

Consultation response



11 June 2014

HM Treasury: Freedom and Choice in Pensions

We support the Chancellor's ambition behind the retirement reforms. They could however expose the customer to risks and significant unintended consequences unless appropriate essential safeguards are put in place.

- The public must be confident in the "Retirement Guidance" offered; that whatever is given is relevant to their needs; that the organisations and/or individuals offering this Guidance have sufficient knowledge and ability to do so; and that appropriate steps are taken to manage any conflicts of interest.
- We believe that the only way to generate such confidence is by ensuring that all those delivering Guidance should be subject to an integrated set of Standards, Training, Accreditation and Revalidation (STAR).
- At the core of this STAR is a set of minimum standards covering quality, entry criteria and ongoing assessment. This includes high-level design and delivery standards, including possible areas of knowledge and competence. This response sets out what these standards might look like.
- All this must be in place by April 2015 if the Government wishes to meet its criteria of quality and impartiality.
- Training, accreditation and especially the revalidation requirements for those giving Guidance are just as important. This response also includes some high level suggestions in these areas.
- There also needs to be some ultimate oversight of the standards, to ensure a consistently high quality across the range of provision offered. While we do not believe this warrants full FCA regulation, instead we suggest the Government explore some other model that combines the STAR approach with government oversight.

Next Steps: the CII is willing to work with HMT/FCA and the market to arrive at the right level of standards, and then help develop training, accreditation and revalidation solutions as required.

Our overall views of the reforms

The Chartered Insurance Institute (including our financial advice arm the Personal Finance Society) supports the ambition behind the Chancellor's retirement reforms. We agree that safeguards must be put in place to ensure they protect the public, and do not lead to unintended consequences. These safeguards should be consistent with the long-term objective of raising public trust and confidence and building a long-term savings culture to address the demographic changes that the UK faces.

We support the proposal for pension providers and trust-based schemes to guarantee to their consumers approaching retirement a guidance service that is impartial, personalised and free at point of use. This "Retirement Guidance"¹ must be subject to minimum standards for those delivering it, and our response sets out some thinking on what these standards could look like. We do this in Section A directly below because we think this is the area where the CII as a professional body working in the public interest has the most to offer. Our answers to specific consultation questions about the retirement reforms in general are set out in Section B later in the submission.

¹ Your consultation proposed that providers/trust-based schemes offer to their customers "a guidance guarantee at the point of retirement". For the purposes of describing the proposed service itself (as opposed to the guarantee), we will use the label "Retirement Guidance" throughout this response for consistency with the latest FCA thinking on this subject.

Section A: Our views on Retirement Guidance standards

A starting point for setting out Retirement Guidance standards would be analysing some of the criteria for guidance set out in the consultation:

- ***It covers the individual's range of options to help them make sound decisions and equip them to take action, whether that is seeking further advice or purchasing a product:*** we concur that this is the right approach when considering what Guidance should do, provided this does not confuse the customer into thinking they have received professional financial advice.
- ***It is impartial and of consistently good quality:*** this, in our view is the most important criterion. The public must be confident about the Guidance offered; believe that whatever is given is relevant to their needs; that the organisations and/or individuals offering Guidance have sufficient knowledge and ability to do so; and that appropriate steps are taken to manage any conflicts of interest to ensure impartiality.

We think the success of this policy will hinge heavily on both these points.

Demand for Retirement Guidance and the need for standards

Simply envisaging Retirement Guidance in terms of the service that is currently offered by existing third-sector organisations potentially underestimates the complexity involved. Pension providers and trusts will be expected to actively promote this service to *all* UK customers approaching retirement with Defined Contribution pensions (estimated to be about 400,000 per year). So the scale of demand will potentially far outweigh any pensions guidance services that are currently available, even if only a small proportion actually takes up the guarantee.²

This means services, and more importantly the way they are delivered in terms of resourcing and training, will need to be significantly changed to meet this new demand. Existing third-sector organisations might be able to upscale to offer these services. Others (be they third-sector or otherwise) might introduce an offering. Or perhaps there will be an evolutionary combination of these two for the April 2015 deadline and thereafter.

Regardless of which organisations deliver Retirement Guidance before, on, or after April 2015, they will all need to be subject to be a set of sufficiently rigorous standards governing their service. These have to be effectively overseen and delivered—and are in place by the April 2015 deadline—if the Government wants its stated criteria to be met.

