

watsonwyatt.com
UK | November 2007

work, life and money



Work, life and **money**

Re-thinking retirement

Table of contents

Taking a fresh look at retirement wealth accumulation	4
An employee's perspective	7
Creating an integrated approach	9
Holistic financial planning – fad or function?	13
Delivering an integrated employee experience	16
Creating the employment deal of tomorrow	18



Introduction

No one will have failed to notice that the workplace is changing. The balance of power is shifting. No longer do people seek a 'job for life' but rather a 'job for now'. Employees are more often than not taking control of their careers rather than looking for their employers to manage it for them.

Employers in the 'war for talent' are constantly seeking to differentiate themselves and make their employee benefits more attractive. More than ever, employees now have far greater choice and flexibility along with more responsibility. Coupled with the rise of defined contribution (DC) pension plans, employees are being given – with or without their consent – the opportunity or burden of determining their own financial future.

However, in spite of the growing maturity of the DC pensions market and the increasing levels of innovation, many employees are still failing to engage with pensions. This is frequently reflected in poor take-up rates, inadequate contributions and lack of investment decision making, creating a real problem for employers who continue to allocate significant resources to DC pensions.

The reality is that DC pension provision is unlikely to work in isolation and is often undervalued. Going forward, effective

benefit provision needs to focus on the employee's lifecycle and offer flexibility to those employees who wish to pursue alternate retirement wealth creation options.

Many employers are now facing these issues head on and looking to support this cultural shift by considering ways to help employees prioritise and plan their personal finances and, in particular, build their wealth for retirement.

The time has come for employers to re-think the retirement deal – by looking to offer a benefits package which allows employees to successfully and adequately build a holistic financial plan for retirement.

To help you explore these issues further and consider how you may be able to tackle them, in this booklet, some of our leading associates consider and discuss some of the key issues, challenges and potential solutions that arise from employers wishing to help their employees provide for their future retirement wealth.

If you would like further information about any of these articles, please call Philip Percival on +44 (0) 121 644 7372 or contact your usual Watson Wyatt consultant.



Taking a fresh look at retirement wealth accumulation

Gary Smith

A changing pensions landscape

Ten years ago, some 70 per cent of large UK employers operated an open final salary pension scheme. Today that number has dropped to around just 30 per cent and is still falling – indeed several employers are now closing their final salary schemes to future accrual altogether, accelerating this move to DC.

Has the move to DC been successful for companies?

Generally, no. Employers are now realising that simply putting a DC plan in place was not enough. DC is not really working for them. They are often experiencing a

complete lack of employee interest and engagement in the pension plan, typically resulting in low take up to the plan and low levels of employee contributions.

Many employers are now actively seeking to improve the overall quality of their DC plans – by, for example, increasing contribution levels, adopting auto-strategies and embracing plan communication.

However, whilst this quality improvement will help, it is not, by itself, going to solve the fundamental problem all employees face – namely how to build sufficient wealth for a comfortable retirement.

Is a fresh approach required?

Something else is also needed, something that recognises the changing workplace. Few employees see their job as for life anymore, rather as ‘a job for now’ instead. Employees have far greater choice and flexibility and, coupled with the changing pensions arena, employees are being given the opportunity, or burden, of determining their own financial future.

In this world, increased consumerism and longevity all add up to an overwhelming need for individuals to be smarter about money.

Individuals today have a number of financial and lifestyle issues to consider including debt, getting on the property

ladder, work/life pressure and single parenting. So employees need to see and understand how their employer's benefits link into and relate to these issues. **Figure 1** shows one possible lifecycle of an employee and how their needs, issues and disposable income vary over their lifetime.

There are many more ways of employees providing themselves with long-term financial security than just pensions.

