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London Pensions Fund Authority  
**Member Survey Report**  
October 2021



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## FOREWORD

**I'd like to start by expressing my gratitude to our members for the time and effort they have taken to respond to our 2021 Member Survey.**

One of the most compelling findings in this year's survey is that over two-thirds of members believe that the Fund should invest responsibly and take the climate emergency into account when we make investment decisions.

*A recognition from members that the long-term health of our society, planet and markets are all connected.*

We are committed to sustainability, our investment policies detail our ongoing collaboration with government, local authorities, policymakers, companies and other investors to ensure sustainable value over the long-term.

Keeping the views and beliefs of our members at the centre of our future planning means we will continue to meet their expectations on climate change, investment preferences and communication needs. It will also help us deliver on our important obligation to members, employers and wider stakeholders.

I hope you enjoy reading the results.



**LPFA CEO**



# EXECUTIVE SUMMARY

During the latter part of 2020, it was agreed that an electronic survey would be sent to scheme members to hear their views on two key areas:

- 1- Communication
- 2- Responsible Investment

## **Survey objectives**

- Ensure our strategic direction are aligned with members' expectation of the fund.
- Understand the quality of services provided to members through LPPA.
- Inform our member journey and content strategy.

## **Promotion and distribution**

A few steps were undertaken to encourage members to complete the survey, including:

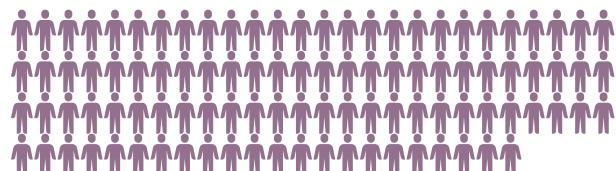
- Formally advertising through direct email to members.
- Introduction of a prize draw, giving away tickets to the Eden Project which was kindly donated to the Fund as part of LPFA's Planet Mark Accreditation.

## **Outcome**

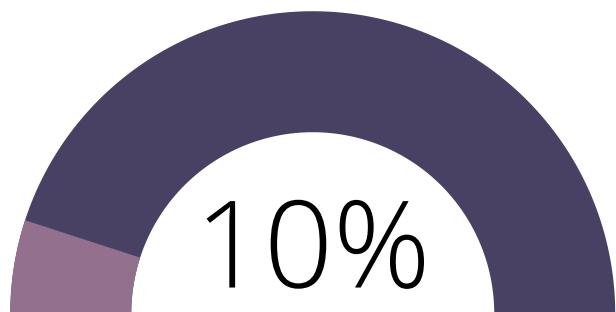
The survey was sent out in May 2021 and was open for a duration of four weeks.

We received very pleasing results – 3,417 responses which is over 10% completion rate based on the total number of emails sent (34,000). However, its important to note that the majority (over 60%) of respondents are those aged between 56 and 75 which indicates the engagement rate is mainly driven by pensioners. This could also be because we have more data on pensioners (i.e. email addresses) than active members.

**Recipients: 34,000**



**Responses: 3,417**



# THE FOUR KEY POINTS

- 1 -** Members would like want more personalised communication from the Fund on calculations, projections and matters of an administrative nature.
  - 2 -** There is a significant difference between the level of engagement received from pensioners in comparison to younger active members, however, this may be mainly driven by the available data from our scheme members. The majority of existing email addresses in the data base are for members who are retired or approaching retirement.
  - 3 -** Members sometimes find it difficult to distinguish between LGPS, LPFA and LPPA.
  - 4 -** Member's expect the Fund to invest responsibly but they want transparency over the effect of such policies on return on investment (ROI).

## **Members' perception of the Fund**

The wordcloud below is made up from the analysis of key words members used to describe the Fund. The larger the font, the higher the number of times members used a particular word.

