 3 months from approaching your expected retirement date.

While checking your emails, you notice a message from your pension provider. You have verified that it's not a scam or spam.

Participants were then shown an email communication from the pension provider, which contained a targeted support suggestion and information about the suggestion. At this stage, participants were randomly assigned to the Baseline Information or Full Information group.

Targeted support suggestion

The targeted support suggestions shown to all participants in each experiment are shown below:

Figure 7: Contribution targeted support suggestion

You might be able to enjoy a more comfortable retirement by increasing your pension contributions today.

Our suggestion:

- Start by **increasing your contribution to 8% of your salary**

Over time, try to increase this amount further

Figure 8: Decumulation targeted support suggestion

You've shared that you plan to start taking money from your pension within the next 3 months and would like support on your options.

Our suggestion: Drawdown (flexible income)

- Take money from your pension when you need it
- Keep the rest of your money invested
- Review your plan at least once a year to ensure it continues to meet your needs

In both experiments, participants were asked whether they would choose to take up the targeted support suggestion, any follow-up actions they planned to take, and responded to a series of survey questions. These questions assessed their understanding of the targeted support and the accompanying information, their sentiment towards the targeted support, their confidence in decision-making, as well as several other exploratory outcomes. The full list of outcome measures is in the Outcomes section.

Outcomes

Table 2 below details the specific outcome measures we examined, including a brief description of each outcome and the statistical method used to assess changes in those outcomes between the Baseline Information (control) and the Full Information (treatment). Outcomes are classified as (1) Primary, (2) Secondary, or (3) Exploratory based on their role in the experiment: the Primary outcome was our main focus, Secondary outcomes provided broader contextual insight, and Exploratory outcomes helped understand differences in Primary and Secondary outcomes.

Table 2: Outcome measures

Outcome	Description	Model Used	Classification/ Analysis Type
Understanding of targeted support suggestion			
Overall understanding	Score out of 9 of understanding questions answered correctly	Ordinary Least Squares (OLS)	Primary
Understanding sub-level: Key information recall	Score out of 5 key information recall understanding questions answered correctly	OLS	Secondary
Understanding sub-level: General comprehension	Score out of 4 general comprehensions questions answered correctly	OLS	Secondary
Uptake of the suggestion			
Intent to take up the primary suggestion	Participants were asked how likely they were to take up the targeted support suggestion: 'take money from your pensions' (Decumulation) 'increase your contribution rate' (Contribution)	Ordinal Logistic	Secondary
Intent to take up the secondary suggestion	If participants indicated they might take up the primary suggestion, they were asked how likely they would be to take up the secondary suggestion: 'review your plan at least once a year' (Decumulation) 'increase the percentage further over time' (Contribution)	N/A	Exploratory
Follow-up actions	Any follow-up actions participants selected from a list of options, after deciding whether to take up the suggestion	N/A	Exploratory
Confidence in decision-making			
Self-reported confidence in decision-making	Score ranging from 1 (not confident at all) to 10 (extremely confident)	OLS	Secondary

based on information provided			
Sentiment			
Sentiment towards the suggestion	Ordinal outcome indicating the extent to which participants agreed that the suggestion was: clearly, easy to understand, useful, supportive, invasive of privacy, pressuring	Ordinal Logistic	Secondary
Perceived intent of the suggestion	Ordinal outcome indicating the extent to which participants agreed that the suggestion was intended to: support the participant to make an informed investment decision, provide personalised financial advice, make money for the pension provider, improve overall financial well-being, raise awareness of risks associated with pension choices	Ordinal Logistic	Secondary
Sufficiency of the information	Ordinal outcome indicating the extent to which the information is sufficient for supporting an informed decision	Ordinal Logistic	Secondary
Provider's responsibilities	Multiple selection option list of perceived responsibility of provider	N/A	Exploratory
Helpful additional Information	Multiple selection option list of additional information that participants would have found helpful	N/A	Exploratory

Note: the specific questions used to measure each of these outcomes are available in Annex 2.

We conducted further exploratory analysis to understand how understanding, confidence and intent vary with each of the following characteristics:

- Financial literacy
- Risk preferences
- Age
- Gender
- Personal annual income

Empirical Strategy

The regression models used in our analysis and the full model specifications are provided in Annex 3. We used ordinary least squares (OLS) regression for continuous outcomes and ordinal logistic regression for ordinal outcomes. These models were used to examine the relationship between additional information and the outcome variables. For the primary and secondary outcomes listed in Table 2: Outcome measuresTable 2, as a robustness check, we estimated each model both with and without the following covariates:

- Age group
- Gender
- Income
- Financial literacy
- Whether they have considered financial advice
- Ethnicity
- Region

As a randomisation check, we tested for balance across observable characteristics. We found one imbalance on financial literacy in the Decumulation experiment. For this experiment we therefore report results from our regression analyses adjusted for financial literacy scores. We detail our full list of robustness checks and sensitivity analyses in Annex 4.

Sample description and attrition

In our studies, we collected responses from 1,017 (Contribution) and 951 (Decumulation) UK adults. The target sample sizes were determined through a power analysis, as detailed in Annex 5. However, we ultimately recruited substantially larger samples to account for the possibility of smaller-than-expected effects and to mitigate the risk of unforeseen exclusions or data quality issues. The final sample was also determined by availability of participants meeting our selection criteria.

The samples recruited were designed to be approximately nationally representative of UK population in terms of gender, and for the Contribution experiment, also by region. As detailed previously, we applied exclusion criteria to narrow down our sample to those for whom the targeted support suggestion may be appropriate.

The resulting composition of our samples are described below. Full details are in Annex 6.

In the Contribution experiment:

- The gender distribution was approximately balanced 48.9% women, 50.2% men and 0.9% selecting ‘Non-binary’, ‘Prefer to self-describe’, or ‘Prefer not to say’.
- Age was distributed across five groups: 27.7% were aged 30-34 years old, 25.7% aged 35-39 years, 18.9% were in the 40-44 year category, 14.5% in 45-49 year category and 14% in 50-54 year category.
- Approximately 15.5% of participants identified as belonging to an ethnic minority, compared to 18% of the UK population.

In the Decumulation experiment:

- The gender distribution was approximately balanced 55.4% women, 43.7% men and 0.8% selecting 'Non-binary', 'Prefer to self-describe', or 'Prefer not to say'.
- Age was split between two age groups; 63.8% in 55-59 year category and 36.2% in 60-66 year category.

Approximately 7.6% of participants identified as belonging to an ethnic minority, which compared to 18% of the UK population. Our overall attrition rate was high, at 11.59% in the Decumulation experiment and 10.18% in the Contribution experiment. We only analyse and report the findings from complete cases.

