



The NEST phrasebook

Clear communication about pensions

Version 2.0

This phrasebook is all about how we talk to people about pensions, using words and phrases that have been designed with them and for them.

It's about giving NEST members and their employers an idea of how we'll communicate with them.

We'll use the same language when we talk to pensions industry professionals too. The only difference is that we'll sometimes include terms marked 'to be avoided' when talking to these people.

This version builds on the previous edition of the phrasebook by adding some new terms tested with potential future members and employers. You can read about the latest stage of our research on page 26.

You can see the words and phrases we'll be using from page 4 onwards, but that's not the end of the story.

We know there's still more to learn about how to engage with the millions of people yet to save for their future. Making pensions clearer is a big part of this.

So we'd like to carry on the conversation. Email us with your thoughts at **plainspeaking@nestcorporation.org.uk**

We look forward to hearing from you.



NEST words and phrases

These words and phrases will continue to be updated as our understanding of NEST’s target audiences grows and as we test our communications with them.

Here’s a quick guide on how to use the phrasebook:

For example:

Words and phrases to be avoided appear in *grey italics*. Where we’ve identified a replacement, this is shown below the word or phrase. Some of these don’t have a replacement because our research has shown an alternative is unnecessary.

Diversification

Words and phrases that NEST is using appear in *orange italics*.

✔ *The spread of your money across a range of different investments*

Some terms need to be defined the first time they’re used. These definitions, where relevant, appear in *burgundy italics*.

❗ *You don’t put all your eggs in one basket*

A

Words and phrases to be avoided

Accessing retirement savings becomes

 **Taking your money out of NEST**

Accumulation becomes

 **Building your retirement pot**

Annuity becomes

 **Retirement income**

 **Regular income stream for the rest of your life**

Annuity panel becomes

 **Retirement panel**

 **A panel of providers you can buy a retirement income from**

Assessing options becomes

 **Shopping around**

Asset allocation becomes

 **Fund make-up**

Asset classes becomes

 **Different types of investment**

Auto-enrol and auto-enrolment becomes

 **Automatically enrol and automatic enrolment**

Words and phrases that NEST is using

 **Additional**

 **Administration**

 **Assumptions**



B

Words and phrases to be avoided

Benefit age becomes

➤ *NEST retirement date*

ⓘ *The date you take your money out of NEST*

Benefit statement becomes

➤ *Annual statement*

Words and phrases that NEST is using

✓ *Bonds*

ⓘ *A loan, usually to a government or company.
The borrowed money is paid back at an
agreed date with interest*

C

Words and phrases to be avoided

Capital becomes

➤ *The value you've built up*

Contribution rate becomes

➤ *The amount/percentage you contribute*

Contribution structures becomes

➤ *Different ways you can
organise contributions*

Crystallisation

Words and phrases that NEST is using

✓ *Calculator*

✓ *Cash lump sum*

✓ *Certificate*

✔ *Certify*

✔ *Charge*

✔ *Consolidation phase*

i *One of the three NEST Retirement Date Fund phases. As a member nears their NEST retirement date, we gradually move their retirement pot into investments that best match how they're likely to take their money out of NEST*

✔ *Contribution*

✔ *Contribution limit*

i *The most you, your employer and the government can generally pay to NEST in each year together is £4,400¹*

✔ *Criteria*

D

Words and phrases to be avoided

Data feeds becomes

➤ *Information*

Decumulation becomes

➤ *Taking your money out of NEST*

Default contribution becomes

➤ *Minimum contribution*

i *The law has set minimum amounts an employer must contribute for each jobholder but they can decide to contribute more*

Default fund

i *Unless you choose another option your money will be invested for you in a fund chosen by NEST*

¹This is the annual contribution limit for the 2012/13 tax year.
This figure will be adjusted annually in line with average earnings.



Defined Benefit

Defined Contribution

Diversification becomes

- *The spread of your money across a range of different investments*
- ⓘ *You don't put all your eggs in one basket*

Words and phrases that NEST is using

- ✓ *Delegate*

E

Words and phrases to be avoided

Educated guess becomes

- *Estimate*

Employee becomes

- *Worker*

Enhanced life annuity becomes

- *A retirement income based on your lifestyle*

Equities becomes

- *Shares in companies*

Escalating pension becomes

- *Increasing retirement income*
- ⓘ *Your retirement income increases each year by an agreed percentage*

Words and phrases that NEST is using

- ✓ *Enrol*

- ✓ *Estate*

- ⓘ *If you haven't named someone who should receive your pension savings if you die, your savings may be treated as one of your possessions*

