ASSOCIATION OF CONSULTING ACTUARIES

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Pensions Policy, Financial Conduct Authority
Issued by email to cp24-27@fca.org.uk

Dear All,

Advice Guidance Boundary Review – proposed targeted support reforms for pensions

We welcome the consultation on the subject above.

The ACA is the representative body for UK consulting actuaries, and therefore our members are not typically engaged in providing advice or guidance to individuals (our clients are trustees and employers). As such, we have not commented on the individual questions raised in the consultation but instead set out some overarching comments covering our key points, as summarised below:

- The ACA strongly supports creating a framework that will enable more people to access advice or support, at an affordable price.

- While there are inevitable risks associated with the proposals, these can be mitigated and monitored over time and should not prevent moving forward with a view to democratising access to support to individuals.

- We would like clarity regarding how trust-based schemes will be able to confidently make the most of targeted support, even if this is to refer further consideration of this matter to the DWP and the Pensions Regulator. There is no reason why a provider of targeted support should not obtain information about a member in a trust-based scheme and about the scheme itself. However, consideration needs to be given as to how this would work in practice, especially where there is no existing link between the trust-based scheme and the provider and bearing in mind that targeted support will require ongoing assessment of whether it is producing good outcomes. Consideration will need to be given to introducing a framework that provides trustees with the necessary comfort that allows them to provide targeted support, or something equivalent.

- To be most helpful to individuals, and to provide a meaningful step-up in what is on offer currently, targeted support must offer elements of both guidance and a personal recommendation. If the framework tilts cautiously towards more generic guidance the opportunity will be wasted.

- A significant number of people will still need to take personalised advice, and it would be helpful for targeted support to direct individuals to such advice where a need is identified. The Pensions Advice Allowance is not currently sufficient to cover people taking advice beyond the basics.

- The definition of "better" is subjective (and hard to predict at a point in time, given the long-term nature of retirement and investment decisions). An alternative approach would be to seek to prevent "poor outcomes" as a route to better (for example, unsuitable / inefficient tax decisions, investments that are misaligned with an individual's term to retirement, etc).

- We support ready-made targeted support solutions and a verification process for matching consumers to appropriate support.

The ACA is content for our letter, or extracts of it, to be published.

Yours sincerely

Tess Page
Chair, DC Committee
On behalf of the Association of Consulting Actuaries Limited