4 Results

This section presents the main results from our experiment. Table 3 shows the regression results for the primary and secondary outcomes. We don't provide interpretations or discussion of the results here. A more comprehensive interpretation of our findings is summarised in the *Lessons Learned* paper.

- We find that across both experiments, including additional information beyond the baseline led to **greater overall understanding, recall of information, and increased confidence in decision-making.**
- In the Contribution experiment, additional information **increased stated intent to take up the targeted support suggestion.**
- Including additional information about the targeted support suggestion led to higher ratings on clarity, supportiveness and usefulness across both experiments. In the Contribution experiment, the additional information also reduced how pressured participants felt.

Table 3. Overview of regression results: Impact of providing full information compared to baseline information

Outcome	Contribution	Decumulation
Understanding		
Overall	increased	increased
Sub-level: General comprehension	increased	increased
Sub-level: Key information recall	increased	increased
Uptake		
Taking up suggestion action (or related action)	increased	
Confidence		
Confidence in decision-making	increased	increased
Sentiment		
…clear	increased	increased
…supportive	increased	increased
…easy to understand		

…useful	increased	increased
…pressuring	decreased	
…invasive to privacy		
Sentiment – Intention of the suggestion		
…support you to make an informed decision	increased	increased
…provide personalised financial advice		decreased
…make money for your provider	decreased	decreased
…improve your overall financial well-being *	increased	increased
…raise awareness of risks	increased	increased
Sentiment – Sufficiency of information		
… you have enough information to make an informed decision †	increased	increased

Note: this table presents the results of regression analyses comparing, within each experiment, the Full Information treatment compared to the Baseline Information which served as the control. Blank cells indicate that no statistically significant results were found.
**This outcome in Decumulation experiment failed the proportional odds assumption for using an ordered logit model, so we instead transformed the categorical variable into a binary variable and ran a logistic regression. See Annex 7 for full results.*
†This outcome in Contribution experiment failed the proportional odds assumption for using an ordered logit model, so we instead transformed the categorical variable into a binary variable and ran a logistic regression. See Annex 7 for full results.

Primary Outcome

Regression results for the primary analysis can be found in Annex 7.

Overall understanding of targeted support

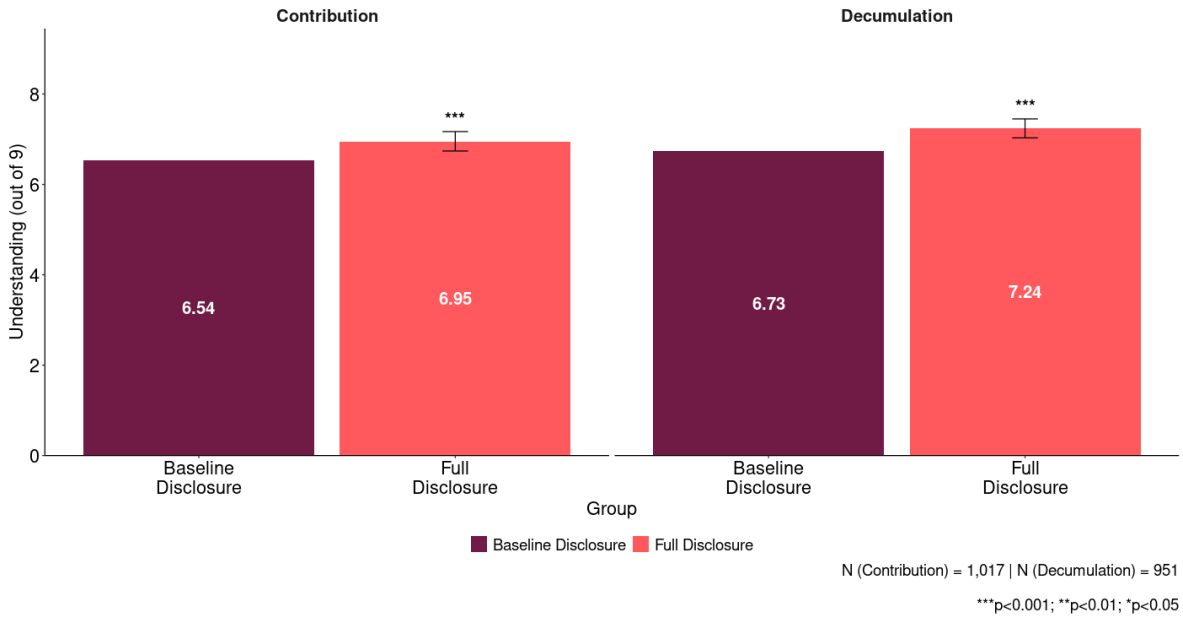
The Full Information treatment had a modest positive effect on participants' understanding of targeted support recommendations in both the Contribution and Decumulation experiments (Figure 9).

In the Contribution experiment, participants in the Full Information group scored 0.41 points higher (out of 9 questions) than those in the Baseline Information group, representing a 6.3% increase over the baseline mean. This reflects a small yet statistically significant improvement in overall understanding. In the Decumulation

experiment, providing full information similarly led to a statistically significant improvement in overall understanding. Participants scored 0.51 points higher than the Baseline Information group—a 7.6% increase over the baseline mean.

Though we do not test for differences between experiments, we note that those in the Decumulation experiment appeared to have higher understanding scores - with scoring an average of 6.97 compared to a mean score of 6.75 in the Contribution experiment, which may reflect underlying differences between the targeted samples.

Figure 9: Overall understanding of targeted support



Sub-levels of understanding

In the Contribution experiment, our regression analyses demonstrated that the sub-measures of key information recall (6.7% relative increase over baseline) and general comprehension (5.7%) both separately showed small, statistically significant positive impacts from providing full information.

In the Decumulation experiment, sub-measures of recall (4.9%) and comprehension (11.6%) also saw statistically significant effects from the full information.

Further information on specific understanding questions is reported in Annex 8.