What we mean by “standards”

The set of activities and competencies that those organisations delivering the Retirement Guidance—in particular those individuals who engage directly with customers—will be reasonably expected to perform and demonstrate in the public interest.

Striking the right balance for standards and their oversight is critical: being too lenient standards risks jeopardising the quality and consumer protection objective; whereas being too onerous ones risks cost and compliance burdens that could dissuade potential participants. We have set out some thoughts on what these standards could look like, and also pose some ideas on an equally important oversight framework. We intend to discuss these with yourselves, the FCA, and the wider market accordingly.

² We estimate that only about 3% of customers approaching retirement in 2013 used existing guidance services. Even if the Chancellor's reforms result in a quarter of customers taking up the guarantee, it would still mean a significant increase in demand for those existing services.

CII experience in this area

As a world leading professional body for insurance and financial services with over 112,000 members in 150 countries, the Chartered Insurance Institute (and its financial advice arm the Personal Finance Society) has a long experience in developing knowledge standards for the sector, and providing training, accreditation and ongoing revalidation solutions to uphold these standards:

- We were a key thought leader in the Financial Services Authority's work to reform the retail investment advice market, particularly to introduce a step change in adviser professionalism. We were one of the first bodies to be designated as an Accredited Body under that regime, and were the first to introduce an appropriate qualification. We now issue over two-thirds of the about 32,000 Statements of Professional Standing (SPSs) that are active.
- We introduced a voluntary initiative—*the Aldermanbury Declaration*—to improve professionalism in the general insurance sector, including a set of standards for firms to embrace professionalism and learning at all levels. This has now been adopted by a significant proportion of firms in that sector, including many major brands.
- We were the first body to introduce a specialist qualification in equity release, recognising that advice to consumers in this area needed a much wider knowledge than that required for conventional mortgages.
- Our Accreditation Services provides the insurance and financial services industry with technical expertise. We have extensive experience in helping organisations, including major firms, meet their business objectives through the accreditation of their in-house training programmes.

Three distinct elements of standards

In considering Retirement Guidance standards, we have identified three distinct elements, all are essential to ensure public trust and confidence when this policy comes into force in April 2015.

Quality standards

It will be necessary to set robust and appropriate standards—covering both the design and the delivery of the process—to ensure the integrity of the process is maintained.

Area	Purpose of standards	
Process design	Identifying the activities that make up the customer journey – from initial engagement and the gathering of relevant information through to identifying ways of meeting the customer's needs and referring them as appropriate	Ensuring the overall process: <ul style="list-style-type: none"> • adheres to the design principles • is well-defined – in particular the “end point” in terms of how far the guidance will go in terms of steering customers on their choices • delivers the desired outcome
Delivery of process	Setting out the required attributes of the service – quality, communication, consistency, record keeping, appropriate information gathering, staff competency	
	Setting out the competencies of the individuals delivering the service – knowledge and understanding together with a range of behaviours (particularly communication skills) which underpin effective performance	
	Setting operational objectives and service commitments (e.g. availability of service, timescales for appointments)	

More details on the definition of the specific standards for design and delivery are set out on pages 6-10 below.

Entry criteria for those who offer Retirement Guidance

It will be necessary to ensure that those entrusted with delivery meet these standards, and this must apply to *any* organisation legitimately offering Retirement Guidance, be they in the third sector, financial sector, or elsewhere. This is true regardless of the type of scenario for guidance provision that develops.

It is probably premature at this early stage to propose exactly what these entry criteria could be, and who should be charged with overseeing them. However the entry criteria *could* be delivered using an accreditation process delivered by either the FCA or a third party, perhaps using the model of the existing Accredited Bodies model except applied to organisations rather than individuals. It will be up to the Government and FCA to decide how best to approach this.

Ongoing assessment

It will be necessary to monitor and assess the ongoing quality of delivery against the standards through:

- monitoring compliance with the process and ensuring standards are met;
- maintaining the technical competence of those delivering the service, e.g. ensuring knowledge remains current. The pensions tax treatment alone is constantly changing, and anyone giving guidance would need to be fully conversant in this;
- measuring performance, i.e. developing critical success factors and key performance indicators; and (possibly)
- enforcement, i.e. the ability or powers to remove the status of organisations whose service is found to fall below the required standards.