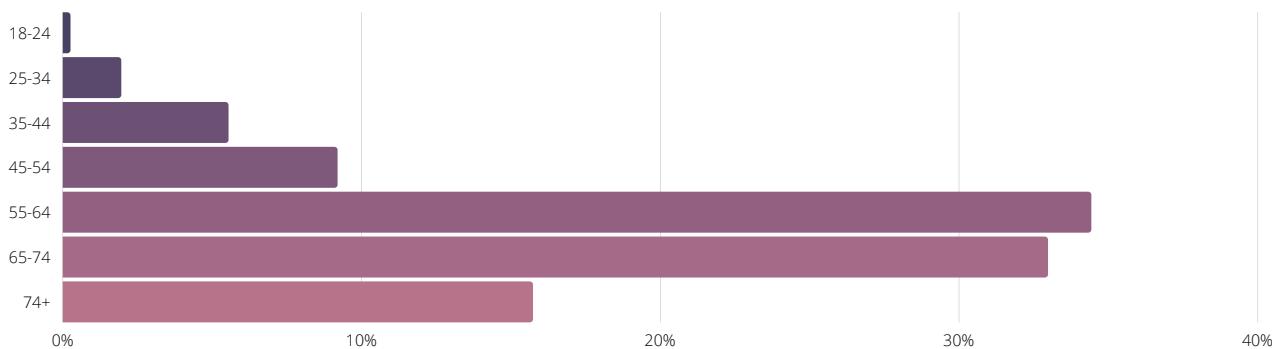


# DEMOGRAPHICS

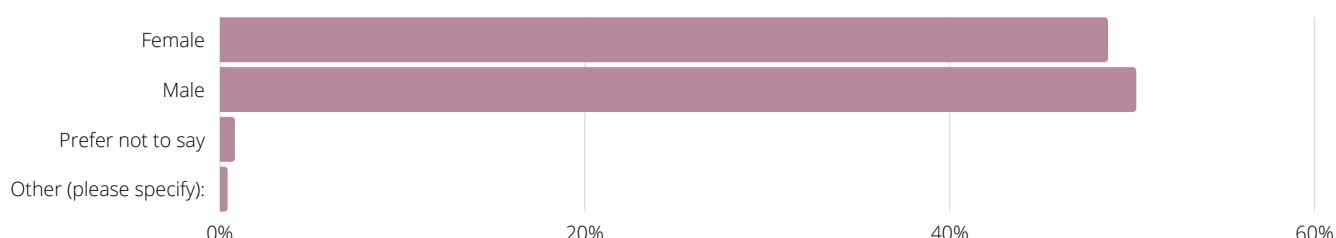
## Category of respondents



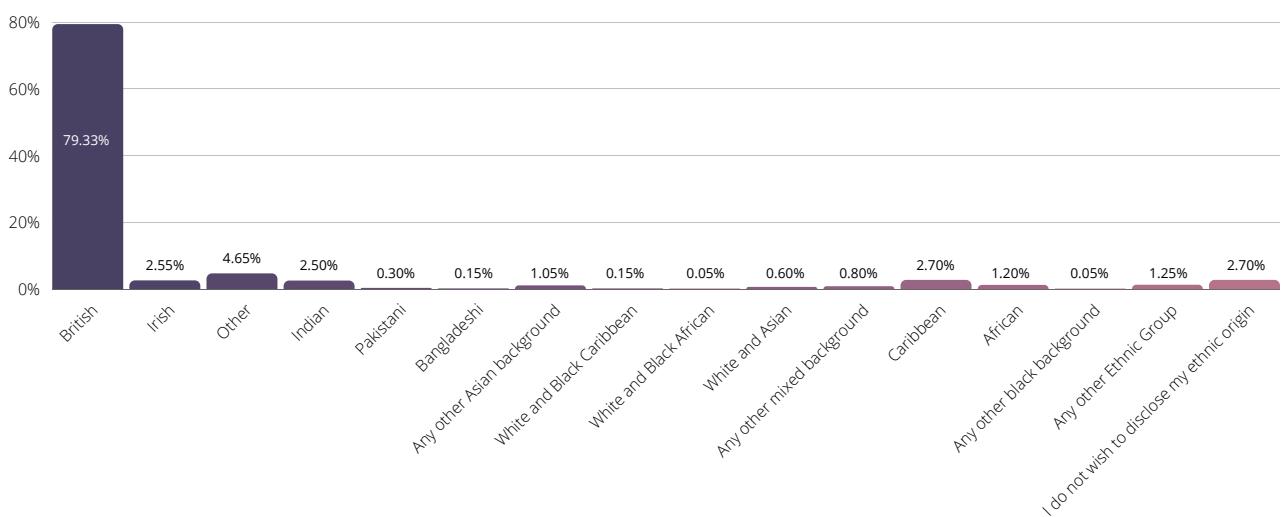
## Age of respondents



## Gender of respondents



## Ethnicity of respondents



# COMMUNICATION AND ENGAGEMENT

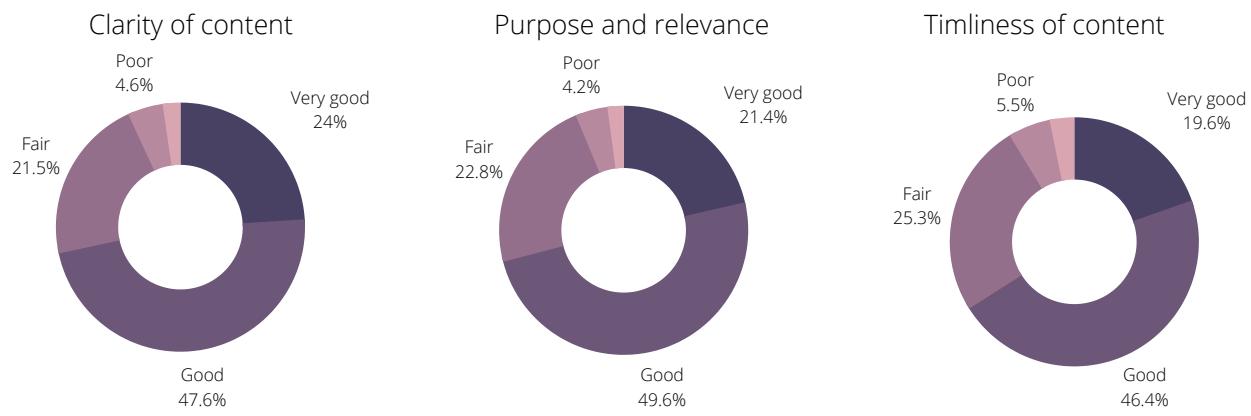
Communications are important and play a positive role on attitudes towards saving for retirement. The results tell us that members do want to hear from us and on specific areas; projections, investments and statutory communications feature highly.

When a member engages with LPFA (or via our Admin partner, LPPA) we have one opportunity to create an impression - from how we answer the phone and how quickly we resolve their query to how easy it is for them to log-on to the online portal. Every touch point matters and must be consistently delivered. It's important that members have a clear customer journey and are fully aware of the differences between LGPS, LPFA and LPPA.

## Summary

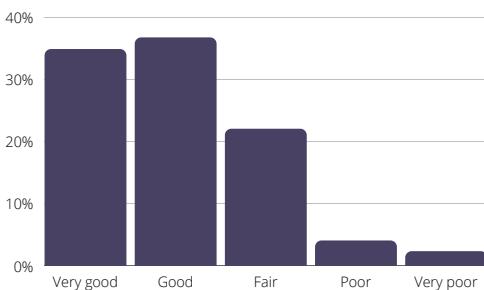
- 32% of survey respondents have a positive view on services received from LPPA however, there are comments to suggest waiting time for phone and email queries could be improved.
- How pension is administered and calculated is a top priority for members, with over 35% asking for more communication on the subject.
- There is a strong theme throughout the survey regarding ethical investment.
- The need for financial education is another theme highlighted throughout the survey with 40% asking the Fund to provide more training and educational content.
- 39% of respondents have asked for a quarterly newsletter directly from LPFA with around 15% asking for an annual update. This is in addition to existing communications received from LPPA.
- 92% of members asked for all communications including the pension newsletters to be sent out via direct emails.
- There is some evidence that a significant number of members receive little or no communications from LPFA - either through LPFA directly or LPPA. Hence, a lot of suggestions are around more regular rapport with members through direct emails.
- 10% of respondents asked for personalised WhatsApp or text notification on both general and statutory communications.