Figure 10: Sub levels of understanding - Contribution

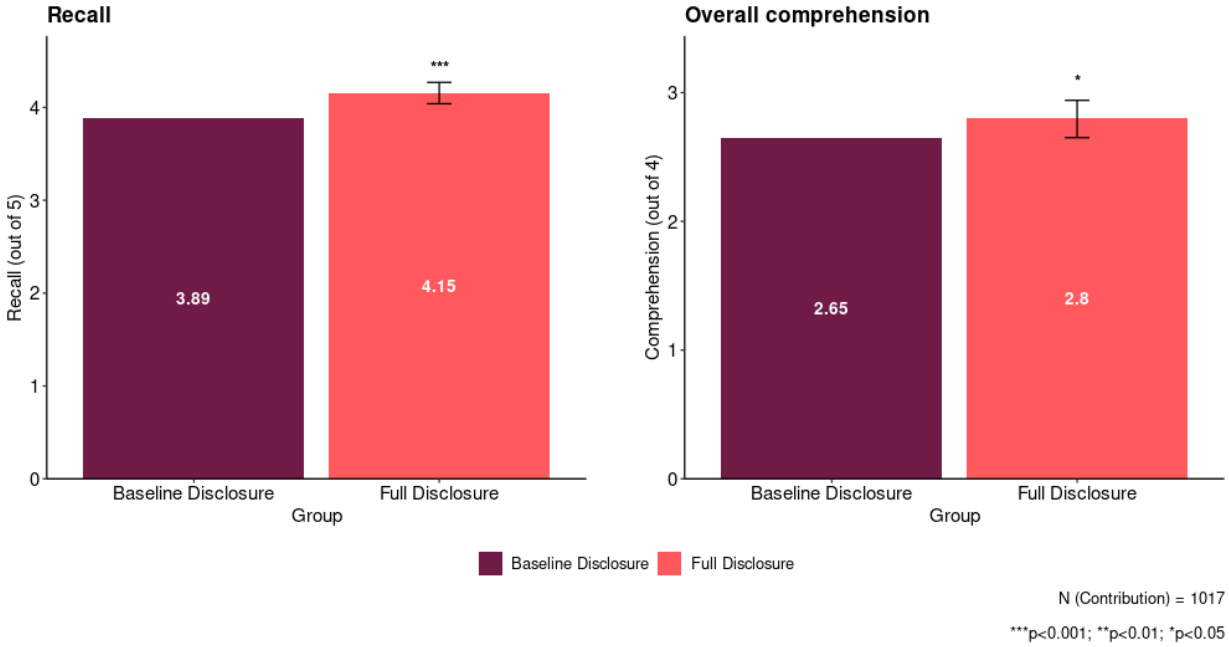
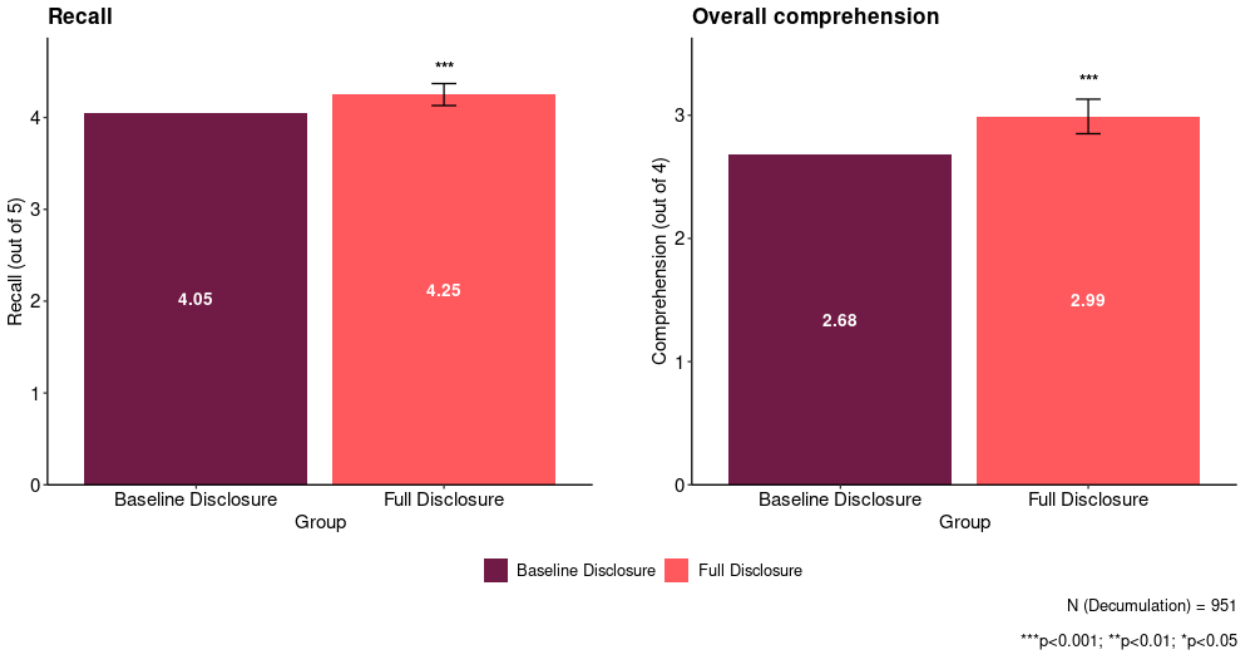


Figure 11:Sub-levels of understanding - Decumulation



Secondary Outcomes

The results presented from this point onward are our secondary analyses on:

1. Uptake intention of the suggestion,
2. Confidence in decision making,

3. Sentiment towards the targeted support.

While we include descriptive statistics and significance tests from regression analyses, these findings should be interpreted with appropriate caution. The sample size and study design were powered specifically to detect effects on the primary outcome (i.e., understanding), and as such, we cannot place the same level of confidence in conclusions drawn from secondary outcomes. A lack of statistical significance for these outcomes does not necessarily indicate a lack of effect, but may reflect limited power to detect smaller or more variable impacts. Regression results are available in Annex 7.

