



# Against the tide

▼ Francesca Fabrizi asks the SC Johnson 'Pensions Lady', Julie Thake, how, despite the challenges of today's economic climate, the DC scheme continues to achieve impressive engagement and contribution rates

be able to challenge decisions and secure the best provider for our members.

As a paternalistic employer, with a strong focus on members, our requirements were many and varied, but all targeting the same thing: Delivering the best possible retirement outcomes for our employees via a master trust framework.

to opt in. By linking the timing of the auto-escalation to our pay increase cycle, most employees do not see a reduction in salary, but almost all still receive a pay increase in the month.

Secondly, reducing member costs and improving investment options. We committed to meeting the administration and investment costs of as many members as possible, active or deferred. Currently, we meet up to 0.40 per cent of investment fees, covering the entire cost of our default strategy – in which 99 per cent of members are invested – and c.75 per cent of our self-select options.

Having addressed fees, we looked at tailoring our default strategy. Working with SEI, we created a lifestyle strategy to de-risk members to and through retirement, and keep members' savings growing for as long as possible. We also ensured that our self-select fund range satisfied most members' requirements.

Finally, communications and member

**P**lease give a short introduction to the SC Johnson (SCJ) DC scheme.

SC Johnson is a global entity and a household name, with our products gracing your supermarket shelves, however the UK operation is not a large one. The total defined contribution (DC) scheme membership is around 1,000, of which 300 are active members.

For many years, we provided a trust-based defined benefit (DB) and DC pension scheme. The arrival of freedom and choice in pensions meant the trustees of our DC section were increasingly stretched, making it difficult, if not impossible, to continue providing employees with the best retirement plans. For the DC section in particular, we worried that we were taking care of current and former employees up to the point of retirement, then leaving them without the support they needed to make decisions about their life savings.

In 2017, we began our search for a pension provider we could partner with to build the type of future-proof scheme we desired. Moreover, we researched the pensions industry ourselves, so that we'd

**The scheme was recently shortlisted for a Pensions Age Award in recognition of the work you have done to successfully improve members' projected outcomes – how did you go about this?**

We focused on three elements: Firstly, contribution rates. SC Johnson has always offered a generous contribution structure, with employer contributions rising with increased employee contributions. Prior to auto-enrolment, we had excellent take-up rates – new employees would typically join at the highest contribution rate to maximise company contributions. This changed with the dawn of auto-enrolment, prompting us to re-evaluate our contribution engagement process.

We created an auto-escalation process wherein every October, in line with a company-wide pay increase cycle, employees who were not already maximising the employer contribution to their pension saw their contributions automatically increase by 1 per cent, (and of course the employer match also increases accordingly). This continues every year until a combined maximum of 14 per cent total is reached. Employees can opt out, but importantly, do not have



engagement. Whilst we ensured that the fees SCJ paid on behalf of our members were competitive, we also focused on providing high quality services for employees, ensuring that every type of engagement approach would be available. As part of the selection process we had deliberately looked for a master trust that could meet our demand for exemplary member communications, engagement and education.

**What were the challenges and how were they overcome?**

The above objectives were not achieved easily – there were challenges along the way. When considering our contributions, we noticed a change in employee behaviour following auto-enrolment. New employees realised they no longer needed to fill in a form to join the company pension scheme, and so ignored all pensions communications thereafter. By not electing to pay more, these employees missed out on additional employer contributions. For many years we had used nudges and reminders with some level of success, so when we moved to the SEI master trust we applied the lessons learnt from auto-enrolment and its low opt-out rates to engage member and embed the auto-escalation process.

We understood the company had to be fully committed to improving member outcomes to support the reduction in member fees, and also to provide members with the time and support to engage with the communications exercises, initially and ongoing. This was overcome by a strong SCJ trustee body including leaders in finance and HR championing the importance of the SCJ pension provision.

**How successful was that?**

First and foremost, the work we have done with respect to our contributions structure has been a huge success. This year – and under the tight economic constraints we are all facing – we publicised our auto-escalation details

to employees, allowing them to opt out, should they wish. Encouragingly, just 6 per cent of those eligible opted out, with a number of employees actually choosing to increase their contributions. All told, over 75 per cent of employees are now contributing at the highest rate.

Secondly, our efforts to improve the way we communicate with members has seen the launch of several initiatives designed to bolster engagement. Our SCJ master trust microsite links employees through to their fully transactional member portal, where they can access their annual video benefit statements, booklets, factsheets and 90 second videos on topics such as investment basics and retirement planning. With a well-signposted internal website, we have also made it easier for employees to find what they're looking for. This may relate to forms and contacts housed on SEI's website, or internal resources.

**With member engagement being one of the biggest challenges in DC, how have you worked to improve that?**

We acknowledge that member engagement is one of the most pressing challenges facing DC schemes.

As well as the online solutions mentioned above, we have been running an annual 'Pensions Awareness Day' at our offices for the past five years [see photo above left]. Attended by the trustees of our DB scheme, as well as SEI's client team, this informal event provides access to pension information, guidance and advice. It also contains my contact details, SCJ's very own 'Pensions Lady'.

It is worth noting that having one person act as an internal point of contact when it comes to pension queries has made a big difference. Whilst, in the UK, we are not big enough to employ a fully dedicated pension professional, we have myself as a long-serving employee with 20+ years of trusteeship acting as our 'Pensions Lady'. As an approachable



and trusted face of pensions at SCJ, I work hard to actively promote pensions opportunities and training, encouraging employees to focus on planning for their retirement goals.

**What are your aims/priorities now for the scheme?**

Moving forward, we will continue to prioritise member outcomes, with several exciting projects in the pipeline.

On the technology side, we are launching the SEI pensions and wellbeing app, which will allow our members to view all their pensions, savings, investments, loans and debts in one location. The app is designed to give an in-depth view of a user's 'net' wealth – as well as short-, medium- and long-term savings – with in-retirement spending analysis and budget planning features. The app was awarded 'Retirement Innovation of the Year' at the UK Pensions Awards 2021.

We have also decided to move pension contributions to salary sacrifice from April 2023, in recognition of the increased National Insurance burden our employees are now facing.

We were delighted to be shortlisted for the *Pensions Age Awards* (see photos above and left), particularly given the calibre of companies shortlisted. We hope to have proven that the size doesn't have to be a barrier – with the right partners and company support, even moderate-sized organisations can do big things in the pensions space to improve their members' retirement outcomes.

**Written by Francesca Fabrizi**