



GO Scottish Power

# A DC savings revolution

Having advised ScottishPower’s defined benefit pension scheme for many years, when the energy firm needed help with its defined contribution (DC) plan, we were the natural choice of adviser. Open since 2006, the plan has around 2,500 members but employees were not actively taking decisions; resulting in low retirement saving levels.

To help achieve its DC goals, ScottishPower appointed Hymans Robertson. Using the market-shaping Guided Outcomes (GO™) analytics and portal, ScottishPower transformed member engagement and savings levels.

## Client’s challenge

ScottishPower needed to address the crucial issue of workforce management. With a large proportion of staff working as engineers in physically demanding roles, an ageing workforce could negatively impact on business performance. The firm’s HR team needed to find a solution enabling its people to be able to afford to retire at an appropriate time.

*“We were really concerned that employees weren’t saving enough and that they didn’t understand how much it would cost to have a decent income in retirement “*

**Anne Harris**

UK Pensions Manager, Scottish Power

With all new hires being enrolled, the plan’s growth is rapid. ScottishPower wanted to better engage with its staff, to help encourage them to save more for retirement; benefitting from the firm’s generous contribution-matching structure. The firm was also keen to make sure the pension scheme was better understood and valued by members.

## Solution

Initially, GO analysis assessed the plan’s current position and identified the key issues.

ScottishPower already knew that not all members chose to pay contributions levels that attracted the highest employer match amount. While this indicated members were not saving enough for retirement, GO analysis quantified the exact degree of under saving and why. Analysis showed that a significant number of members were not on track for sufficient retirement income, with the shortfall most pronounced among higher-earning employees.



These results helped ScottishPower’s internal stakeholders better understand the current position, consider long-term implications and focus on a solution that would ensure more people save enough.

ScottishPower introduced Hymans Robertson’s GO portal for members. The portal calculates individual members’ pensions savings as green, amber or red in terms of likelihood of achieving a suitable retirement income.

For members with an amber or red evaluation, GO guides them on ways to get on track to ‘green’ – either by upping contributions and/or delaying their retirement age.



*“A lot of people think that members don’t want to pay more into their pension. But my experience from the use of GO and from talking to the members is that it’s not that they don’t want to pay more, they just didn’t know how much they should be paying in. GO gives members the direction they crave when it comes to retirement saving.”*

**Anne Harris**

UK Pensions Manager, Scottish Power

GO provides helpful guidance for members, simply demonstrating their current retirement saving position and the actions needed to secure a decent retirement income. This approach acts as a ‘nudge’ for plan members and is far more effective than simply offering modelling and expecting members to decide the right answer for themselves.

**GO comparison**  
Select an approach below.

Current Assessment	GO Approach
<b>Demo Pension Plan</b> Potential retirement income from your Plan: £5,200 a year Best estimates show you're on track for between £4,200 and £9,100 a year Retirement age: Age 55 (38 years, 2053) Contribution rate: £63 a month (3% salary) Likelihood of reaching your target: <b>Unlikely</b>	<b>Demo Pension Plan</b> Potential retirement income from your Plan: £11,700 a year Best estimates show you're on track for between £8,000 and £16,600 a year Retirement age: Age 56 (38 years, 2054) Contribution rate: £105 a month (5% salary) Likelihood of reaching your target: <b>Likely</b>
<input type="button" value="Remain with current assessment"/> Return to current assessment	<input type="button" value="Continue with GO approach"/> Set your own savings approach

Where members accept GO’s suggested changes, this is seamlessly managed by the system, which ensures payroll and retirement age changes are made. Members can also select an option automating any future changes – with an ‘opt out’ if they change their mind.

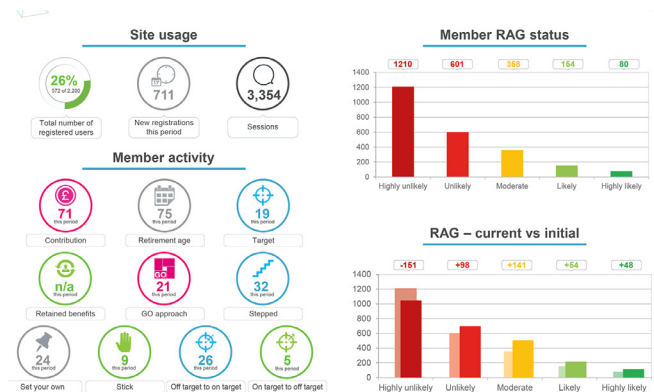
*“Our members have been delighted with GO – it has had a considerable impact on member engagement with our DC plan and has been instrumental in helping ScottishPower meet its DC objectives.”*

**Anne Harris**

UK Pensions Manager, Scottish Power

## Results and benefits

ScottishPower launched the GO portal in November 2015. The approach was immediately well received, with more than one-third of members logging on to the portal straight away. Feedback from members and other stakeholders across the business has been extremely positive. In particular about GO’s simplicity and ease of understanding.



Most positively, in the first month after launch, ScottishPower saw 1 in 10 members increase their scheme contribution with many more changing their retirement age.

*“For too long DC members have been the poor relations to their DB cousins. While they may never enjoy such generous arrangements, they can now get the clear support they need to save enough for retirement, while their employer can benefit from insightful scheme information via GO to help run the scheme even better than before. GO makes DC simple.”*

**Paul Waters**

Partner & DC Consultant, Hymans Robertson

The option to get back on track over time while capping contribution increases at 2% has proved very popular with members, while others increased their contributions by up to 13% after using GO.

ScottishPower is now able to access regular management information about the performance of the plan through GO.

Members are now much better informed about how much money they will need in retirement and how much they are likely to receive from the plan. Most importantly they are saving more than before.