

A buy-in or buy-out is usually good news for a scheme. So why does it feel like a difficult thing to tell members about?

Perhaps it's because members aren't generally consulted about the process and might feel a bit ignored. The trustees might seem to be handing responsibility to a third party – perhaps one the member has never heard of. Trustees themselves might have mixed feelings about it. If members don't understand what's happening, they could start to worry. Some might think about transferring out. Explaining what you're doing and why, makes it less likely that they'll react in a way they might later regret.

1. Tell members that their benefits won't reduce

Unexpected letters about your pension can make for an unwelcome surprise. Many members who open one will immediately fear the worst. Anything that comes before the information they most want to hear – that their overall benefits won't change – will most likely be skimmed over.

So, try and get this crucial message as far up the page as you possibly can. Once you've put your audience at ease, they're more likely to read and absorb the rest of what you want them to know.

2. Make it clear that this is good news

People are used to news stories about pension schemes getting into trouble and members losing money. Against that background, an insurance company getting involved in the scheme's payments could sound to a member like something's gone badly wrong.

So, you should reassure members that the scheme isn't in trouble – quite the opposite. Emphasise that the money in the scheme is being used to make a very large insurer, backed by big cash reserves, responsible for funding some or all of the scheme's benefits. These insurers specialise in managing money and paying pensions in this way, so it makes sense to involve one of them. It reduces risk and makes the financial future of all members even more secure. You could also say that this is very common – something lots of schemes are doing to reduce risk or make the scheme more secure.

3. Think about segmenting your audiences

Your scheme might be going through a process that will only include some members. And you might also be talking to a group of members about other options for taking their benefits. If this is the case, it's really important to explain to all members that reducing risk in the scheme is a good thing for everyone. Then segment your communications so that people only get more details when those details apply to them.

4. Use everyday language

Whenever you write to members it's a good idea use language that can easily be understood. Very few people know what a 'bulk annuity purchase' is, so think about whether you need to use the phrase at all. 'Buy-in' or 'buy-out' is easier to digest, but make sure you explain what it is before you start talking about it.

Think about describing what's happening in the clearest possible terms: the trustee is buying an insurance policy that reduces the burden on the scheme and makes members' benefits even more secure.

5. Signpost members to more information

No matter how clearly and positively you explain a buy-in or buy-out, some members may still worry. Host a well-organised, well-written FAQ page on your website and that will be enough for the vast majority of members. But for those who want more, make it easy for them to get in touch, and let them choose between phone, email and post.

6. Keep it consistent as you implement the change

Maybe the trustee does a good job of explaining a buy-out. But what happens when the insurer steps in and the member becomes a policyholder? A carefully planned comms handover between the trustee and the insurer will help people know what's happening and feel in safe hands. Keep terms consistent and cover letters short. This serves everybody's interests – reducing anxiety as well as calls to your admin team.