F

Words and phrases to be avoided

Fiduciary responsibility becomes

➤ *Legal duty to act in members' interests*

Free money becomes

➤ *Extra money*

Words and phrases that NEST is using

✔ *Fee*

✔ *Financial product*

✔ *Foundation phase*

❗ *One of three NEST Retirement Date Fund phases. This involves less investment risk to help members establish their retirement pots and get used to saving*

✔ *Fund*

❗ *A fund is a way to invest money. Depending on what type of fund it is, your money could be invested in property, shares in companies, bonds, or a mixture of different types of financial products*



G

Words and phrases to be avoided

Gilts

Glide path


GPP

Words and phrases that NEST is using

Growth phase

 *One of the three NEST Retirement Date Fund phases. More investment risk is taken here with the aim of growing the member's retirement pot as much possible*

Guarantee period

 *When you buy your retirement income you can select a period of time that the income is guaranteed for. If you die during this time the person you've nominated will receive your retirement income until the end of that period*

I

Words and phrases to be avoided


Impaired life annuity becomes

 *A retirement income based on health*

Words and phrases that NEST is using

 *Inflation*

 *Investment*

 *Where and how we try to grow your money*

J

Words and phrases to be avoided

Joint annuity becomes

➤ *Joint retirement income*

❗ *A retirement income for your husband, wife, partner or civil partner that continues to be paid after your death*

Words and phrases that NEST is using

✔ *Jobholder*

❗ *This is defined in legislation as someone working or who usually works in the UK who is aged at least 16 and under 75 and earns at least £5,035 each year². A jobholder earning over £7,475³ will be automatically enrolled*

²This figure was set out in the Pensions Act 2008 and will be reviewed every year by the Secretary of State for Work and Pensions.

³This figure was set out in section 5 of the Pensions Act 2011. When section 5 comes into force it will amend the Pensions Act 2008. It will be reviewed every year by the Secretary of State.

L

Words and phrases to be avoided

Later life becomes

➤ *On/approaching retirement*

Level pension becomes

➤ *Fixed retirement income*

❗ *Your retirement income stays the same each year for the rest of your life*

Life styling

Words and phrases that NEST is using

✔ *Legal duties*

✔ *Low cost*



M

Words and phrases to be avoided

Money purchase scheme

Multi-employer

N

Words and phrases to be avoided

Nominal benefit age becomes


 *NEST retirement date*

Words and phrases that NEST is using


 *NEST Corporation*

 *NEST Corporation is the Trustee of NEST. One of its legal responsibilities is to make sure your money is looked after properly*

 *Nominated beneficiary*

 *The person, people or organisations you want to get your retirement pot should you die before taking your money out of NEST*

 *Not for profit*

 *This means we have no shareholders and one of our duties is to run the scheme in the interests of the people who are saving for their retirement with NEST*

O

Words and phrases to be avoided

Open market option becomes

- *Shopping around for a retirement income*

Words and phrases that NEST is using

- ✔ *Online*
- ✔ *Opt in / opt out*

P

Words and phrases to be avoided

Pension commencement lump sum
becomes

- *Cash lump sum taken when you buy a retirement income*
- ❗ *When you first buy a retirement income you can usually take up to 25 per cent of your retirement pot as a tax-free cash lump sum*

Projection becomes

- *Estimate*

Words and phrases that NEST is using


- ✔ *Pension*
- ❗ *The regular income you get when you take your money out of NEST*
- ✔ *Pension provider*
- ✔ *Pension scheme*







Q

Words and phrases to be avoided

Quote guarantee period becomes

-  *The length of time a quote for your retirement income is valid*

Words and phrases that NEST is using

-  *Qualifying earnings*
-  *Qualifying earnings are total gross earnings of jobholders in a year between £5,035 and £33,540⁴*
-  *Qualifying pension scheme*
-  *A pension scheme that meets certain legal standards*

⁴These figures were set out in the Pensions Act 2008 and will be reviewed every year by the Secretary of State for Work and Pensions.