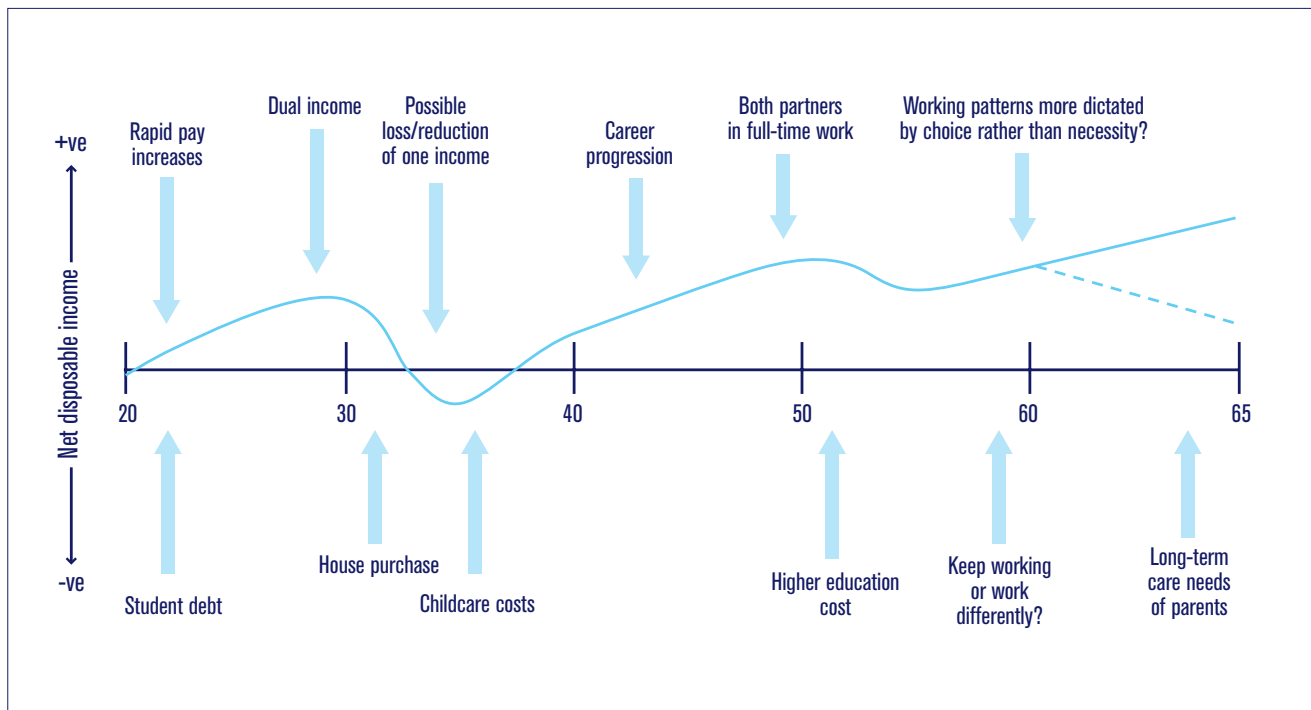
So how are employers reacting to these changes?

Many employers are on a journey of change in the way they remunerate, attract, retain and reward their workforce. There is no doubt that, with this shift to employee empowerment and ownership, comes a growing interest in 'total reward' and, specifically, a more holistic approach to helping employees build up their wealth for retirement.

In this way, employers can achieve optimisation of their reward 'spend', ensuring increased appreciation and best value use of the benefits on offer.

An employer who truly recognises the lifecycle (illustrated in **Figure 1**) in the design and implementation of its reward package is genuinely attractive to the talent that they are fighting hard to recruit and retain.

Figure 1 | Work, life and money – typical life events and net disposable income for employees



“ **A more holistic approach to building wealth for retirement is required and employers need to help their employees understand, appreciate and make informed decisions about the various elements of their remuneration package within the context of their wider financial circumstances.** ”

Conclusion

In summary, the move to DC is fundamentally changing the nature of pensions saving but there are wide concerns that DC is not 'working'. Are many employers building up potential problems in resource management and disillusioned employees?

A more holistic approach to building wealth for retirement is required and employers need to help their employees understand, appreciate and make informed decisions about the various elements of their remuneration package within the context of their wider financial circumstances.