1. Uptake intention of the suggestion

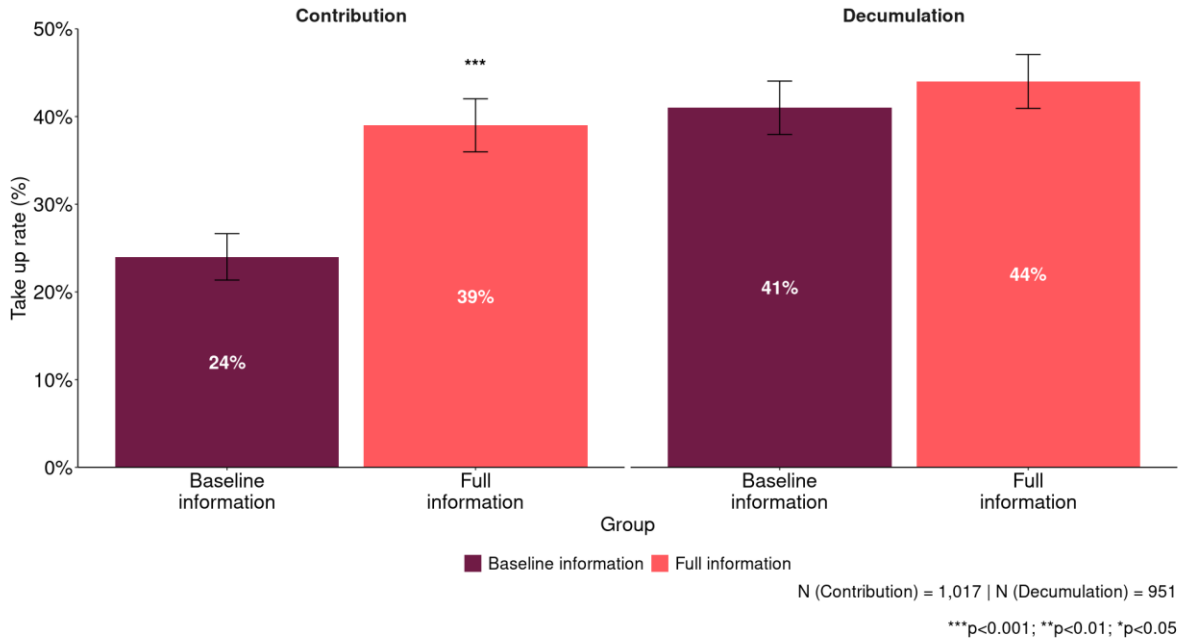
Full Information increased likelihood of participants reporting they would take up the recommendation in the Contribution experiment, but had no such effect in the Decumulation experiment

Primary suggestion uptake: We measured consumers' likelihood of taking up the main suggestion - to *increase their pension saving rate* in the Contribution experiment and to *take money from their pension when they need it* in the Decumulation experiment.

In the Contribution experiment, 39% of participants in the Full Information group reported being *likely* or *very likely* to follow the suggestion, compared to 24% in the Baseline Information group. Regression analyses showed that those exposed to the full information had statistically significantly higher odds of responding positively — indicating they were approximately twice as likely to take up the suggestion.

This effect was not detected in the Decumulation experiment, where no statistically significant effect was found (41% were *likely* or *very likely* to take up the suggestion in Baseline Information vs 44% in Full Information).

Figure 12: Uptake intention of the primary suggestion



Note: Statistical significance is based on ordinal logistic regression using the full response scale.

Exploratory analysis on uptake

The following analysis on uptake explores further subgroup analysis and correlations found within the data. Patterns found here do not necessarily indicate a causal relationship and we did not conduct regression analysis on these outcomes.

Secondary suggestion uptake: The targeted support communications also contained a 'secondary' suggestion, to either (1) *increase contribution further over time* (Contribution experiment) or (2) *review plan at least once a year* (Decumulation experiment). Among participants who said they were likely or very likely to follow the primary suggestion, we also measured their intent to take up the secondary suggestion.

- In the Contribution experiment, intent to follow the secondary suggestion was similar across both the Baseline and Full Information groups, with approximately 65% of participants indicating they would take it up.
- A similar pattern was observed in the Decumulation experiment, where over 90% of participants—regardless of information condition—reported an intention to act on the secondary suggestion.

Follow up action: Among participants who were *likely* or *very likely* to take up the primary suggestion – regardless of how they responded to the secondary suggestion - we explored what follow up actions they would consider after receiving the targeted support communication.

- In the Contribution experiment, the most common selected follow-up action across both treatments was 'Take time to consider your decision before acting' (66%), similarly to in the Decumulation experiment with 78%.

- In the Contribution experiment (Figure 13), more participants in the Baseline Information group (50%) said they would contact their pension provider compared to 43% in the Full Information group. In the Decumulation experiment (Figure 14), there was no clear difference between treatments.
- Interest in seeking regulated financial advice was slightly higher among those exposed to the full information in both experiments. In the Contribution experiment, for example, 33% of participants reported an intention to seek advice, compared to 27% in the baseline; in the Decumulation experiment, 32% vs 24%.

Figure 13: Follow-up actions selected by participants likely to take up the primary suggestion- Contribution

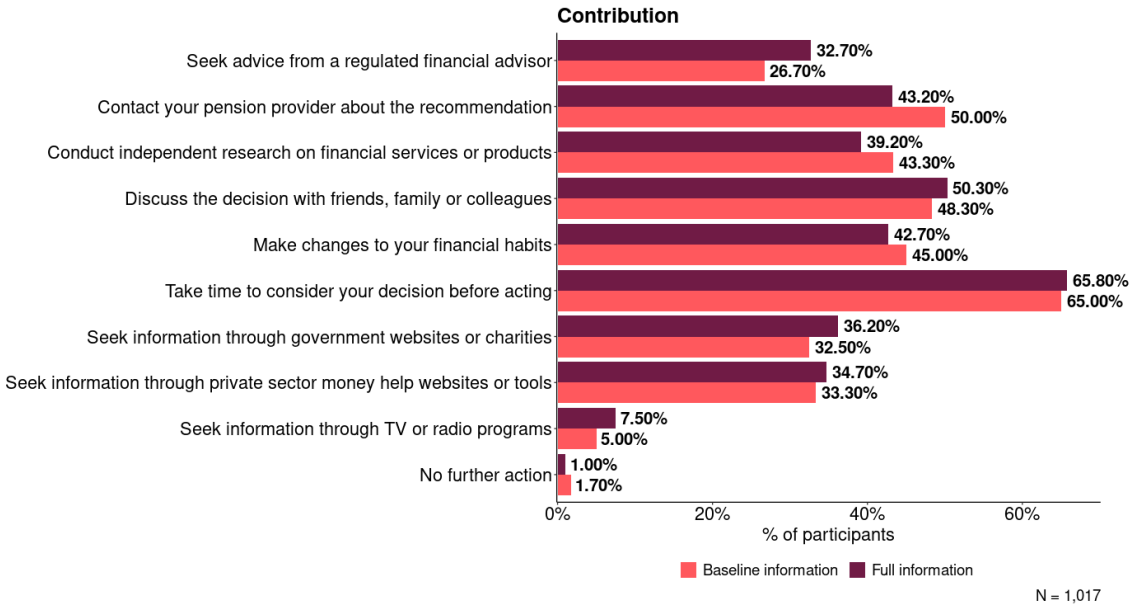
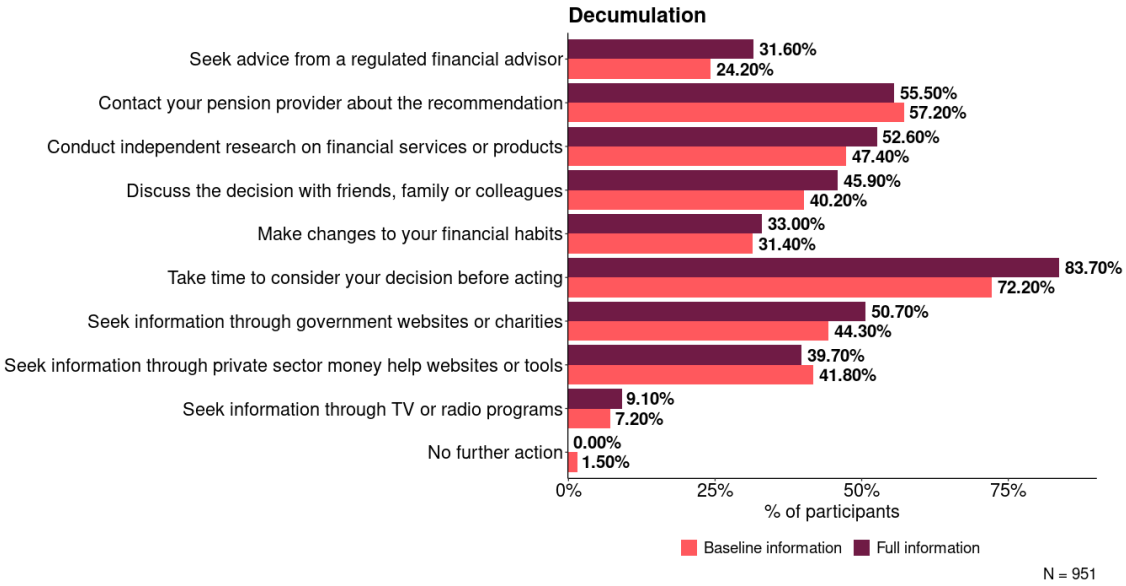