R

Words and phrases to be avoided

Re-enrolment becomes

-  *Enrol you back in*

Words and phrases that NEST is using

-  *Register*
-  *Retirement*
-  *Retirement age*
-  *Retirement pot*

✔ **Risk and return**

❗ *The more risk you're prepared to take, the higher the chances of both reward and loss. Investing in things like the stock market is generally considered to give better opportunities to grow your money and make sure your retirement pot keeps up with inflation. However it can also mean a higher chance of losing money*

S

Words and phrases to be avoided

Single life annuity becomes

✔ **Individual retirement income**

Words and phrases that NEST is using

✔ **Saving**

✔ **Scheme**

✔ **Shares**

✔ **Stakeholder pension scheme**

✔ **Stock market**

✔ **Stocks**

✔ **Switch**



T

Words and phrases to be avoided

Target date fund becomes

- ↗ **NEST Retirement Date Fund**
- ⓘ *Your individual fund will be called your NEST [year] Retirement Fund*

Trivial commutation becomes

- ↗ **Taking your retirement pot as cash**
- ⓘ *If your NEST retirement pot is worth less than £2,000 or your total retirement savings are less than £18,000 you might be able to take this money as a cash lump sum instead of buying a retirement income*

Trust-based scheme becomes

- ↗ **We run the scheme in the interests of our members – the people who are saving for their future with us**

Words and phrases that NEST is using

- ✓ **Tax relief**
- ⓘ *NEST can claim tax relief on your contributions from the government and add it to your pot*
- ✓ **Today's money**
- ✓ **Transfer in / transfer out**

U

Words and phrases that NEST is using

✔ **Unit**

❗ *All funds are divided into smaller parts called units. When you make contributions to your NEST retirement pot these are used to buy units in that particular fund*

✔ **Unit price**

❗ *This is how much each unit held by a member is worth from day to day. Units are priced daily so if you have 10 units worth £10 each on the day they're sold, they'll be worth £100 in total*

V

Words and phrases to be avoided

Vesting

W

Words and phrases to be avoided

What if? calculator becomes

➤ **Pension Calculator**

Words and phrases that NEST is using

✔ **Worker**



Words in action

This section shows how the words and phrases are likely to be used in context.

Each section shows an example sentence using existing terminology followed by an example of the way NEST would say the same thing, based on our research.

“Communicating with the public should not be with jargon, not written by those who have a lifetime working in the industry.”

Employer, stage two research

What type of pension scheme is NEST?

Example

It's an investment vehicle that allows you to accumulate a fund for use as a pension.

How NEST would say this

It's a way of building up a retirement pot that you use to give you an income when you retire.

NEST's contribution limit

Example

NEST's maximum contribution limit is £4,400 a year.*

How NEST would say this

The total amount that you, your employer and the government can generally pay into your NEST retirement pot each year is £4,400.

What if you die before taking your money out?

Example

You should notify us who your nominated beneficiary is in case you die before retiring.

How NEST would say this

Let us know who you want to get your retirement pot should you die before taking your money out of NEST.

*This is the annual contribution limit for the 2012/13 tax year. This figure will be adjusted annually in line with average earnings.

Tax-free cash

Example

When you come to access your pension fund, most members will be able to take a pension commencement lump sum of a quarter of their fund tax free.

How NEST would say this

When you take your money out of NEST you can usually take a quarter of your pot as tax-free cash.

Small funds

Example

If you have a low-value fund you may be able to take advantage of the rules around trivial commutation and so take your entire pension fund as a cash lump sum.

How NEST would say this

If your total retirement savings including your NEST retirement pot are less than £18,000 you might be able to take all of this money as a cash lump sum.

Annuities

Example

If you smoke or are in poor health, one way of getting the highest annuity rate is to buy an enhanced or impaired life annuity.

How NEST would say this

If you smoke or have problems with your health, insurance companies will usually offer you a higher retirement income than someone in good health.

About NEST

Example

An auto-enrolled employee can opt out.

How NEST would say this

Workers who have been automatically enrolled into NEST can choose to opt out.

Employer contributions

Example

You will have to pay default contributions but you can pay additional contributions.

How NEST would say this

The law sets the minimum amounts you must contribute. You also have the choice of contributing more if you want.



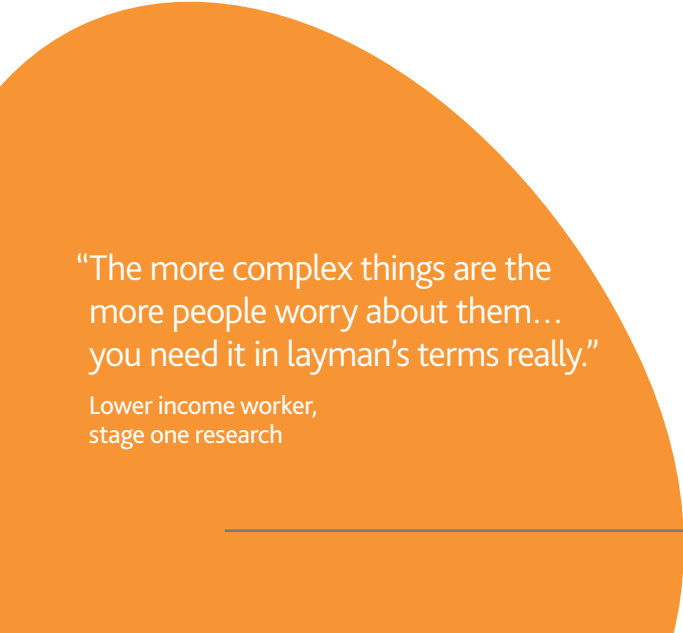
Understanding our research

An overview of our evidence-based approach

Our research told us that existing pensions language can be a barrier to understanding.