Are you starting to feel the pinch as a result of the need to continually differentiate yourself in the 'war for

talent'? Are you facing increasing cost pressures? Will you, as many employers are, re-think retirement and begin to embrace the evolving trend towards supporting a more holistic approach to employees building their retirement wealth?





An employee's perspective

Richard Veal

Money matters

It is just not British to talk about money. Asking what someone earns seems to be a fundamental breach of British etiquette. We just do not do it. Perhaps it is a good old British class thing. It feels like we are programmed to keep that part of our lives a total secret.

Is there something in this behaviour that is preventing employees from taking more interest in their financial future? It might be rude to talk about what you earn but we can chat for days about our house, car and kids' education. Socially we seem to cover the money subject by implication, suppressing the real desire to blurt out the question everyone is dying to ask, "Just how much do you make then? And how can you afford to work a three day week and still make the re-payments on your brand new Audi?".

Money is a social issue in the UK. As a nation we are living in never-never land; racking up debt before building any financial foundations. From the outset we are saddling our students with debts so challenging that they cannot afford to put a deposit down on that studio flat until they reach their mid-thirties or invent the next YouTube. Is it any wonder then that pensions does not feature as a popular topic of conversation?

Getting smarter about money

To make matters worse, social change and today's employment market are creating a potential need for all of us to get better at taking care of ourselves financially. The steady decline of final salary and corresponding rise of DC means an increasing majority of the workforce now has to get more comfortable talking openly about the financial horizon. We are all now faced with the problem of creating a more sustainable financial future.

This means employers must address the way they structure and present reward. It is not about telling employees how to spend and invest their money but perhaps it should be about offering benefits that knit together to better support an individual's short and long-term financial needs.

The role of the employer

As an employer there are plenty of other ways to encourage financial dialogue without creating the social 'money'

faux pas. You could position the wealth-generating elements of the reward deal together to show the relative strengths and differences of what is on offer: scoring accessibility versus tax-efficiency, such as shares versus the DC plan. This prompts people to think more carefully about managing their money for both the short and long-term. It is simple then to

move on to encourage employees to visualise the value of a DC fund against, say, their property or ISA. All of this can boost the profile of pensions and challenge the misconception that pensions are not worth having.

Conclusion

So perhaps all we need is a gentle nudge to start us talking about money.

We cannot hide behind social etiquette anymore. And anything we can do to generate these conversations is a good step in the right financial direction.



“ As an employer there are plenty of other ways to encourage financial dialogue without creating the social ‘money’ faux pas. ”



Creating an integrated approach

Philip Percival

DC in isolation is not enough

It is widely recognised that the switch to DC has not generally succeeded in building member engagement with pensions. In fact take-up rates would suggest the reverse is true with employees appearing to prefer other ways of building up savings. How many times will you hear people say 'my property is my pension'? We also know that current working patterns mean that employees are likely to build up a myriad of pensions and savings vehicles over their working lifetime. This lack of engagement is a worry for employers as it means their employees are unlikely to value the benefit. Indeed we know from numerous focus groups that many employees will tend to see pensions as a hygiene factor in the benefits package, frequently regarded in isolation to other, more highly valued benefits.

Instead, we need to explore ways in which employers can change this perception and create an integrated approach to help employees build up a 'financial plan for retirement' rather than just offering a 'pension plan'.

What vehicles can employees use to build up their retirement wealth?

The company may have a number of tools at its disposal for this purpose, including:

- the pension plan
- share plans
- cash allowances (which in turn can be allocated to medium-long term saving such as an ISA).

From an employee's perspective, these and other savings vehicles will have different features and benefits that will have varying appeal according to their age, needs and circumstances. To illustrate this, **Table 1** on the following page compares these three savings vehicles in more detail.