Figure 14: Follow-up actions selected by participants likely to take up the primary suggestion – Decumulation



Alternative action: Participants who did not select *likely* or *very likely* to take up the primary suggestion – regardless of how they responded to the secondary suggestion - were asked the same question, framed as which actions they would take instead.

- In the Contribution experiment, across the board, people who indicated they were not likely to take the primary suggestion, were also less likely to take other actions instead.
- In the Decumulation experiment, there was less discrepancy in intended actions between those likely to take up the primary suggestion and those who were not.
- Few people reported they would do nothing in both experiments: 6% in the Contribution experiment and less than 1% in Decumulation.

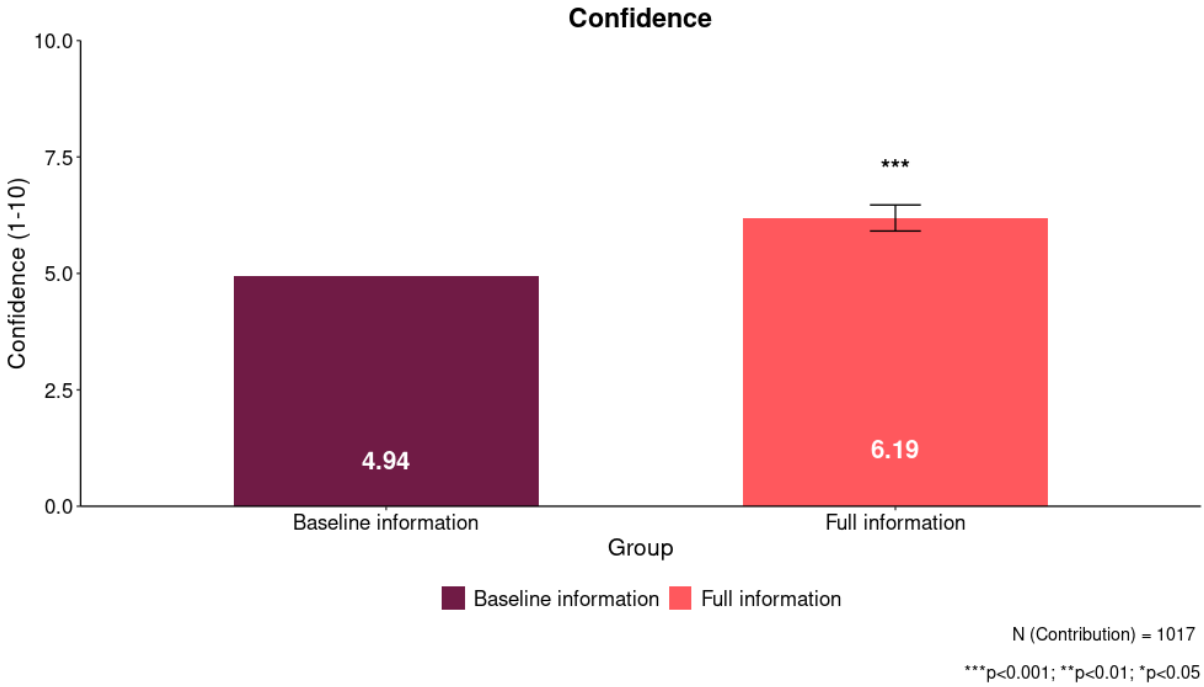
2. Confidence in decision making

We asked participants to rate their confidence to make an informed decision based on the information provided on a scale from 1-10 (1 being not confident at all, 10 being completely confident).

Participants exposed to full information reported higher confidence in their decision-making (measured on a 1-10 scale) across both experiments. Our regression analyses demonstrated that these positive effects were statistically significant, in the Contribution experiment (Figure 15) and the Decumulation experiment (Figure 16).