The ongoing assessment could be undertaken through some sort of periodic revalidation process. Again, it is probably early in the process to suggest exactly how this ongoing assessment and the last point about status removal could be delivered.

Oversight framework for those giving Guidance

The subject of enforcement also gives rise to the very relevant issue of ultimate oversight to ensure ongoing public trust and confidence. Consideration needs to be given to the framework in which these standards sit, and the extent to which these standards are upheld.

Given the nature of the service, we do not believe that this necessarily implies detailed regulatory rules or supervision.

We think that one solution worthy of further exploration is the development of an industry code of conduct over which HMT/FCA retains strategic oversight. In this way, the standards could be embodied in a scheme which is industry wide and appropriately 'kite-marked'.

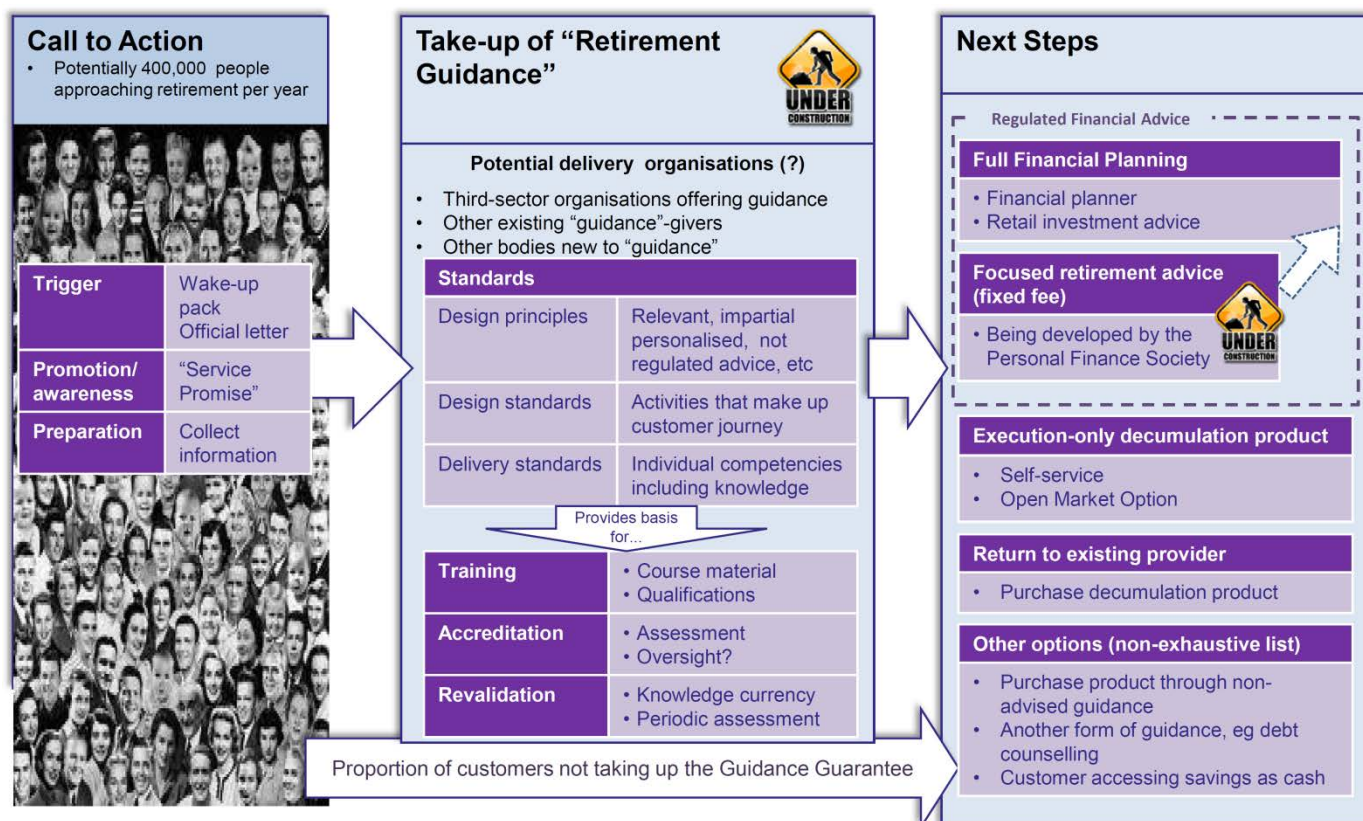
The provision of generic financial advice is not a regulated activity. Moreover, apart from the recognition that this is not regulated financial advice, there is no framework of formal standards for these services. While this approach may be appropriate for existing guidance, we think it might need review given the volumes expected to seek guidance and the need to impose entry barriers to protect the public. However, any standards should be fit for purpose and proportionate given the nature of the service being delivered.