For the younger employee the greater immediacy of ISAs and share plans may have more appeal than the long term commitment that is a pension plan. At the same time, employers often want to ensure their employees are making some provision for their long term future. Fortunately, the

Table 1 | A comparison of different savings vehicles

	DC pension	Share plan	ISA
Tax relief on contributions?	Yes	Depends on type Yes – Share Incentive Plans No – SAYE schemes	No
Tax treatment on realisation	25% tax free cash Pension taxable	SIP – no income tax during qualifying period and no CGT SAYE – no CGT on exercising option at end of saving period	Tax free
Accessibility	50 at the earliest (55 from 2010)	Typically available in 3-5 years depending on type of plan	Anytime
Structure of benefits	Cash and income stream	Cash or dividends	Cash, income or regular withdrawals
Diversification	Pooled funds offer high levels of diversification	Highly concentrated as investment is in one company stock	Depends on type chosen. Plenty of opportunity for diversification
Employer contributions	Typically yes	Depends on employer and type of plan	Typically no – but could this change in the future?

“ For the younger employee the greater immediacy of ISAs and share plans may have more appeal than the long term commitment that is a pension plan. ”

post A day regime offers some help as it is now much easier to integrate the different types of savings. For example, a younger employee could invest disposable income in ISAs or share plans initially and then consider reinvesting the proceeds into a pension plan later in life, as a way of accessing tax relief on the contributions.

Of course, it does involve giving up some of the accessibility and flexibility.

So how might an individual use these different vehicles in practice?

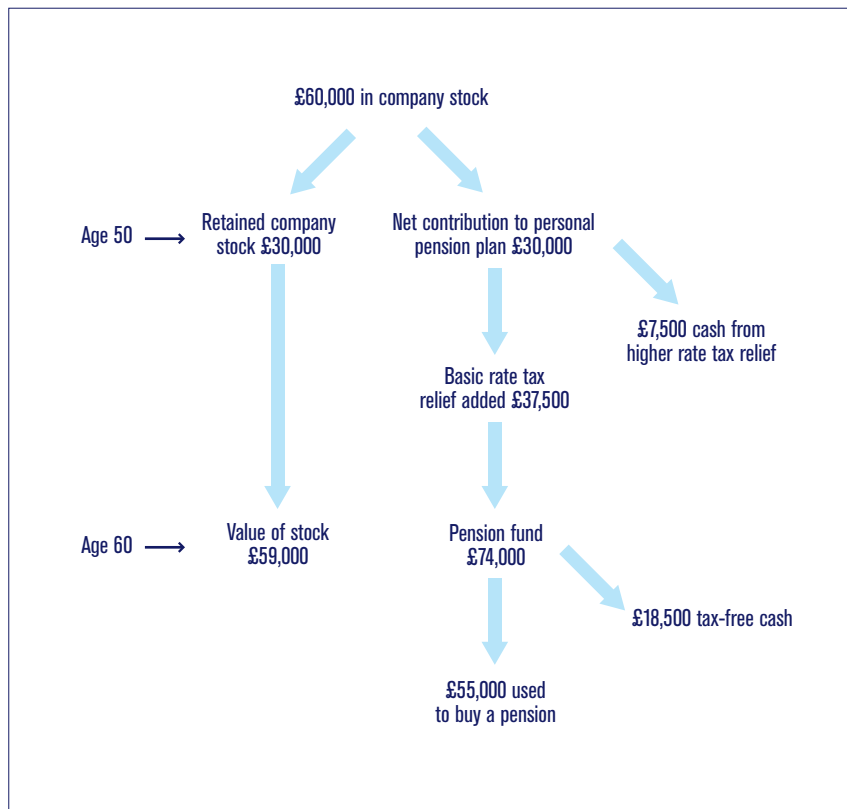
Let us consider an example. John Smith is 30 years' old with a young family and high mortgage commitments. He pays

5 per cent of pay to his employer's DC plan and has calculated that he has £100 per month available for additional savings. The company offers a SAYE plan. John decides to allocate his £100 per month to the SAYE plan for now, on the grounds that he can have tax-free access to the capital within 3 to 5 years should

he need it. This means that he could use the savings to help fund further house moves, education and so on, should the need arise.