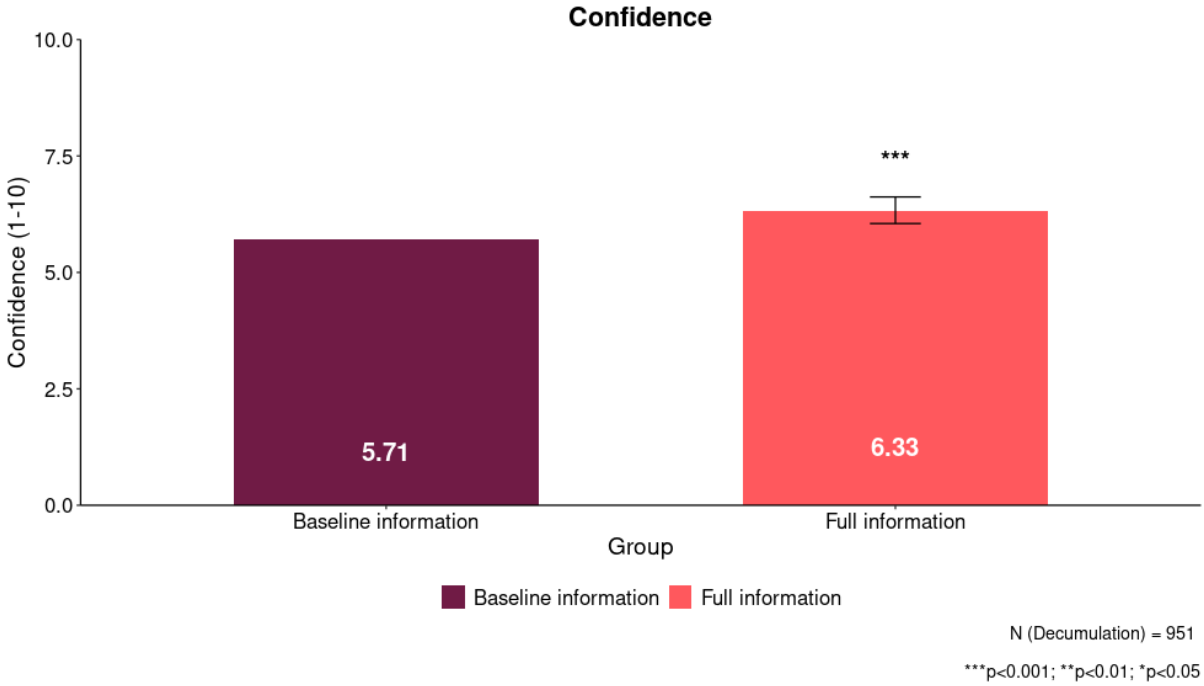
In the Contribution experiment, participants in the Full Information group reported confidence levels that were, on average, 1.25 points higher than those in the Baseline Information group.

Figure 15: Effect of Information on Confidence – Contribution Experiment



In the Decumulation experiment, participants in the Full Information group reported confidence levels that were, on average, 0.62 points higher than those in the Baseline Information group—representing a 11% increase over the baseline mean.

Figure 16: Effect of Information on Confidence – Decumulation Experiment (adjusted for financial literacy)



3. Sentiment towards targeted support

We asked participants whether they thought that the suggestion they received was easy to understand, clear, useful, supportive, invasive to privacy or pressuring.

Regression analyses showed that full information increased perceptions of how clear, and particularly how useful and supportive the targeted support communications were, in both experiments. However, it didn't affect how understandable or invasive participants found the communication across both experiments. In the Contribution experiment, the full information also made the communication feel less pressuring, whereas no such effect was observed in the Decumulation experiment.

In both experiments (Table 3), most participants across both the Baseline and Full Information groups rated the targeted support communication as easy to understand, clear, useful and supportive. Most disagreed that it was invasive or pressuring.

Table 3. Sentiment toward the communication

% of participants who agreed that the communications shown were…	Contribution Baseline Information	Contribution Full Information	Decumulation Baseline Information	Decumulation Full Information
Easy to understand	89%	92%	85%	87%
Clear	82%	91% ***	81%	84% *
Useful	64%	89% ***	73%	85% ***
Supportive	50%	82% ***	61%	76% ***
Invasive to your privacy	19%	15%	9%	9%
Pressuring	33%	23% ***	18%	12%

Note: Results from regression testing the Full Information treatment against the Baseline Information treatment, within each experiment.
Significance levels are indicated by asterisks: p < .05 (*), < .01 (**), < .001 (***)

Perceived intention of suggestion

We also asked participants about the intention of the suggestion.

Regression analyses indicated that full information impacted the perceived intent of the targeted support communication. In both experiments, full information increased the perception of the communication being intended to support people to make an informed pensions decision, support their financial wellbeing and increase their risk awareness. It also reduced the perception of the communication intending to make their providers money – perhaps feeling less like marketing emails in both experiments.

Full information reduced the perception that the communications were intended to provide personalised financial advice in the Decumulation experiment but had no such

effect in the Contribution experiment. Regression analyses are available in Annex 7. The financial wellbeing outcome in the Decumulation experiment violated the proportional odds assumption for ordinal logistic regression, so we converted the variable into a binary outcome and performed a logistic regression.

Perception of sufficiency of information: We asked participants to what extent they feel they had enough information to make an informed decision based on the information shown. In the Contribution experiment, descriptive analyses found that 43% of participants who saw the baseline information reported 'Not at all' while only 12% reported the same among those who saw the full information. The Full Information group also saw higher proportions of participants reporting 'Somewhat' (36%) and 'Mostly' (19%), compared to just 18% and 7% respectively in the Baseline Information group. A comparable trend emerged in the Decumulation experiment. The sufficiency of information outcome in the Contribution experiment violated the proportional odds assumption for ordinal logistic regression, so we converted the variable into a binary outcome and performed logistic regression. In the Contribution experiment, participants shown full information were 2.6 times more likely to report feeling "Mostly" or "Completely" informed compared to those in the baseline group. Similarly, in the Decumulation experiment, ordinal logistic regression also indicated that the full information increased the perception of the sufficiency of information provided.

Exploratory Analysis

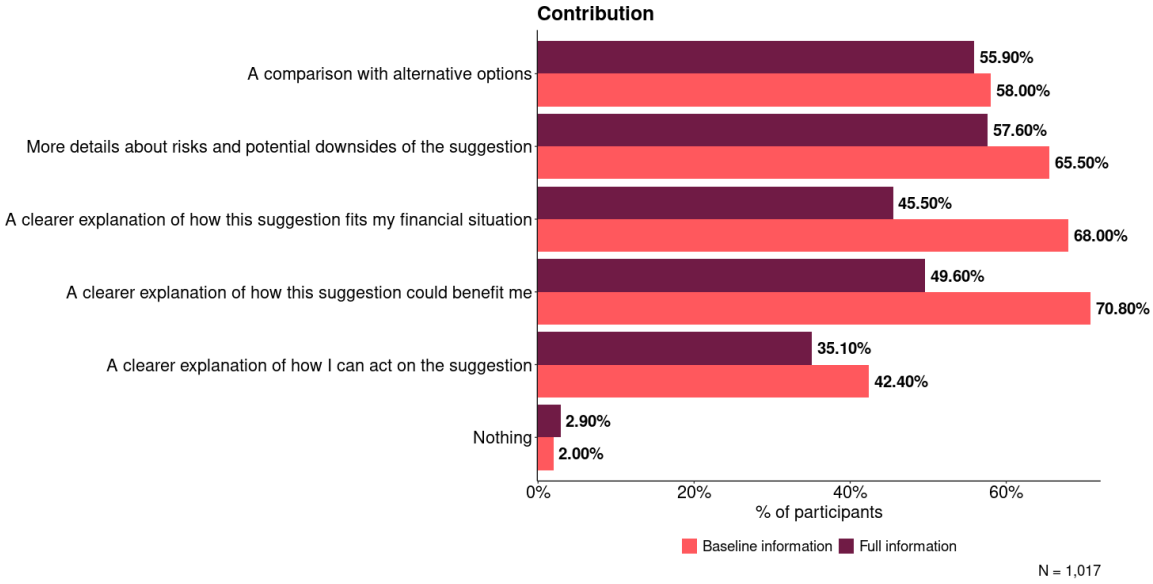
This section presents exploratory analysis – the differences reported are descriptive and have not been tested for statistical significance, so they should not be interpreted as causal.