We have carefully taken this into account in developing our thinking on what should be the appropriate standards for Retirement Guidance, and have set these out fully in our consultation response. We are continuing to develop our thinking on the design of the overall framework, and the potential ways in which professional bodies such as ours can assist in its delivery. We look forward to discussing these ideas with the FCA and yourselves in due course.

Customer journey through Retirement Guidance

The guidance guarantee itself sits within a three-stage journey through which most customers would travel, with standards required across each stage. While we acknowledge that this will probably not be such a linear process in practise: in fact the journey might involve the customer having several interactions with Retirement Guidance before the next steps are taken (and possibly some more interactions thereafter). Nevertheless, for the purposes of our discussion, we have set out the following schematic that sets out a *simplified* customer journey so that we can illustrate the constituent parts, and the role of Standards, Training, Accreditation and Revalidation:

Proposed At-Retirement Customer Journey (simplified)



Call to action

We recognise that further development of this stage of the process is required, but broadly there are three main elements:

- Trigger:** the details of the guidance guarantee forming a compulsory part of pension provider communication (e.g. a "wake-up" pack); or more ideally, an official communication from government. We believe the latter would be particularly effective in highlighting the availability of the service and stressing its impartiality.
- Promotion/awareness:** the pre-engagement should include sending information to customers that sets out the nature of the guidance guarantee, what is expected, and how the customer might benefit from it. This is ostensibly a customer-facing version of the design and delivery standards we will set out below, and might take the form of a type of "Service Promise" to customers.
- Preparation:** those customers wishing to take up the guarantee of guidance would need to prepare themselves for the interaction. The process could request that the customer collect relevant information, which could also be useful for any further discussions later on. It could be as simple as a list of questions the customer might want to think about before taking up the Guidance. Or it may be as sophisticated as an online tool that could help streamline the fact-finding stage of the Guidance later on.

Irrespective of the finalised design for the call to action, we recognise that standards will be needed in this area. At a policy level decisions need to be made about setting standards as passive (e.g. an obligation to communicate) or active (e.g. defining the content of a wake-up pack). The areas where standards will be required include:

- the timing of the trigger: we have no strong views as to when this could be except that this should be within the scope of retirement;
- any prescribed content; and
- the positioning of the Retirement Guidance in any pension provider communication (regardless of whether pension providers are allowed to deliver the Guidance itself).

Take-up of Retirement Guidance

While we understand that the design of the model will not be finalised until July, we recognise that some of the design principles have already been established. For example, impartiality and distinction from regulated financial advice. We also take into account the progress made by the FCA in developing this theme, and similarly the work undertaken by other stakeholders such as the Association of British Insurers (ABI).

We believe there is a justifiable case for robust and appropriate standards underpinning the Retirement Guidance itself, and we have outlined above the purpose of quality standards covering both the design and the delivery of the process. In order to define more specific standards for both design and delivery, we have made a number of assumptions around design principles. Together with the more specific standards, details of these assumptions are set out further below.

Next steps (resulting from referral)

Standards for Retirement Guidance should also include some processes for helping customers to undertake follow-up actions in a straightforward and trouble-free manner. While the Government is clear that Retirement Guidance should only be a personalised information process, it is still important to help customers pursue the full range of their chosen options.

For customers confident of an execution-only route towards a particular product (or staying with their own provider), such assistance might not be necessary. We recognise the strong calls for a code of conduct in this area to ensure that customers are better protected.

If another unregulated service such as debt advice is necessary, standards will need to be in place governing how the Guidance refers the customer to the appropriate third-sector agency.

Another possible option might be regulated financial advice. For our own part, the Personal Finance Society is developing ideas on how regulated advice can be made available to consumers with specific at-retirement needs. We are in the advanced stages of thinking on a fixed-fee focused retirement advice proposition that does this, and are working closely with our members and the FCA on how this could work.