John follows a similar approach for 20 years and by age 50 he has accumulated a total of £60,000 in company stock. He now hopes to retire at 60 and recognises that he needs to devote as much as he can to retirement planning. He is also aware that much of his wealth is now tied up in the fortunes of his employer's stock. He therefore decides to sell 50 per cent of his shares and reinvest in the pension plan. Assuming the DC plan is a stakeholder plan the contribution is paid net of basic rate tax (assumed to be 20 per cent) which means the contribution is grossed up to £37,500. As John is a higher rate taxpayer he can reclaim back a further £7,500 from the Revenue (assuming 40 per cent higher rate tax). John's net outlay is therefore £22,500 for an investment of £37,500. Assuming 7 per cent per annum investment growth to age 60, the fund would grow to nearly £74,000, and John could take up to almost £19,000 of this as a tax-free cash sum. Had he left the money where it was, he would not have received back the £7,500 tax relief and the portfolio would be projected to grow to about £59,000 assuming 7 per cent per annum growth.

Figure 1 | An example of an integrated approach to re-think wealth accumulation





Changing work patterns and the new legislative environment create both opportunities and challenges for employers. ”

Of course, this approach does involve giving up some access to capital and flexibility.

What should employers be doing?

As a starting point, the company needs to think about:

- what benefits it could and would like to provide
- the profile of its workforce
- the target levels of retirement income it would like to facilitate.

Changing work patterns and the new legislative environment create both opportunities and challenges for employers. Employers have a number of tools at their disposal or under development, which would help employees build a financial plan for retirement, including:

- offering access to a group self-invested personal pension plan as a means to hold company shares in a tax efficient environment

- offering corporate sponsored savings plans such as ISAs, using their buying power to bring down the cost of investing
- offering a platform which allows individuals to manage pension and non pension wealth in one place
- sponsoring financial education to help employees understand how to pull this all together.

Conclusion

Whilst it is unlikely that all employers will want to go down this route, there are real competitive advantages to be gained by providing access to a package of integrated savings vehicles that offer flexibility for individuals to cater for their personal circumstances.



Holistic financial planning – **fad or function?**

Robert Farmer

Financial education in the workplace

Like it or not the pressure to provide workplace financial education is increasing, predominantly from the perspective of retirement savings, and the 'interested parties' are becoming more vocal by the day. The Pensions Regulator, the Financial Services Authority (FSA) and the Pensions Service, amongst many others, have all been making the same sort of recommendations. The Pensions Act also highlights the call for action.

Whilst, on the face of it, financial education looks like an essential need for the DC scheme member, it can prove to be a valuable benefit for the employer and trustees too. Not just from the defensive 'risk management' approach (to avoid the 'you never told me' concerns).

Tackling the lack of employee engagement

One of the biggest problems employers face (and passively, employees) with DC arrangements is a lack of engagement. From that lack of engagement comes a lack of appreciation of the value of your benefit spend – and what it would cost the member to replace these privately.

How much might this lack of engagement cost you in recruitment, retention and motivational terms?

A further problem is that as more complex total reward or flexible benefits structures are implemented, employees with a lack of financial understanding may not make the right choices for their own circumstances or even make completely inappropriate ones. Again, the impact of the benefit spend is reduced.

Having a financially aware workforce does more than just address the engagement issues. Recent FSA data confirms that those who are financially educated are more likely to feel as though they have better control of their lives, including their working lives. In addition, they will generally have a better understanding of the business pressures being faced by their employer.

Financial concerns left unresolved can lead to poor performance in employees, or worse, stress or absenteeism.

Financial awareness can help alleviate this, or at the very least help employees recognise when problems begin to arise and how to get more help.

Building a financial plan

For a start, employees need to see and understand how their employer's benefits link into and relate to their own personal financial issues. And to do this, employees need to be encouraged to start developing a financial plan – and start to think holistically about their finances.

“Nothing is more certain in this world than death and taxes” Benjamin Franklin once wrote and in that statement (knowingly or otherwise) he first raises the case for 'holistic' financial planning.

In case you were not aware, the whole basis of financial advice in the UK is evolving and financial planning in a much more structured way is being more widely promoted. This is no bad thing either, as the long overdue move away from the transactional/ commission based model gathers pace.