## Members view on content received from LPPA

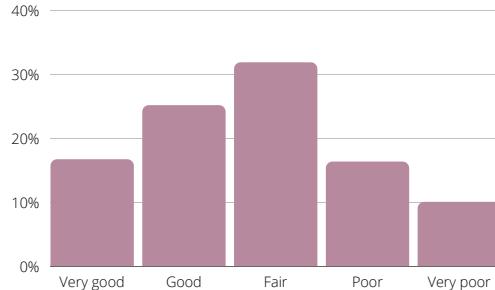


## Members view on content priority

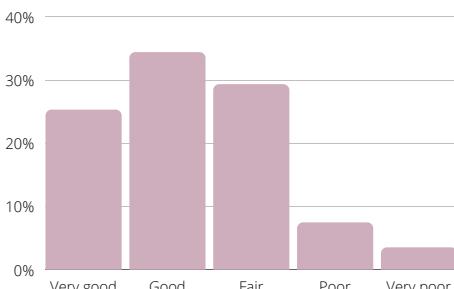
How pension is administered and calculated



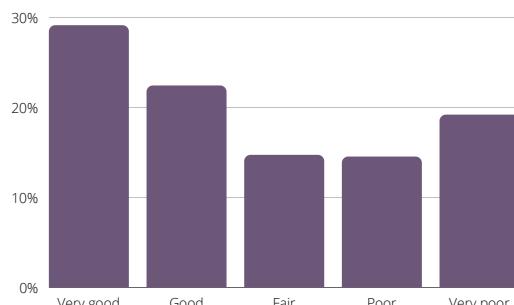
Climate Change and the LPFA's role in tackling the crisis



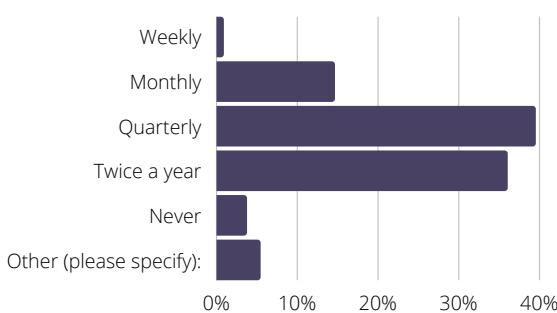
How your pension is invested



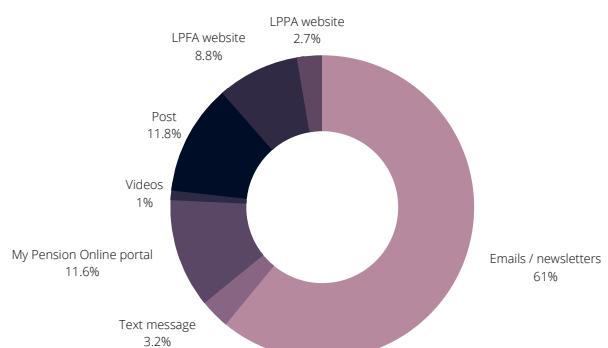
Retirement options and guides



## Members preference on communication frequency

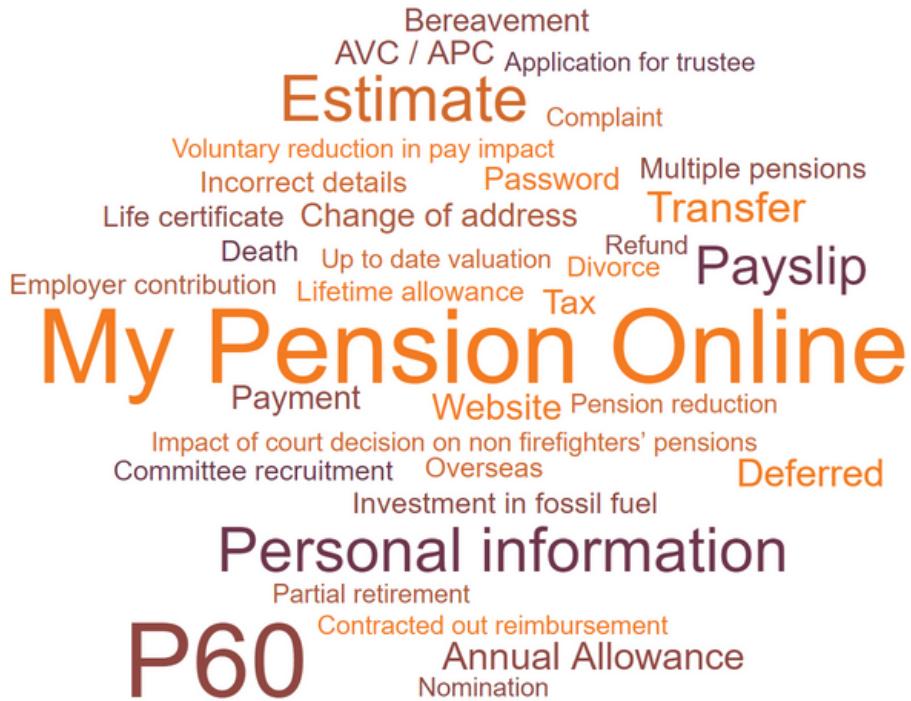


## Members preference on content distribution



## Most common member queries

The wordcloud below is made up from the analysis of key words members used to describe the Fund. The larger the font, the higher the number of times members used a particular word.



## Member's request on communication subjects

The wordmap below is designed to outline the common requests for information on specific subject matters captured through comments.



# RESPONSIBLE INVESTMENT (RI) AND CLIMATE CHANGE

The international drive to net zero, the industry focus on Environmental, Social and Governance (ESG) and the government drive towards greener economy - fuelled by COP26 in November means that sustainability is more important than ever. However understanding of these issues amongst members is low and awareness of LPFA's investment activities is low.