First, we describe the results from two exploratory questions on information participants would have found helpful for the communication to contain and what they perceived the responsibilities of the provider to be. Secondly, we explored subgroup analysis on the understanding, confidence, and intent to take up the primary suggestion outcomes.

Helpful additional information

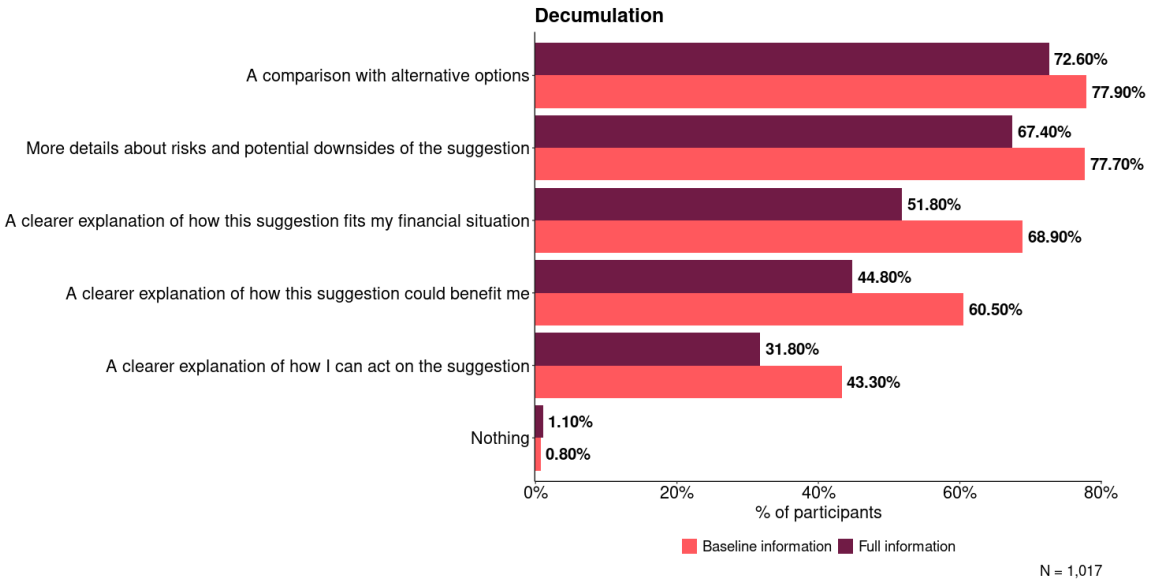
We asked all participants what additional information would have been most helpful in making an informed decision, if they needed more information. In the Contribution experiment, all options presented had between 39-61% of all participants indicating they would find it useful, with the most popular being 'more details about the risks and potential downsides' (62%) closely followed by 'a clearer explanation of the benefits' (60%). There were notable differences between the Baseline and Full Information groups (Figure 17), with more participants in the Baseline Information group consistently wanting more information across all options. Particularly, more wanted to know how 'the suggestion could benefit me; (71% in Baseline Information group vs 50% in Full Information group) and how 'it fits with my financial situation' (68% vs 46%).

Figure 17: Helpful additional information: percentage of participants selecting each option – Contribution



In the Decumulation experiment (Figure 18), 75% of all participants reported, 'a comparison with alternative options' would have been helpful, and 73% wanted 'more details about risks and potential downsides'. The full information participants had slightly lower desire for 'more details about risks and potential downsides of the suggestion'. 67% of the Full Information group selected this option, compared to 78% in the Baseline Information group. Although over half (52%) of participants in the Full Information group said they wanted 'a clearer explanation of how it fits with my financial situation', this was much lower than those shown the Baseline Information group (69%).

Figure 18: Helpful additional information: percentage of participants selecting each option – Decumulation



Responsibilities of provider

We asked participants what they believe their pension provider is responsible for in this context.

In the Contribution experiment, a higher proportion of participants in the Full Information group felt that the pensions provider was 'Responsible for accurately describing to me the limitations and features of the service' (38% in Full Information group vs 31% in Baseline Information group). We see this pattern is more pronounced in the Decumulation experiment (49% in Full Information group vs 38% in Baseline Information group).

In the Contribution experiment, participants in the Full Information group were slightly more likely than those in the Baseline Information group to expect that the provider was 'Responsible for making sure the suggestion is appropriate for the group my provider told me I fit within' (63% in Full Information group vs 59% in Baseline Information group). In the Decumulation experiment, the difference between Full Information group and Baseline Information group is smaller (58% vs 56%).

In both the experiments, there was little difference in the proportion of people who believed that the provider was 'Responsible for any market changes which impact my pension following the suggestion', with around 11% believing this for the Contribution experiment, and 7% in the Decumulation experiment.

However, those in the Full Information group were less likely to believe that the provider was 'Responsible for making sure the suggestion is appropriate for me as an individual' (Contribution: 31% in Full Information group vs 40% in Baseline Information group, Decumulation: 41% vs 28%). This may suggest that the additional information increased awareness of the limitations of the recommendation.

Subgroup analysis: Financial literacy

In both experiments, there was a strong positive relationship between financial literacy and understanding, whereas there was not a consistent pattern for the

relationship between financial literacy and confidence or intent to take up the primary option.

We categorised participants as having low or high financial literacy based on their responses to a set of 3 questions (see Annex 2 for questions). A score of 0 – 1 is classed as a 'low' and scores from 2 –3 are 'high'.