So what exactly is a holistic financial plan and, as an employee, why do you need one?

A holistic approach

At its most extreme, a holistic financial plan is the bringing together of personal as well as financial goals – recognising that we all (well most of us) want to

accumulate wealth but what are we really going to do with it? If we want to accumulate wealth, is it to spend at some point in the future or is it to be passed on to a future generation, or some combination of both?

By first looking at how you aspire to live your life and your personal plans for the future, it is possible to begin to understand how much you will need to live the life you want, and when you will need it. Clearly the trick is to get it right first time, but how much chance do we really have of doing that? Planning for the negatives – what if it does not happen? – becomes just as important as planning for the positives; this is where looking at the big picture really helps. By building in reviews and assessing the likelihood of outcomes (or risk of failure) it is possible to make your financial plan a real working tool, not just an aspiration you had when you bought that policy.

A financial plan for the real world

So where does this take us now?

Apart from more short-term exercises like saving for a holiday, the nearest many people get to a real financial plan is saving for retirement. And even then, that often stops at “I've bought a pension so, now I'm done...”.

True, a pension is a very important part of retirement planning, but it is not necessarily the Holy Grail in

financial planning terms. What really counts is how your pension fits in with your overall 'big picture'. We have all been asked to consider how much income we might need in retirement (or at least if we have taken advice, we should have been), but how would you answer the question “... and what shape of income do you want?”.

“Starting low and increasing, so that I get my biggest income the day before they nail the lid on please” or

“A big lump at the beginning, then nothing for a few years, then yearly” or

“Starting high then reducing with a lump sum at the end” ...and so on.

Clearly within the defined benefit arena this sort of flexibility is not simple to obtain through your pension (other than perhaps the first version, by default), without transferring out and then unleashing all manner of financial demons. But who said it has to be pension that provides this flexibility?

How about spending some of your capital first when you retire?

Retiring does not have to mean drawing your pension just yet, maybe it can be postponed a little to good effect?

Scary as it sounds, liquidating your savings can be a good thing sometimes, especially in the knowledge you can



replace that capital with a tax-free lump sum from your pension eventually. The bonus is that in the meantime, that money you left in your pension fund can grow free of tax – apart from your ISA, your other savings cannot!

Conclusion

So, in summary, an underlying cultural shift to consumerism and demand for individual control along with the changing nature of the employee/ employer franchise is, to some extent, revolutionizing the benefits package. Empowering the individual employee to take responsibility and control of their working lives and financial circumstances is the 'name of the game'.

Employers are under pressure. Pressure to minimize costs and maximize the returns they are achieving on their spend. In an HR world, the recruitment and retention of the necessary talent within this environment means making the benefits on offer more attractive and better appreciated.

“ ... an underlying cultural shift to consumerism and demand for individual control along with the changing nature of the employee/ employer franchise is, to some extent, revolutionizing the benefits package. ”

So as you start to feel the pinch as a result of the need to continually differentiate yourself in the 'war for talent' but within the context of tighter and tighter cost control pressures, where will you turn?

The approach we have discussed here all helps an employee create a holistic picture of their financial situation, and see how their employer's benefits link into and relate to their own personal financial issues. At the same time, an employer gets a more engaged employee who more fully understands and values the benefits being provided.

So maybe there is something in this after all, and employers and employees alike should start to re-think retirement.



Delivering an integrated employee experience

Adrian Ash

Harnessing the pension scheme

The switch to DC provision has transformed the pensions landscape in Britain in the last 10 years. This has been part of a wider trend in the employer/employee relationship. Ten to 15 years ago the employer attitude was primarily paternalistic: 'Trust us. What we do will be okay for you.' Today the shift has been to personal responsibility: 'We will trust you (the employee) to decide what is right for you.' Nowhere is this more apparent than in DC provision. Initially this was driven by the finance department looking to remove risk (and often cost) from the

business. However, as the DC market matures, HR departments are taking a much closer look at where pensions fit in when striving to achieve a compelling reward proposition that makes them stand out in the face of increasing competition for talent.