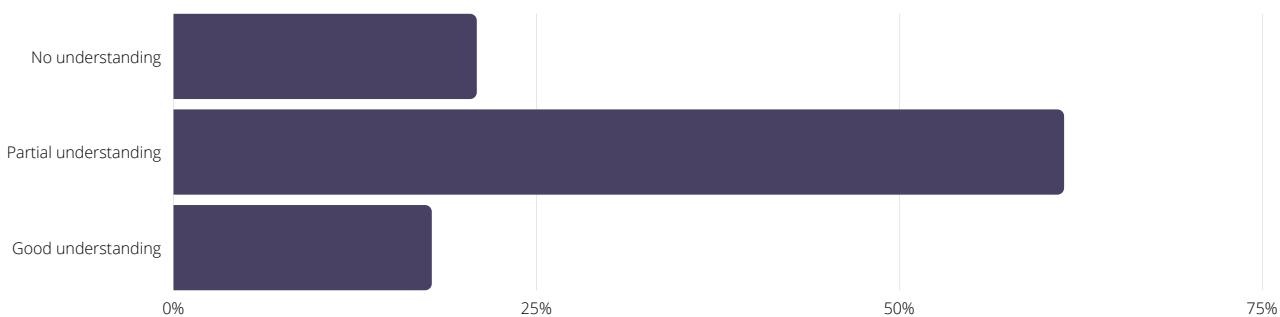
Members would like to be communicated clearly with along with reassuring messages that responsible investing does not jeopardise current or future pension payments. It is important that we bring members on the ESG journey with us.

## Summary

- 62% of respondents told us they have partial understanding of RI with 20% having no knowledge and 18% with good understanding.
- 80% of respondents are not aware of LPFA's RI activities.
- 50% of survey respondents believe climate change will pose a financial risk in their lifetime however 14% did not agree with the statement and 36% were unsure.
- Around 60% of members expressed it's important to them that LPFA invest in low carbon, sustainable assets.
- Over 30% of respondents expect the Fund to influence the behaviour of the individual companies in which it invests to bring about better environmental and social outcomes.
- Air, water, and soil purity were amongst the highest of members' concern when it comes to environmental matters (32%) with recycling and waste management second (30%).
- Human rights and labour standards were the most important social issue for members – in fact, the most important of all ESG matters with 32% ranking it very important and 39% important.

- 68% of respondents believe LPFA considers their view when making investment decisions.
- 2% of respondents have a negative view on LPFA's approach to RI while 36% are very positive and 33% are neutral.
- 13% of respondents told us they will contribute more to AVC or APC if their view of the Fund was positive.
- Tax avoidance with offshore holdings or registered head office outside UK is a concern for 20% of respondents and they expect the Fund not to invest in companies that fit that category.
- Executive pay, diversity and transparency ranks high in comments made about governance.

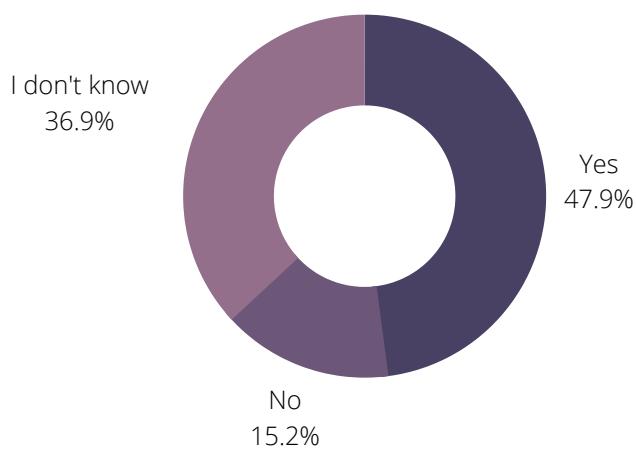
### **Members level of understanding of responsible investment**



### **Members awareness of LPFA responsible investment activities**

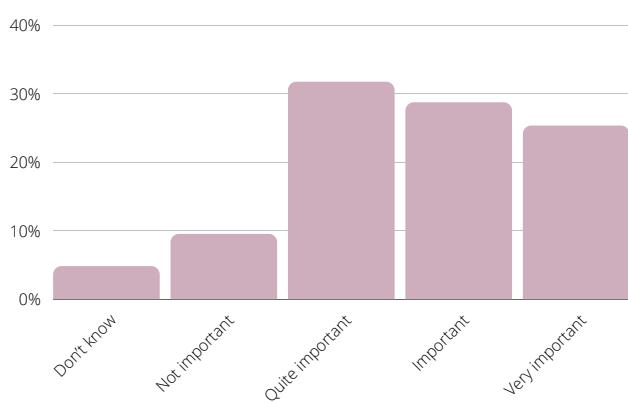


## Members view on whether climate change poses a financial risk to investments

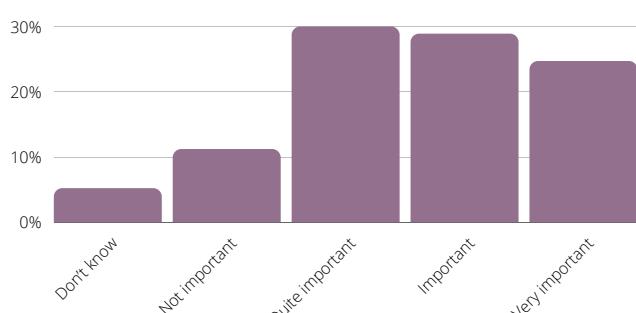


## Members view on LPFA's responsibility in relation to climate change and ESG risks

Importance of investing in low carbon and sustainable assets

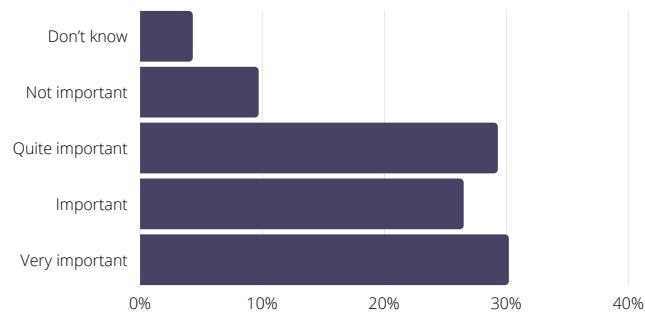


Importance to influence the behaviour of the wider financial community to bring about better environmental and social outcomes