In both experiments, higher financial literacy was associated with better **understanding**: in the Contribution experiment, the high-literacy group averaged a score of 6.98 out of 9, compared to 6.15 for the low-literacy group. This gap widened in the Decumulation experiment, with the high-literacy group scoring 7.14, 1.24 points higher than the low-literacy group's average of 5.9.

Interestingly, an inverse relationship emerged between financial literacy and **confidence**. In both experiments, participants with lower financial literacy reported slightly higher confidence levels. They were also slightly more likely to **take up** the primary suggestion compared to their high-literacy counterparts, with 33.1% doing so in the Contribution experiment and 43.1% in the Decumulation experiment.

Subgroup analysis: Risk preferences

In both experiments, very risk seeking individuals consistently showed lower understanding, higher confidence and greater intent to take up the primary suggestion.

We asked participants to rate how willing, in general, they were to take risks on a scale from 1-10 (1 = not willing at all, 10 = very willing) (based on Falk et al., 2013). We categorised participants as: Very Risk Averse (1 or 2), Moderately Risk Averse (3, 4 or 5), Moderately Risk Seeking (6, 7, or 8) or Very Risk Seeking (9 or 10).

Across both experiments, a similar broad U-shaped pattern emerged: participants with moderately risk seeking and moderately risk averse orientations tend to report mean **understanding** scores close to 7 (out of 9), while those with more extreme risk orientations score lower – especially the Very Risk Seeking group.

In the Contribution experiment, the Very Risk Seeking group – despite having the lowest understanding – reported the highest mean **confidence** score of 7.1, while all other groups averaged just above 5. Similarly, in the Decumulation experiment, Very Risk Seeking participants again registered the highest mean confidence score of 7.2 compared to 6.4 for the Moderately Risk Seeking group and around 5.6-57 for the more risk averse groups.

For the **intent** to take up the primary suggestion in the Contribution experiment, intent declined with risk aversion. Where 55% of the Very Risk Seeking group chose `Very Likely or Likely', this was lower in the Moderately Risk Seeking group (37%), and lower again in the of the Moderately Risk Averse group (23%) which was similar to the Very Risk Averse group (25%). In the Decumulation experiment, we see a similar pattern.

Table 4: Risk preference subgroup analysis - Contribution

Risk Preference Group	Understanding	Confidence	Intent (Very Likely/Likely)
Very Risk Seeking	5.6	7.1	55%
Moderately Risk Seeking	6.8	5.8	37%
Moderately Risk Averse	6.9	5.2	23%
Very Risk Averse	6.5	5.2	25%

Table 5: Risk preference subgroup analysis: Decumulation

Risk Preference Group	Understanding	Confidence	Intent (Very Likely/Likely)
Very Risk Seeking	6.2	7.2	68%
Moderately Risk Seeking	7.1	6.4	46%
Moderately Risk Averse	7	5.6	38%
Very Risk Averse	6.8	5.7	37%

Subgroup analysis: Age

Across both experiments, there was no clear trend linking age with either average understanding scores or the likelihood of taking up the primary suggestion. However, older participants reported greater confidence in their decision-making.

In the Contribution experiment, participants ranged in age from 30 – 54 years and were categorised into three age groups, 30-34, 35-44, and 45-54 years. The Decumulation experiment covered a narrower age range, comprising only two groups: 55-59 and 60-66 years.

There was no clear trend between mean **understanding** scores and age. In the Contribution experiment, both the 30-34 and 35-44 age groups had identical mean understanding scores of 6.8 out of 9, while the 45-54 group scored slightly lower at 6.61. In the Decumulation experiment, participants aged 60-66 achieved an average score of 7.08, slightly higher than the 55-59 age group, which had an average score of 6.91.

In both experiments, older participants tended to express slightly greater **confidence** in their decision. Specifically, in the Contribution experiment, confidence steadily increased with age: participants aged 30-34 reported an average confidence score of 5.44 out of 10, rising slightly to 5.58 for the 35-44 group, and reaching 5.68 for the 45-54 group. This pattern continued in the Decumulation experiment, where the 55-59 age group

reported an average confidence of 5.96, with the oldest participants (aged 60-66) exhibiting the highest confidence at 6.13.

There was no clear trend between age and the likelihood of participants indicating that they would be `Likely or Very likely` to **take up** the primary suggestions in both experiments.

Subgroup analysis: Gender

In both experiments, men were more inclined to take up the primary suggestion and reported higher confidence levels than women, but understanding scores were comparable across genders.

Across both experiments, male and female participants showed similar levels of **understanding**, with no consistent pattern of one group outperforming the other.

Confidence levels differed between genders. In the Contribution experiment, men reported an average confidence score of 5.78 out of 10, slightly higher than women's 5.36. This gap widened in the Decumulation experiment, with men averaging 6.36 compared to women's 5.78.

Men were more inclined to **take up** the primary suggestion: in the Contribution experiment, 35.2% of men chose `Likely or Very Likely', compared to 27.8% of women. A similar trend appeared in the Decumulation experiment, where 48.6% of men opted for the suggestion versus 37.8% of women.

Subgroup analysis: Income

In both experiments, understanding scores generally increased with income, while no clear relationship was found between income and either the likelihood of adopting the primary suggestion or confidence levels.

A generally positive relationship was observed between income and **understanding** scores: as income increased, so did participants' understanding. An exception occurred in the Decumulation experiment, where participants in the lowest income group (less than £15,999) scored higher than those in the £16,000–£29,999 and £30,000–£49,999 brackets. However, **confidence** scores showed no clear pattern in relation to income across either experiment. Similarly, no consistent relationship emerged between income levels and the likelihood of primary suggestion **uptake**

Table 66: Income subgroup analysis - Contribution

Income Group	Understanding	Confidence	Intent (% Very Likely/Likely)
Less than £15,999	6.22	5.45	28.74
£16,000 - £29,999	6.52	5.69	27.93
£30,000 - £49,999	6.86	5.55	33.05
£50,000 - £69,999	6.89	5.57	37.82
£70,000 - £99,999	7.19	5.11	21.62
£100,000 - £149,999	7.92	5.69	30.77

More than £150,000	7.88	5.12	37.5

Table 7 7: Income subgroup analysis - Decumulation

Income Group	Understanding	Confidence	Intent (% Very Likely/Likely)
Less than £15,999	7.10	6.08	42.86
£16,000 - £29,999	6.69	6.15	42.52
£30,000 - £49,999	6.92	6.04	41.2
£50,000 - £69,999	7.16	5.63	40.87
£70,000 - £99,999	7.25	6.37	48.53
£100,000 - £149,999	7.93	4.73	33.33
More than £150,000	8	5.2	60

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