Directing customers efficiently to the regulated advice sector where necessary would be in the public's best interests. We think the answer lies in a non-commercial directory of advisers who are willing and able to service that market regardless of the size of accumulated savings. In this regard, the Personal Finance Society already such a facility called *findanadviser.org* which represents 80% of financial adviser market.

Retirement Guidance standards for design and delivery

In the absence of a finalised guidance model, we have created some hypothetical design principles (extrapolating your own criteria) so that we might be able to better define high level design and delivery standards.

Design principles

We think that the desired outcome from the provision of Guidance can best be defined as “customers make their decisions in the knowledge and appreciation of the key facts related to their choices”.

The focus is on ensuring that customers are better informed than they would be otherwise, and accept that decisions taken by customers are unlikely to be based on the full facts. To best achieve the desired outcome we have assumed a number of design principles:

- relevant and personalised: what may appear to an individual as useful general information (in the personal finance media for example) might in fact be quite unhelpful to them in their circumstances, even if it might seem superficially relevant.
- face-to-face on request.
- impartial: the Guidance must manage all potential conflicts of interest.
- clearly defined scope (e.g. consideration of debt, long-term care, etc.) and purpose (e.g. helping customers understand what the implications of their decisions might be)
- not regulated financial advice and stops well short of the point of product purchase: experience shows that generic financial advice is practically possible provided those giving the service are adequately trained to understand the regulatory boundary.
- clear distinction between Guidance and the execution of the customer’s decisions.
- facilitates referrals to other services as appropriate.
- makes clear to customers what is being offered, its limitations, and what protection there is in the event of customer detriment.
- customer accepts responsibility regarding the suitability of their choices.

On the question of impartiality, we recognise that conflicts of interest arise from a number of sources, whether or not these are obvious to organisations providing this service. We have no views on whether pension providers, or other financial services firms for that matter, should or should not be allowed to offer Retirement Guidance. Rather we believe that the standards should be set out at an appropriate level to ensure that the integrity of the service is maintained.

Design standards

The purpose of the design standards is to identify the activities that make up the customer journey in adherence with the design principles. Some of these have already been set out by the FCA in discussions with the market, while others have suggested other approaches. We have aligned this as closely as possible with proposals we have already seen, and obviously these might evolve as the details of Retirement Guidance implementation develop.

Customer journey	High-level standards
Initial engagement with customer	Understand the circumstances which have led the customer to make contact
	Ensure the customer understands the process, its purpose, and what they can and cannot expect
Gather relevant information (in addition to any pre-engagement preparation)	Establish with the customer their key financial concerns
	Gather as much relevant information as is appropriate so that the customer is more readily able to identify and discuss their financial needs and to agree what actions may need to be taken
Identify and agree priorities and options	Identify and agree what the customer's priorities and options are, so the customer can make informed decisions about what steps they need or want to take to progress
	Support customers taking action by themselves
	Identify, as appropriate, a suitable referral
	Arrange to discuss the customer's needs in more detail
Identify ways of how to meet the customer's needs and allow them to consider the possible solutions	Identify ways of addressing needs identified earlier on in the process
	Explain the key features, advantages, and disadvantages of the options open to the customer
	Check the customer's understanding of what has been explained to them
Refer the customer to further financial information or advice	Inform and assist the customer regarding (i) where they can go next to action the information and (ii) guidance they have been given

Delivery standards

These delivery standards set out the required attributes of the Guidance, and propose the required competencies in respect of those individuals delivering the service, in accordance with the design principles.

Attributes	High-level standards
Quality	Impartial, technically correct, current, clear, and relevant to the customer's personal circumstances
Communication	Methods of communication appropriate for the customer
	Customers know what their retirement options and choices are as a result of guidance provided to them
Consistency	Clear methods of ensuring that the guidance is delivered to consistent levels
	Process to ensure that the guidance provided is correct and has been helpful to the customer
	Process in place to monitor competence standards for those involved in the guidance process
Appropriate information gathering	Process clearly stated, and information easily accessible by the customer
	Provides the relevant information needed to understand the customer's financial position
Record keeping	Robust processes in place to ensure the effective record keeping of the guidance provided to individual customers and the data gathered
Staff competency	Clear roles and responsibilities
	Staff trained, and regularly monitored and assessed as remaining competent

