



The future of occupational pension services:
Inflation and Pension Communication

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Inflation requires adjusted occupational pension communication

When money loses value, employees and retirees want to know what that means for their occupational pension plans and for their financial planning.

Inflation remains high

Even though inflation in Germany passed its peak last year, experts believe it will remain at a very high level. The effects of inflation are also being discussed intensively in the occupational pension community with regard to actuarial interest rates, pension adjustments or capital investment strategies (see "[Inflation: Consequences, need for action and relief options for occupational pension schemes](#)"). Equally interesting is the question of what inflation means for communication with employees or pension recipients and what the consequences are for administration.

Employees want to know more

Unexpected economic changes cause uncertainty. Currently more and more employees and beneficiaries want to know how inflation will affect their future (expected) or current benefits. This is especially true for all those who have to make decisions regarding their occupational pension.

Beneficiaries need to review their financial plans based on the new situation.

This is obvious for those close to retirement who have to decide on a certain payout variant depending on their pension scheme. All other groups are affected as well, as they have to review and possibly change their financial planning and consumption patterns. Beneficiaries will have to review their financial planning on the basis of the new situation. For employees, for example, the question arises as to what extent their deferred compensation under the occupational pension scheme should be adjusted. In this context, knowledge about the effect of inflation on the pension level is crucial.

This need for information usually leads to additional enquiries to employers or pension providers. Suitable communication measures with target group-specific information can reduce the number of these enquiries. Appropriate self-service platforms with the possibility of simulating individual alternative scenarios and their respective effects are particularly helpful here.

These scenario analyses are gaining importance especially in pension systems where the development of pension benefits in the vesting or pension phase is linked to certain investment models.

Limiting cost increases through digitalization

Another consequence of inflation is rising personnel and material costs. In addition, the higher communication costs mentioned above also contribute to higher occupational pension administration costs. This (further) increases the pressure on pension services to examine and exploit efficiency potentials. This challenge in the very heterogeneous occupational pension landscape in Germany should not be underestimated.



Many companies have already successfully taken first steps with digitalisation in recent years. The focus is now on further automating and digitising processes, reviewing the scope of services and examining the sourcing model along the entire value chain.

Conclusion

In view of the increasing need for information, self-service platforms will continue to gain in importance for participants. Therein also lies the opportunity for companies to modernise communication with employees and retirees with suitable solutions, to use efficiency potentials and to distinguish themselves as attractive, innovative employers.

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