

Can education influence and motivate individuals to action?

Executive Summary

Two UK projects add weight to a US study that well designed, tailored and targeted educational workshops that are well delivered will influence attitudes and understanding and have a significant impact in motivating individuals to take action in their retirement and financial planning.

Introduction

In the December issue of PMI News Fiona Smith asked 'Will financial education solve the problems with pensions?' She revealed that the United States had been pursuing financial learning for its adult population for somewhat longer than here in the UK and described the behaviour changes that had been recorded in a US study as a result of financial education seminars. She concluded that the US research indicated that financial education does have an immediate impact with regard to the financial planning of employees and improves immediate take-up and savings for retirement. Unfortunately at that time there was no similar UK work or experience on which to draw.

A project targeted at those in their early 50's

However, in 2006 Life Academy embarked on a project to provide an educational experience to those in their early 50's to increase their awareness of pension and retirement issues and to increase their financial awareness. The project involved designing and delivering a one-day workshop to provide a focal point that through education and increased awareness might lead to changes in the attitudes, intentions and behaviours. Our hope was to motivate individuals to make appropriate decisions about their retirement planning and take action in good time.

A key purpose of the workshops was to provide information, signposting and enhance knowledge of retirement planning, financial planning, pensions, savings, taxation and investments.

The content of the workshop included:

- Needs and issues concerning retirement and money
 - Concerns and issues of the workshop participants
 - The changing retirement and pension landscape
 - What to avoid as a pensioner
- Reviewing the Transition
 - Visions and dreams; managing change model; work, relationships and leisure time
 - Working Longer: maintaining skills and effectiveness
 - Financial Capability
 - Attitudes to money and money at different life stages
 - Managing money: budgeting and debt
 - Pensions: State Pensions and Benefits; Occupational and Personal Pensions; 'A' Day changes; taxation
 - Savings and Investment; risk and the risk pyramid
 - Obtaining advice

- Focus on Health and Wellbeing
- Additional Support
 - What do you need? Where from? By whom? Signposting
- Motivation and Life Planning: Taking Action
 - Identify personal gaps and priorities
 - Organise them for action

Four workshops were delivered in 2006 and a further four will take place in the summer of 2007. We are thus halfway through the programme and although the numbers are small and we are evaluating a live project rather than engaging in a piece of scientific research, it is a good time to look at what has been achieved so far.

The participants came from the private, public and voluntary sectors and the self-employed. They all arrived at the workshops with a range of issues concerning their future. These included health and wellbeing, relationships, using time and understanding life changes. 85% of the attendees were equally concerned about planning their finances and paid work. This closely tied in with the purpose of the workshops.

At various stages of the programme we collected data on the needs identified by participants concerning their retirement and money, such as:

- identification of some of the main changes in knowledge, attitudes, motivation, intention to act and action for key areas of retirement and money
- the impacts of the one-day educational workshops and resources on participants.

The evaluation measured the intention of the participants to take action at the beginning of the workshop, at the end of the workshop and what action had been taken as a result of the workshop 3 months later.

The evaluation questionnaire carried out immediately after the workshop sought to determine if there had been a shift in knowledge as a result of the workshop. This assessed the change of knowledge on key aspects of life planning, such as retirement planning; saving; borrowing; credit; personal budgets; investments; tax; short, medium and long-term financial issues. The evaluation showed the workshop provided a significant improvement from 'not understanding' to 'understanding' of 103% and when asked whether they knew where to obtain information about the various topics that score increased 36%.

At the end of the workshop there was a 140% increase in intention to take an action compared to the beginning. This illustrated that the workshop had clearly engaged people with actions they needed to take in terms of key life planning areas.

Three months after the workshop the participants completed their final evaluation. This focused on actions taken and revealed:

- 59% of respondents had obtained a forecast of their state pension.
- 77% had looked at their occupational/personal pension fund statement and forecast.
- 45% had sought financial planning advice.
- 45% had increased their savings/investments for retirement.

- 25% of those eligible had increased their contributions to their pension.
- 27% had changed their intentions about retirement (with the majority intending to work longer).

The 2007 workshops will take place in June and July and we look forward to those, but the early indications are that well designed educational programmes, well targeted and well delivered will have a significant impact on the attitudes and behaviour of individuals. Certainly the participants appreciated having the opportunity to take a day out of their busy lives to focus on issues that do not normally rise to the top of their priorities.

A project in the agricultural sector

Life Academy delivered a similar series of 8 workshops for farmers in the south west of England. This project started with a training needs analysis to identify the needs of the agricultural and horticultural sectors. This led to the design of a bespoke programme aimed at improving financial capability, retirement planning and awareness, and motivating individuals to action so that they could more effectively plan and make provision for their retirement. The participants had a range of issues at the start of the workshops. Planning their finances and concerns about sources of income and paid work ranked at the top followed by health and well being. Farmers are pretty financially savvy and they had a pretty good understanding of financial issues but as a result of the workshop their knowledge of issues such as saving, investment, personal budgets, retirement planning, borrowing and credit, how to get independent financial advice increased by 25% and there was a 100% increase in understanding where to get information.

Those attending the workshops had already taken some actions concerning their retirement planning. The pre course evaluation showed these at 1.87 actions per head and there was an intention to take a further 1.96 actions per head.

Immediately after the workshop 106 retirement planning or financial actions were taken, ie 1.29 per head and the intention to take further action had risen to 2.57 per head. The evaluation 3 months later showed the actions taken and intention to take action had both increased to 3 per individual. Some farmers could never see a day when they did not have the farm and this can lead to difficulties for them in their retirement planning but the evaluations show the workshops made a significant impact in enabling the participants to plan their retirement and finances and as a result they increased both the actions taken and their intention to take action by over 50%. Not only did the workshops increase the knowledge of participants and motivate them to action, they also resulted in an increase of nearly 100% of people seeing an improvement in their work life balance.

Conclusion

We now have indications from a US study and two UK projects that financial education does have an impact on an individual's retirement and financial planning. The question to us is how were those results obtained? How were the individuals motivated to action? To us it is significant that in all three studies the participants experienced a face to face learning experience. We believe that to motivate an individual to action it is first necessary to overcome the barriers posed by existing attitudes, beliefs, and emotions. Only when those barriers are overcome will an increase in knowledge and particularly an increase in understanding lead to rational consideration that leads to action. This process requires a learning environment with material relevant to the audience and ideally a two way communication process or at least well prepared self learning materials for self study. In the two UK projects workshops were specifically designed for the target audience and the tutors were professional members of Life Academy

with well developed skills at facilitating adult groups. As a Prime Minister once said 'Education, Education, Education' but it has to be high quality education, tailored to the audience, well delivered, and at a time in their life course which makes it relevant to their needs.

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Life Academy is an educational charity that focuses on delivering pre-retirement courses, retirement preparation, and financial education through its Learn About Money financial education programme. It is an Associated Institute of the University of Surrey and delivers the only UK MSc programme on Mid Life, Pre-Retirement and Life Planning. www.life-academy.co.uk and www.learnaboutmoney.org.

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