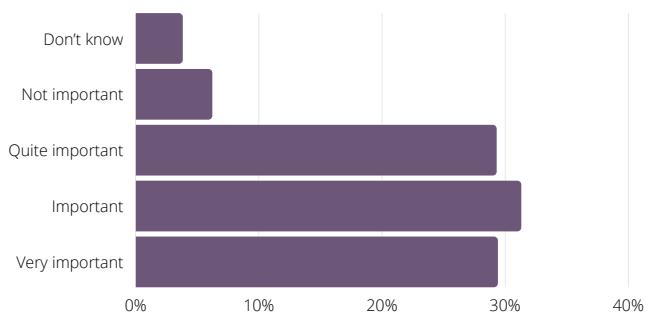


## Members view on the importance of their pension being invested ethically and in environmentally friendly assets

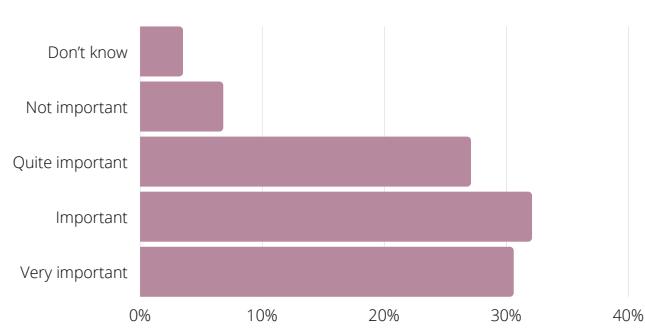
### 1- Climate change



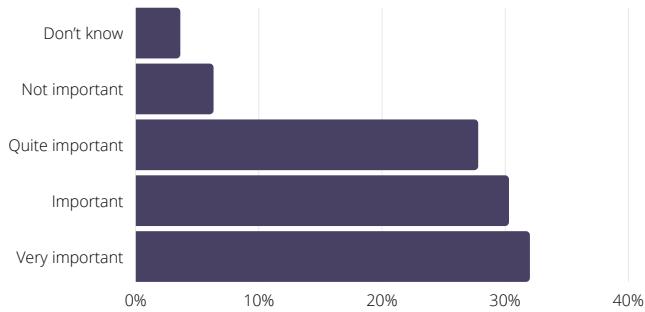
### 2- Energy efficiency



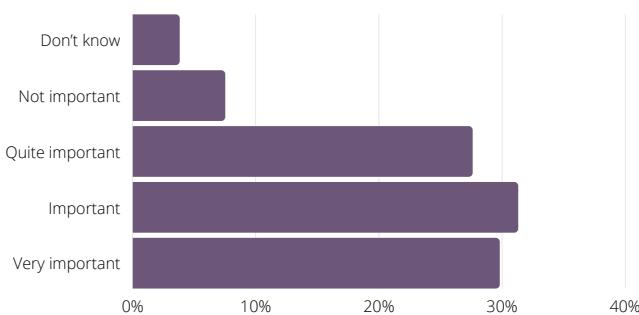
### 3- Recycling and waste management



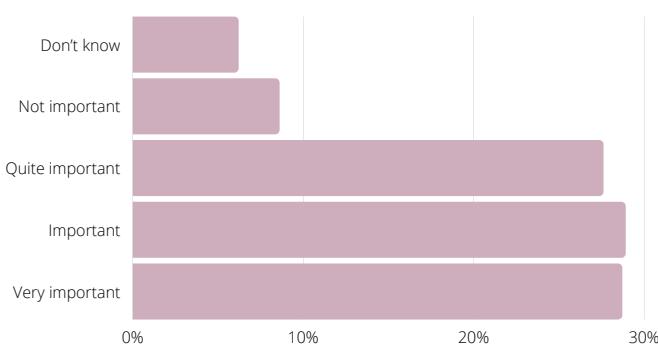
### 4- Air, water, and soil purity



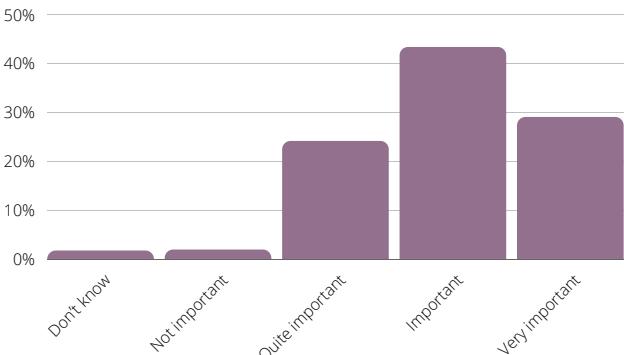