The natural development has been to seek to align pensions more closely within this reward framework and in particular any flexible benefits arrangements.

However, it is also apparent that many employees struggle to engage with DC pensions whether as a result of lack of interest, inertia, other financial priorities (particularly housing costs) or low financial capabilities. This represents a lost opportunity for employers with aspirations to be an employer of choice. So what do employees need to help them fulfil their potential, engage with the rewards provided, and enjoy both their time at work and with their family?

A single benefits portal

Today employees expect to be able to access their pension, employee benefits and wider rewards through a single point of access (that is, a portal) where they can see both the total value of the employment deal and dig down into the policies that underpin the different elements of their reward.

Some employers may want to expand the range of benefits that can be accessed via the portal. For example ISAs, share

schemes and other wealth accumulation vehicles could be made available now or in the future. These additional savings options could be critical to building employee engagement, particularly among those for whom pensions seem a far away and, at least in the short term, largely irrelevant benefit. An integrated portal allowing employees to manage their financial plans, supported by effective communication and modelling tools, offers a powerful means of attracting and retaining valued staff.

Helping employees help themselves

From the employer perspective, the challenges are likely to be based around effective communication of the options and the model adopted to deliver HR services to the organisation.

Many companies have moved to a shared services environment and when assessing the best way of integrating pensions and benefits within a holistic total reward framework, it is essential that any self service tools integrate efficiently and provide the right level of employee and member access. Also,

both technology and the administrative processes for pensions and benefits must align with the HR model chosen by the organisation. This can be potentially more easily managed with a reduced number of third party suppliers.

Conclusion

The challenge for employers is to create flexible reward programmes that truly capture and express the employer brand and create total reward solutions that are always greater than the sum of the parts. Effective delivery is a key component in the success of this objective.

“ ... it is essential that any self service tools integrate efficiently and provide the right level of employee and member access. ”



Creating the employment deal of tomorrow

Andrew Adams

A changing workplace

We are entering an era where organisations are seeking to build stronger relationships with their workforce, as a result of the increasing difficulty of recruiting and retaining the most talented individuals.

Forward thinking employers are realising that they have opportunities to support employees in their lives beyond the workplace. In doing so they are able to enhance the employment experience in a way that could not be achieved with a traditional package of benefits alone. There is a growing appreciation that employees have varying needs, and for each single employee these needs will adapt and change over a working lifetime.

The traditional approach

In the past this has been partly addressed with flexible working patterns and benefits such as childcare provision through on site nurseries or voucher schemes. These items are great for supporting the needs of working parents, and those with responsibilities outside the workplace (for example providing long-term care for a sick relative).

However, employers are realising there are many other opportunities for engaging a wider range of their workforce.

Rethinking benefit provision

Many employers are rethinking their benefits provision and this has been reflected by the increasing prevalence of true flexible benefits plans where staff can tailor their package to suit their needs.

A positive side effect of this is that benefit choices are aggregated in a single place – often under a single 'benefit brand' that builds on the values of the employer – and the process of making selections is clearer for the employee. Having the underlying flexible benefit technology in place simplifies the process of adding new options. This has fuelled the availability of benefits such as retail vouchers, travel insurance and wine clubs that would be seen as having very little to do with the traditional employer/employee relationship.

“ Forward thinking employers are realising that they have opportunities to support employees in their lives beyond the workplace. ”

These benefits are attractive because the employee is given access to a better deal than they could obtain themselves, and often there are tax and NI efficiencies that makes these cheaper still.

The reality is that employees would be purchasing these items anyway, and therefore if they can be delivered more cheaply through an easy to use process then they will have real value. There can also be a double gain with benefits such as health screening, financial advice and cycle schemes as the direct impact of using them would tend to improve their health and wellbeing.

Accessing a broader range of benefits

We are seeing an expansion of the flex system principle where some providers are now incorporating tools within the platform that enable individuals to manage wider aspects of their lives.

