

About pension information, projections and the orange envelope

We usually stress the importance of a strong consumer perspective. Many years of experience has taught us that the most important component of pension information is a projection of pension per month. Following the same perspective, the projected amount of pension should be the result from the insured person continuing with the same income from "now" until retirement, and that the forecast is expressed in current income and price level.

Most insurance companies are unaccustomed to provide such pension forecast information. Information on capital, and information on what pension current earned capital would lead to, is of secondary interest, but is however often the result, as producer perspective typically dominates over consumer perspective.

A pension forecast should answer the question: *If I continue as now until retirement, what will my pension be?*

An argument sometimes put forward against this principle is the risk of giving exaggerated forecasts for insured who are newly unemployed, sick, or have changed employer (to one with an inferior pension scheme). This risk can be managed in a fully satisfactory way if pension information is given annually and clearly states by which future income the projections are calculated. An insured with no income will, when using this method, get an estimate based on an assumption of a continued zero income. It is informative because it gives a "correct" answer to the question.

Read more about pension information according to the Swedish Pensions Agency [Länk till Customer-oriented Services and Information: Experiences from Sweden]

The Orange Envelope

Read more about the orange envelope here:

http://www.pensionsmyndigheten.se/OrangeEnvelope_en.html

In 2009, some 6.1 million envelopes were distributed.

Costs for the Orange Envelope, SEK

	2005	2006	2007	2008	2009	2010
Production and distribution	28,468,402	25,823,801	26,919,933	28,021,088	25,825,561	28,373,000
Information and evaluation	9,982,110	513,900	261,845	327,040	145,691	427,000
Total	36,450,512	26,337,701	27,181,778	28,348,128	25,971,252	28,800,000
Cost per envelope	6.08	4.44	4.62	4.68	4.25	4.57

Source: Annual Report of the Swedish Social Insurance Agency, 2009

The cost for information and evaluation fluctuates over the years. For 2005, the post includes an information campaign and PR, for 2006–2008 it includes consultancy for content development. Staff costs are not included in the table.

Here http://www.pensionsmyndigheten.se/articles_en.html you can find an Excerpt from the 2010 customer survey on the Orange Envelope.