## 5- Sustainable land use



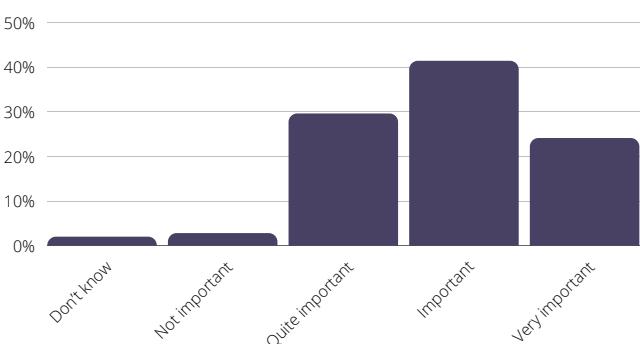
## 6- Biodiversity



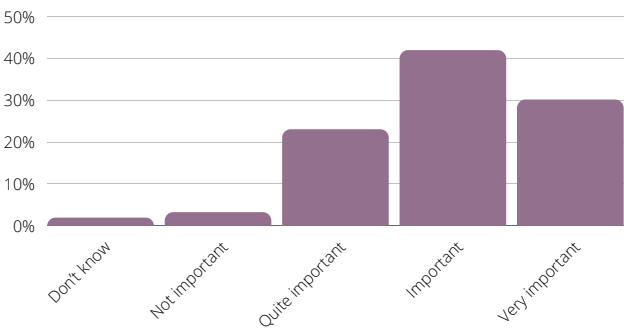
## 2- Workplace health and safety



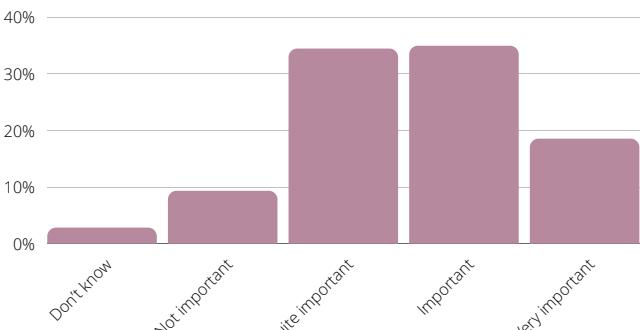
## 3- Employee relations



## 4- The Living Wage

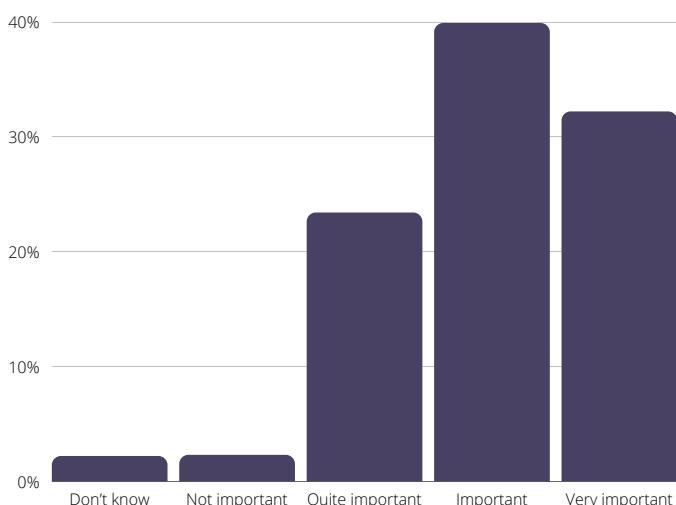


## 5- Community relations



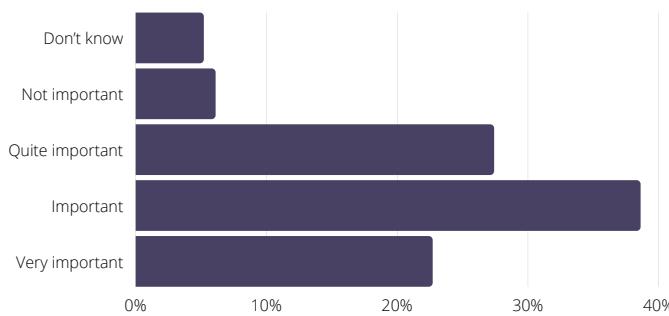
**Members view on the importance of their pension being invested in companies that treat people fairly and ethically at a work place**

