



## **COMPANIES MOVE TO REASSURE DC PENSION MEMBERS, SAYS FIDELITY INTERNATIONAL**

- **Members request more detail about their investments**
- **Companies can use this interest to build in a long term communications strategy**

**London, 6 November 2008** – As stock markets continue their volatile ride, members of defined contribution (DC) pension schemes are thinking more than ever about how this affects their pension. Fidelity International is urging companies to take advantage of this heightened interest and build in more long-term communications to ensure DC members remain engaged with their retirement planning.

In the last few weeks alone, Fidelity has seen more requests for expert advice in communicating to members, a 20% rise in calls handled by its Pension Service Centre phone team and a similar increase in emails and visits to the educational pages of its website. In the main, members are now asking for more detail than ever about their investments.

**Colin Williams, Executive Director, DC Business at Fidelity International,** says “The current financial crisis highlights the value of communication to members. I would urge companies that do not do this regularly to consider the benefits of a long term communication strategy, so that members are helped into seeing their pension account as a long term investment.

“It’s important that clients communicate with plan members openly but they must also remember that suddenly contacting members may in itself send a message. Sponsors tend to communicate with members well when they join the pension scheme but many don’t continue with good quality ongoing communication. Reassurance is everything in this environment and suddenly bombarding members with information about the financial crisis now may even be counterproductive.”

Fidelity suggests companies focus their communications on two key messages:

1. Retirement saving is for the long term and members are better off in the market than out of it, especially if they are drip feeding regular money in, as DC members will be. In



the 15 years to end of September 2008, the UK market rose 169% but anyone who missed the best 10 days would have seen only a 69% return and anyone who missed the 40 best days a 32% loss. In fact the best rise in the market in this period actually came on 19 September 2008 at nearly 9%\*.

2. Members should be in funds that can capture this sort of growth. Some companies have already done this for their members, building global diversified type funds into their default fund so that it has a better chance of growing irrespective of market conditions, but many more have not. Communicating the benefits of appropriate asset allocation, in a way that does not baffle workers or encourage rash, short term fund switching, can be a simple thing in the hands of the right communications expert.

Fidelity’s communications team uses a variety of media to explain to members the latest stock market activity, convey the advantages of participating in their employer’s pension scheme and demonstrate the best ways to set and achieve retirement goals. This approach is complemented by Fidelity’s websites, which offer market commentary and planning tools for modelling different asset allocations and rates of return.

**Fidelity’s public DC website is [www.fidelitypensions.com](http://www.fidelitypensions.com)**

**- ENDS -**

\* Total returns of FTSE All Share from 30.09.93 to 30.09.08. Source: Datastream as at 30.09.08

			In Market whole time	Less 10 Best days	Less 20 Best days	Less 30 Best days	Less 40 Best days
From	30/09/1993	Cumulative Return	169.13%	69.26%	20.60%	-10.14%	-31.68%
To	30/09/2008	Annualised Return	6.82%	3.57%	1.26%	-0.71%	-2.51%

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