These include the ability to link in data for investments and bank accounts held elsewhere – enabling an employee to view all their financial data from a single interface (in effect a portal). This can be

supplemented with effective financial education. There is obviously a risk to the employer in providing choice rather than support. The employee risks making bad decisions but this be addressed by careful design which would ensure that minimum coverage levels are maintained.

It is also important to strike a balance between support and intrusiveness. An organisation should carefully consider what constitutes the employment relationship in the context of their corporate values and goals. There are clearly risks if an employee was, for example, to cease their pension contributions or life cover. However, this may be appropriate for a younger employee who has no dependants and is struggling to afford to join the property ladder. By having a framework that supports these decisions with appropriate financial advice and education there is real potential for supporting an employee at every stage of their working career and beyond.

Conclusion

In the future it is likely there will be a further blurring of the relationship between employer and employee.

The growing trend of technology, such as Blackberrys, which place demands on staff to work outside their traditional working hours may be offset with time in the workplace spent managing personal affairs.

There is now, though, a well established global shift in the employer/employee relationship reflecting, amongst many other things, the changing demands of an ever increasingly skilled workforce who are becoming considerably more mobile and less in tune with the traditional work and retirement patterns. With this change is coming an era of increased employee choice and empowerment.

In this environment, there is huge potential for employers to engage with their workforce at a whole new level, with the employment relationship being based on a long-term partnership.

locations

ASIA-PACIFIC ▪ Bangkok ▪ Beijing ▪ Bengaluru ▪ Delhi
Guangzhou ▪ Hong Kong ▪ Jakarta ▪ Kolkata ▪ Kuala Lumpur
Manila ▪ Melbourne ▪ Mumbai ▪ Seoul ▪ Shanghai ▪ Shenzhen
Singapore ▪ Sydney ▪ Taipei ▪ Tokyo ▪ Wuhan

EUROPE ▪ Amsterdam ▪ Apeldoorn ▪ Birmingham ▪ Bristol
Brussels ▪ Budapest ▪ Dublin ▪ Düsseldorf ▪ Edinburgh ▪ Eindhoven
Frankfurt ▪ Leeds ▪ Lisbon ▪ London ▪ Madrid ▪ Manchester ▪ Milan
Munich ▪ Nieuwegein ▪ Paris ▪ Purmerend ▪ Ratingen ▪ Redhill
Reigate ▪ Rome ▪ Rotterdam ▪ Stockholm ▪ Vienna ▪ Welwyn
Wiesbaden ▪ Woerden ▪ Zürich

LATIN AMERICA ▪ Bogotá ▪ Buenos Aires ▪ Mexico City
Montevideo ▪ San Juan ▪ Santiago ▪ São Paulo

NORTH AMERICA ▪ Atlanta ▪ Berwyn, Pa ▪ Boston ▪ Calgary
Charlotte ▪ Chicago ▪ Cincinnati ▪ Cleveland ▪ Columbus ▪ Dallas
Denver ▪ Detroit ▪ Grand Rapids ▪ Honolulu ▪ Houston ▪ Irvine
Kitchener-Waterloo ▪ Los Angeles ▪ Memphis ▪ Miami ▪ Minneapolis
Montréal ▪ New York ▪ Paramus, NJ ▪ Philadelphia ▪ Phoenix ▪ Portland
Rochelle Park, NJ ▪ St Louis ▪ San Diego ▪ San Francisco ▪ Santa Clara
Seattle ▪ Stamford ▪ Tampa ▪ Toronto ▪ Vancouver ▪ Washington, DC

watsonwyatt.com

21 Tothill Street, Westminster, London, SW1H 9LL UK

Telephone +44 (0) 20 7222 8033

Fax +44 (0) 20 7222 9182

Authorised and regulated by the Financial Services Authority.

The information in this publication is for general interest. No action should be taken on the basis of any article without seeking specific advice.

To unsubscribe, email unsubscribe@watsonwyatt.com with the publication name as the subject and include your name, title and company address. You can manage your Watson Wyatt subscription at watsonwyatt.com/membership

This publication is printed on paper produced using a chlorine-free process and wood pulp originating from managed sustainable plantations.