## 1- Human rights and labour standards

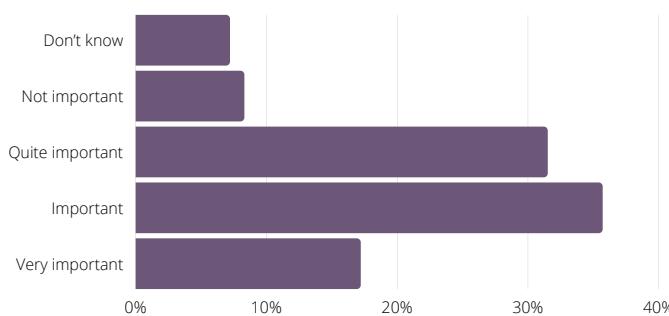


## Members view on the importance of their pension being invested in companies with good governance

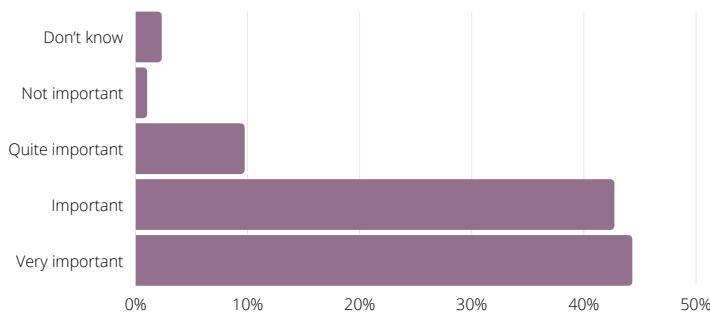
### 1- Executive pay



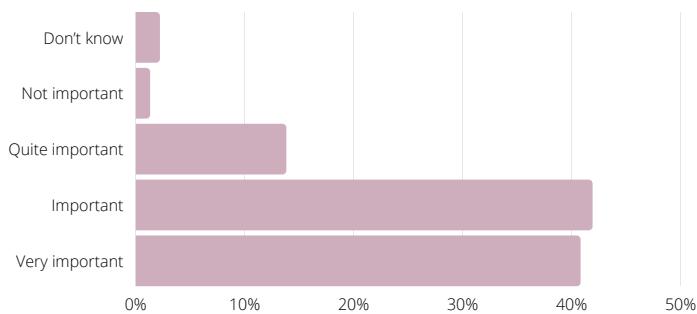
### 2- Director nominations



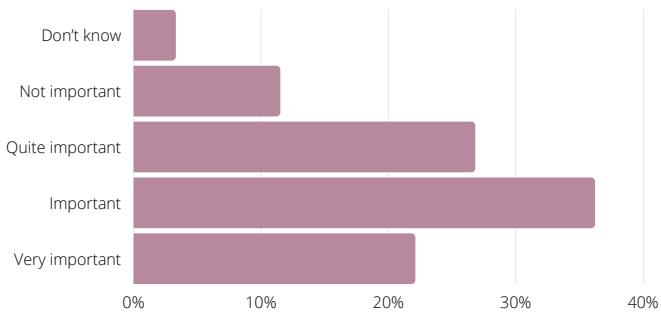
### 3- Corruption



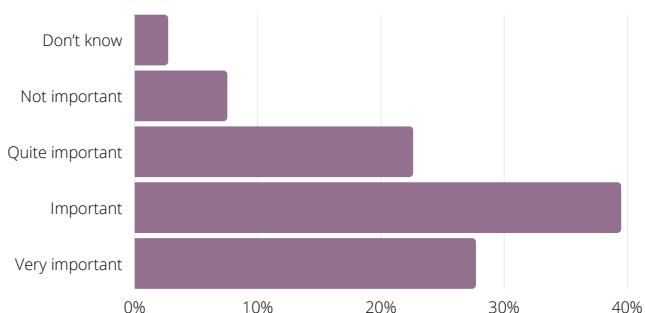
### 4- Cyber security



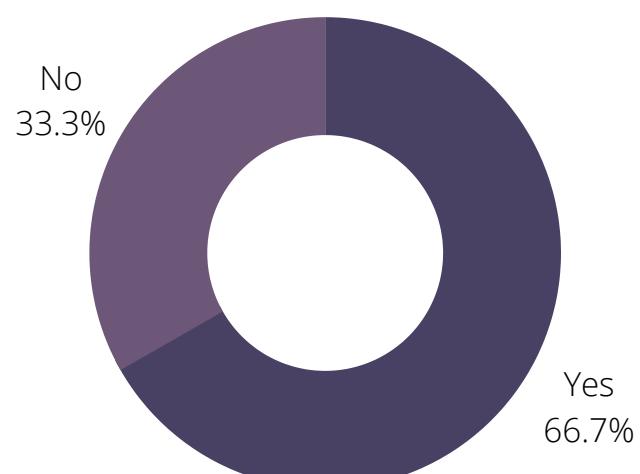
### 5- Board diversity



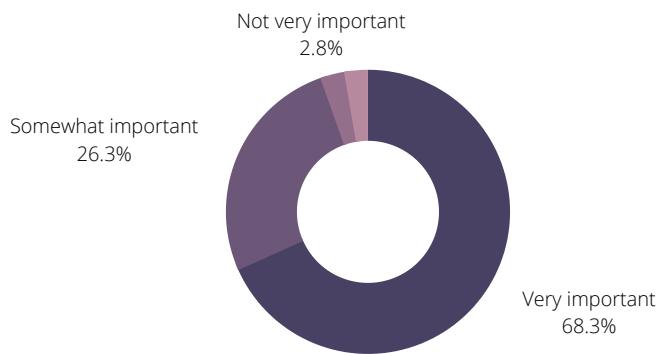
### 6- Gender pay gap



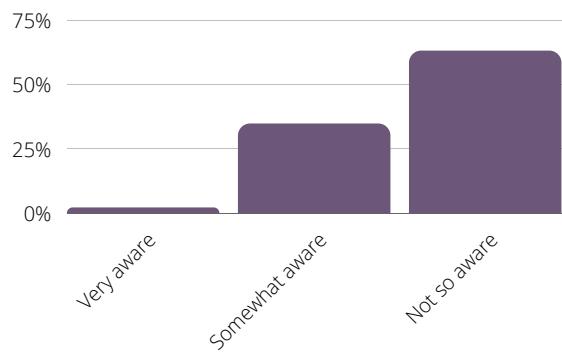
## Members belief on whether LPFA considers its members' views when making investment decisions



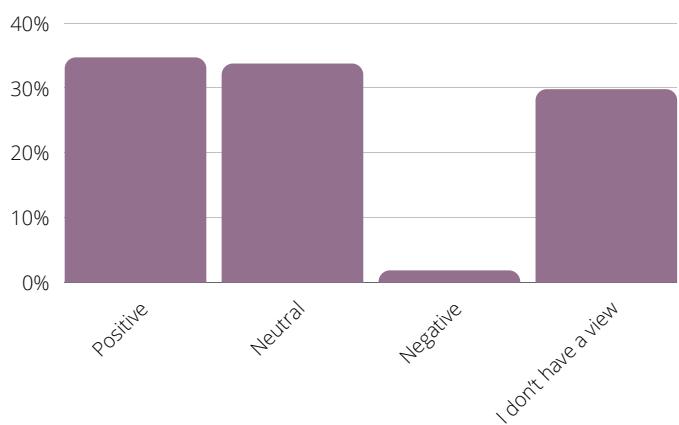
## Members view on the importance their Pension Fund being a responsible investor



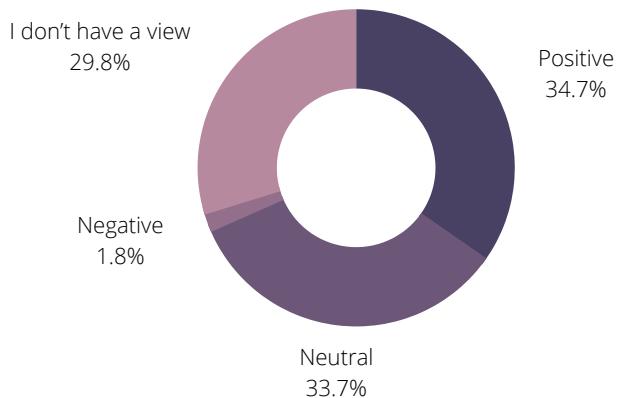
## Member's awareness of LPFA's responsible investments