Competencies and behaviours	High-level standards	Details as applicable
Knowledge and understanding On completion of any training, candidates will be expected to demonstrate understanding and/or knowledge of the high-level standards indicated.	Main factors relevant to the selection of retirement income options (including personal and financial circumstances, current pension arrangements).	<p>These could include:</p> <p>Personal & financial circumstances</p> <ul style="list-style-type: none"> • Retirement priorities: capital or income; full or partial retirement; intended retirement age • Health, life expectancy (and family history of health/ life expectancy) • Partner & dependents: assets / liabilities (including mortgages) • Sources of income in year of crystallisation and ongoing • Tax status now and in the future • Non pension retirement assets • Eligibility for State benefits • Attitude to risk/investment losses <p>Current pension arrangements</p> <ul style="list-style-type: none"> • All current pension provision and documentation • Scope to continue employment and make additional contributions • Tax free cash amount • Special features – GARs, MVRs etc. • State Pension – BR19 (including SPA, eligibility to pay Class III and/ or Class IIIA, deferral)
	Main retirement options: their key features including their respective advantages and disadvantages	<p>Main options</p> <ul style="list-style-type: none"> • Tax free cash available • Annuities: fixed rate, index-linked, investment-linked, importance of health and individual underwriting, importance of insuring against longevity, the risk of inflation. • Annuity features: single or joint life, escalation, guarantee periods, investment related features such as the underlying guarantee of income and the ability to vary income • Annuity purchase: existing provider, open market option, impact of deferral • Convert fund to cash: impact of taxation <p>Specialist options in outline</p> <ul style="list-style-type: none"> • Drawdown: main features, investment risk, longevity risk • Phased retirement: main features • Combining drawdown/short term annuity and lifetime annuity purchase • New innovative products (U annuities) <p>Relevant consumer protection</p> <ul style="list-style-type: none"> • Annuity protection <p>Bank deposit protection</p>

(continued)

Competencies and behaviours	High-level standards	Details as applicable
Knowledge and understanding (cont'd) On completion of any training, candidates will be expected to demonstrate understanding and/or knowledge of the high-level standards indicated.	Circumstances where customers may require further guidance or advice	These could include: <ul style="list-style-type: none"> • Debt / mortgage repayment • Poor health and/or low life expectancy • Lifetime allowance • Non-routine tax circumstances (eg non-UK resident when payment is made) • Estate planning / death benefit objectives • Investments and Drawdown • Pension transfers and pension consolidation • Impact on means tested State benefits • Long term care needs
Interpersonal skills	Able to build rapport with customers, probe their thinking, provide support in working through their options, and communicate complex concepts in a clear way	These could include: <ul style="list-style-type: none"> • Knows about and understands the customer, especially their level of knowledge and understanding of the subject matter. • Adapts own communication style to suit the customer • Presents information clearly, concisely and accurately • Uses listening and questioning techniques effectively to gather information and to check the customer's understanding • Understands the impact of own actions on the customer relationship and identifies opportunities to improve the customer relationship
Professionalism	Behave with integrity, manage conflicts of interest, act with due care, apply objectivity, and respect confidentiality	These could include: <ul style="list-style-type: none"> • Provides excellent customer service through understanding the customer • Treats people fairly regardless of age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion and belief, sex and sexual orientation • Knows what factors may cause potential conflicts of interest and how to respond to these objectively and impartially • Knows what a complaint is and when it should be referred • Keeps information confidential and secure and understands the implications of not doing this • Complies with a code of ethics and relevant laws and regulations

Knowledge and understanding

In terms of appropriate training materials for staff giving Retirement Guidance, this could be delivered through various types of training including (but not limited to) qualifications.

Two major considerations are relevant here. The first is that a range of training solutions may be suitable for delivering and verifying the knowledge and understanding behaviour. This could include qualifications, but also might take the form of other training material. If qualifications are involved, these would have to meet the OfQual requirements, and be of the appropriate level and difficulty to reflect the standards set out above.

Second, It is important to point out at this stage that although some of the knowledge and competencies may appear similar to that of a fully regulated financial adviser, there are some vital differences:

- although both Guidance-givers and financial advisers must have knowledge of the retirement choices, for the latter are very specific and needs to include details of all the types of products available in the relevant market;
- although both Guidance-givers and financial advisers must gather relevant information about the customer's circumstances, the fact find necessary for the latter group must be more involved and subject to FCA rules;
- financial advisers must narrow down the broad list of product options to a more specific range of choices in order of importance and the relative merits; finally
- financial advisers must make a professional judgment about the most suitable product that meets the customer's needs, and then document this in correspondence that meets strict regulatory standards.