Rather than encouraging people to save for their retirement, some traditional pensions words and phrases can confuse and alienate them.

Research also showed that members, employers and advisers would welcome easy-to-understand communication from NEST. This suggested that removing jargon and using everyday words and phrases would be important to the success of NEST.



“The more complex things are the more people worry about them... you need it in layman’s terms really.”

Lower income worker,
stage one research

This work, as well as findings from our public consultations on designing NEST, led to a research project to identify our vocabulary.

There have been three stages to this project. These have used a mix of one-to-one in-depth interviews and focus groups in regional centres across the UK including Manchester, Bristol, Reading, Birmingham, Edinburgh, Belfast and Bridgend.

Participants have included workers from large, medium and small organisations, who were aged between 22 and 65 and earning between £5,000 and £35,000 a year. We also researched employers from different sized organisations both with and without pension provision.

We explored key words and phrases that were either commonly used across the pensions industry or specific to NEST.



Stage one

The first part of the project had five key elements:

- a literature review exercise and audit of UK-based pension providers, international markets, financial services advisers, plain English organisations and other industry sources. This reviewed research, advice and best practice relating to language and financial services/pensions
- workshops with our staff to identify which words and concepts we wanted to take into testing
- developing two narratives – one for employers and one for workers – that included these terms within descriptive text
- reviewing the narratives with an invited group of external stakeholders, including journalists, pensions organisations and bodies representative of our audiences
- working with an appointed research agency to take the revised narratives into qualitative research.

Our findings from
Stage one

Stage one started to identify some best practice principles when it came to the words and phrases NEST should use.

This stage included:

- keep it simple but don't patronise
- be open and honest and don't baffle with jargon
- use clear signposting and explain any next steps
- provide step-by-step instructions where possible.

Stage one also told us how we could group words into four categories:

simple terms – terms that were fit for use as they were

define and go – terms that needed defining once before being understood

difficult words – words that either needed further work on them to convey the right meaning or would need replacing

needs changing – words that audiences felt were unnecessary jargon.

Stages two and three

The second and third stages of the project involved qualitative research through a series of mini focus groups and in-depth interviews with workers and employers.

We focused on terms and concepts that either needed more testing or were being tested for the first time.

Both stages included:

- deciding which terms should go forward into further research. Some terms were carried forward from the previous stage, others were added as a result of the learnings
- drafting explanations and definitions for each term.

Each term was tested in the following ways:

- in isolation so that they were shown alone and unexplained to respondents
- in context with a definition of the term
- using an explanation that didn't include the term itself
- where appropriate, using different words and words with similar meanings.

Our findings from
**Stages two
and three**

In stages two and three we built on the findings from stage one and identified:

- terms that can be used as they are, without change or explanation
- terms that can be used but require a definition when they first appear within a piece of communication
- terms that should be avoided
- terms that should not be used but need to be replaced with an alternative.

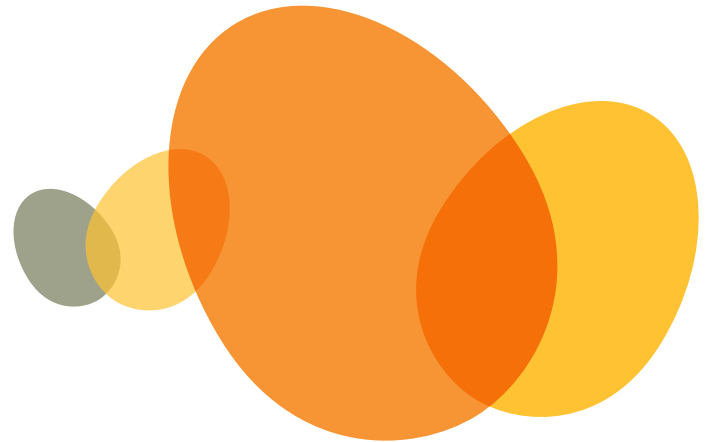
This prompted the table of words and phrases that starts on page 4.



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In this document we use NEST when referring to NEST Corporation and the scheme.

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