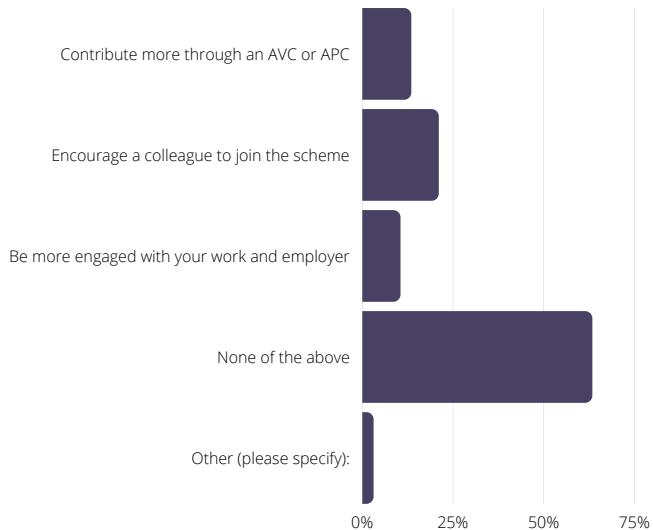
## Member's opinion on LPFA's approach to responsible investment



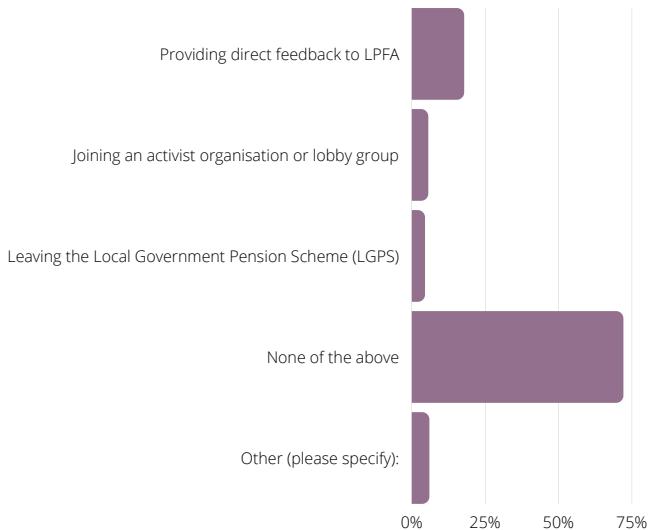
## Member's opinion on LPFA's approach to responsible investment



## Members' reaction to positive view on LPFA's approach to RI



## Members' reaction to negative view on LPFA's approach to RI



**The following comments were made by members in regards to LPFA's RI activities and climate change. Some of the key comments captured below which provide us with valuable insight that can inform our future strategy and activities going forward. It's important to note that there is a clear indication that information about RI and climate change has to be supplemented with assurance on benefits and ROI.**

- "Whilst quite important, being able to meet pension benefits is my primary concern."
- "There should be NO gender pay differential in ANY circumstance. That such a 'device' exists is a legacy of the past male dominated organisation structure that should not be perpetuated."
- "I want us to invest in companies that pay their workers fairly, do not pay their executives very highly and who pay their taxes."
- "There are many important issues to consider with the running of pension funds and it is important to feel confident that a provider is covering the present and future of the world in which we are living. Our pensions are of enormous importance and it is good to be consulted occasionally so that we have confidence in those who are entrusted with decision making."
- "The most important issues for me is that my pension is safe and secure. I would expect LPFA not to invest in companies and areas that will damage the world, the climate and individuals. I would not be happy if the LPFA were to change policy and only invest in green areas if it meant that the income for pension holders was jeopardised."
- "There seem strong arguments that to support the position that consideration of the above factors can bring strong financial results, but I wouldn't want the pension fund to become so evangelical and self-righteous that it lost sight of its prime objective to ensure sufficient funds to meet its liabilities . I'm sure it can do both."
- "Just make sure that you invest wisely for the benefit of people's pensions and not for political influences. Some of the things you mention maybe good but at the end of the day people want the best return possible on their investment into the fund."
- "I would like to see an explanation of how responsible investment is compatible with maximising returns which is surely the overriding responsibility to avoid scheme deficits."

- "I don't think that climate change should be a primary concern of the pensions authority, however, responsible investment and not making things worse is important. Investing in industries that make things worse seems a bad idea anyway, as gradually governments will be introducing laws to prevent those activities."
- "The Survey is excellently constructed and is focused on all the issues that I personally believe should be receiving attention from this, a major Pension Fund."
- "It is important that this is considered generically, but the most important consideration should be sustainable investment."
- "I would love to think that I am investing ethically (via the administrators) but realistically, I would hope that the bottom line need not suffer too much."
- "Responsible investment is important and a good thing to do. I encourage it. However I am concerned that the returns on investment could be significantly harmed by focusing solely on social/corporate change and not on having a healthy enough fund to pay for members pensions in decades to come."
- "The prime duty of any investment fund is to ensure the best return for the Members regardless of any of any other factors. Current political or social trends should have no place in deciding how funds are invested."
- "The prime duties of the fund are to maximise the return to members and minimise the risks to their investments."

## CONCLUSION AND RECOMMENDATIONS

The survey is the only one of its type known to have been undertaken by the LPFA since pooling. Despite the duration, the take up is very satisfying. It's important to note that the survey was sent out to 34,000 members, about 1/3 of the total Fund membership which means there is a significant number of members are not represented in this survey. However, there are still a lot of positives to take from this activity and clear areas for us to focus on.

One of the main takeaways is the understanding of members' perception of the Fund which certainly warrant consideration when developing future plans for communication, administration, management, governance and investment. We will be running similar surveys in the next few years to understand trends and see how members' perception change over time. This will provide us with the insight we need to establish a benchmark of attitudes, communications, service and awareness. Future surveys may also benefit from a closer digital connection to the members portal to facilitate and to encourage greater take up which in turn help us with accuracy of our member data.

### **Strong foundations to build on:**

- There is a strong appetite for more communications and educational material from LPFA.
- Almost half already view communications they receive from us positively.
- High engagement amongst pensioners.

### **Areas of focus:**

- Overarching confusion between LGPS, LPFA, LPPA.
- Content and distribution.
- Engagement with active members and millennials.
- Clarity of messaging around responsible investing and effect on ROI.
- Assurance on Fund's financial health and ability to pay benefits to members.
- Ease and consistency of using the online account.
- Time taken to deal with enquires online and over the phone.



**Thanks for reading. If you have any questions regarding any aspects of this survey, please contact us on [communications@lpfa.org.uk](mailto:communications@lpfa.org.uk)**