Next steps

We recognise that, with the guidance model still to be finalised, the development of standards is necessarily going to be an iterative process, and further detail beyond the high level points suggested here will be necessary.

Given the short timeframe to implementation in April 2015, it is nonetheless necessary for Standards, Training, Accreditation and Revalidation (STAR) possibilities to be developed concurrently and we look forward to sharing this thinking with the FCA and yourselves at the appropriate juncture in the development of Retirement Guidance. In the meantime we would be happy to work with anyone who wishes to introduce or uphold those standards.

Section B: Our Response to Specific Consultation Questions

A new tax framework for retirement

We support the thinking behind the Chancellor's pension reforms. Freeing up at-retirement choices for all customers could do much to improve the quality of products and services available in this market. This extra freedom is in line with the principle that the public should be able to select the options that are most appropriate to their individual circumstances. It as allows provides some scope to "nudge" customers towards safe retirement choices.

There were clear indications that the market in these areas including customer buying processes and choices in these areas had to be improved, even before the FCA retirement income thematic review published its findings in February. Since the Chancellor's Budget speech, we have already seen some new and innovative products made available, which is a positive and early indication of a responsive sector.

Similarly, the proposals fit well with another strand of the CII's work led by the Personal Finance Society to improve the public's access to professional financial advice with a proposition that involves fixed-fee "focused advice".

Supporting Choice

While the liberalisation of retirement choices under the reforms are well intentioned, they still expose the public to the risk of inappropriate products and possible mis-selling on a significant scale.

Consumers are currently faced with a bewildering deluge of information and services about their at-retirement choices, including their existing pension provider, friends and family, the national media, and various web resources offering all sorts of guidance and information albeit with varying degrees of appropriateness. So a service that provides an impartial conversation to discuss their choices and decide on next steps could be helpful.

Besides which, the public will need to have trust and confidence in the information they receive, be protected from receiving misleading, incorrect or inappropriate Guidance, and be directed down the appropriate decision paths including to regulated financial advice in the most efficient manner.

6. Is the prescription of standards enough to ensure the impartiality of guidance delivered by the pension provider? Should pension providers be required to outsource delivery of independent guidance to a trusted third party?

There are important policy decisions to be taken regarding which organisations will be permitted to deliver the guidance guarantee. Whilst the public debate has understandably focused on pension providers – given the very obvious conflict between impartiality and commercial interests which would need to be managed – we observe that a range of organisations might have a vested interest in some shape or form.

We agree that the guidance should be available free to the consumer. However any further advertising to the public should caveat this as “being free to the customer *at point of use*”. The customer will be paying for the guidance indirectly through pension charges or other means, depending on how the funding system is developed.

We do not hold a particular view on whether pension providers should be allowed to deliver the guidance guarantee. Rather we believe that the standards should be set at an appropriate level to ensure the integrity of the service is maintained, accepting that attention would be acutely focused on the standards and on compliance monitoring were organisations with a commercial interest in the outcome to be directly involved. Finally we observe that it will likely prove difficult to prevent pension providers from communicating directly with their own customers anyway – and hence it will be necessary in any event to have standards that cover the differentiation between such communication and the formal guidance guarantee.

7. Should there be any difference between the requirements to offer guidance placed on contract-based pension providers and trust-based pension schemes?

No. The guidance should be available to all customers, regardless of the size of the accumulated defined contribution pension savings.

8. What more can be done to ensure that guidance is available at key decision points during retirement?

As set out above, the details of the Guidance Guarantee should form a compulsory part of pension provider communication (e.g. a ‘wake-up’ pack); or more ideally an official communication from government, e.g. DWP or HMRC. The Government might consider commissioning the Behavioural Insight Unit to develop efficient and effective approaches to ensuring customer action making use of behavioural psychology heuristics, such as assigning a distinct colour to the envelope and document.

As stated above, we look forward to working with yourselves and the FCA in the implementation of these reforms. If you have any questions about any aspects of this response, or would like to involve us further in delivery discussions on either directly with yourselves or as part of a wider stakeholder grouping, please do not hesitate to contact us.

***Policy & Public Affairs
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