



TISA Chairmen's Review June 2013



leading on investments and savings

Introduction to Chairmen's Meeting and Framework for Councils

Tony Solway, Chairman
Tony Vine-Lott, Director-General
12th June 2013



TISA Purpose of the Meeting

To inform TISA Board and Chairs/Deputies

- Welcome and Introductions
- Feedback, actions and framework from Stratcom/Strategy work
- Update on planned activity by Policy Council
- Enjoy the drinks and canapés
(thanks to Swift and Linedata)



Recommendations from Survey Work

- Rename the Association
- Increase Council Interaction
- Be ahead of the policy curve
- Re-classify Advisory Councils as Policy Councils
- Engage more with EU regulation
- Provide pension support
- Supply industry data
- Identify additional industry utilities (TeX, Cash ISA d/b)
- More work on standardisation, good practice, STP

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Actions

- New name – TISA
- Tagline – Leading on Savings and Investment
- Purpose – To increase personal savings and investment
- Mission – To work with all relevant stakeholders to review, develop and implement effective policies, regulation, products, advice and services
- Thereby encouraging individuals to have the appropriate savings and investments to support them and their families throughout their lives

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Strategic Intent

- To further national, consumer and the industry's interests by promoting sound and objective policy, regulation, advice, products and services
- To deliver practical improvements through collaborative and constructive dialogue with industry, government, regulators, consumer groups and sector trade bodies
- To increase interaction, communication and understanding across all sectors of the industry
- To improve the industry's infrastructure, its processes and operations to make firms more efficient and their products and services more straightforward and effective for their customers

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Why – Aims/Considerations

- Change the UK, over time, from a short term debt to an asset based society
- Be perceived as a trusted partner of government and regulators
- Encourage cross party political consensus
- Develop actions and solutions that promote whole of life saving and personal financial security
- Consider the interaction, suitability, consistency and impact between different products and services
- Take into account the holistic financial environment including tax, employer contributions, State payments and benefits

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TISA Chair Presentation

Richard Freeman

CEO, Intrinsic Financial Services

Chair of the CIP Advisory Council



2012 Key Achievements

- Busy year:
 - 6 council meetings (2012)
 - 1 council meeting YTD (2013)
 - 1 seminar in 2012 and one (suitability) 2013
- Rebranding of DIF to CIP – understanding and definition
- DIF paper and TISA paper agreed with FSA and council
- Best practice papers and discussion
- RCRO 2012 (CIP) “understood” and agreed with council
- “Independence” in CIPs highlighted and accepted
- Gradual move to suitability from CIP
- Best practice for suitability when recommending CIPs

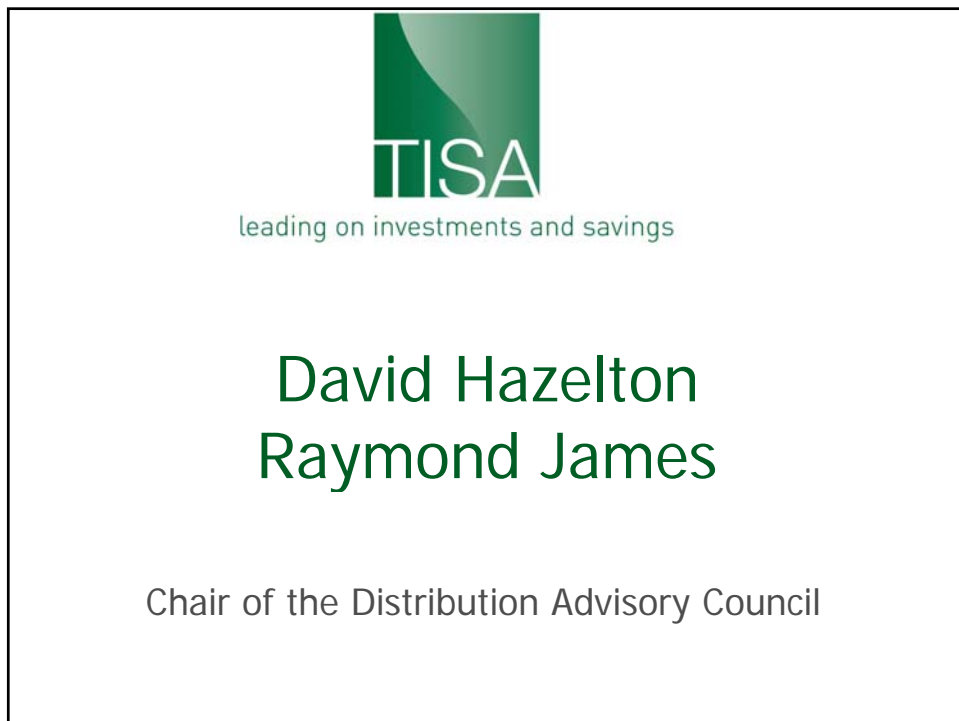


Issues Under Review

- Suitability scope
- Engaging with FCA
- Agreeing council members for suitability project
- Attracting new members
- Output from 2013 seminar

Goals for 2013 / 2014

- Establish the scope of Suitability output
- Engage and gain understanding of FCA concerns and guidance
- Help members to run “cleaner” businesses
- Best practice guide scoped and budget agreed
- Guidance to members for CIP/Suitability and RDR compliance





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TERMS OF REFERENCE – DISTRIBUTION ADVISORY COUNCIL

The TISA Distribution Advisory Council serves the needs of senior distribution figures within the UK financial services industry, to discuss topical issues in confidence and respond on behalf of TISA to, amongst other things, regulatory consultations. It will act as a senior level centre of expertise for TISA on distribution matters of all retail financial services products in the UK. It will inform and participate in engagement with HM Government, civil servants, interest groups and the FCA.

- To consider, study and report upon to the TISA Board, as required, all initiatives, consultations or developments of any kind which impact retail distribution in UK financial services
- To respond in writing or verbally to all such initiatives, after clearance from the Board
- To represent the interests of TISA members in doing so
- To inform the wider TISA membership in written briefings of the strategic and tactical impacts of such initiatives, through the administration team
- To formulate, and pursue, TISA initiatives related to distribution designed to facilitate beneficial change or to share best practice
- To formulate the content of at least one Seminar per annum in consultation with the administration team and such other events as may be deemed advisable from time to time
- To report formally upon its activities to the Board once a year
- To have regard, in all its activities, to the best interests of consumers of retail financial services in the UK.

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Review of 2012

- RDR, RDR, RDR
 - Advice for the mass market, Share classes, Wrap Platform information, 'staying legal', potential meltdown, client agreements, SPS, CP12/12
- Simplified advice
- Adviser Protocol Exco
 - May seminar, issues surrounding Honister network,
- Formation of CIP Council
- Spring Distribution seminar 'UK Retail Distribution – Where We Are Now, and Where We Are Going'
- Market Developments
 - D2C business models, impact of the recession/investment markets, few new developments
- Autumn Distribution Seminar 'Routes to Market after 2013'
- AOB
 - MAS effectiveness, TEX, TER transparency,

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Policy Lines - 2013

- The council are in favour of RDR
- However, we believe the likely effect of this will be to reduce the availability of advice in the mass market and increase the requirement for D2C propositions
- In light of the above, we believe the mass market will increasingly need to self serve
- The FCA needs to clarify its definition of advice – this needs to be discussed in the D2C Special Interest Committee

Other themes: -

- Suitability
- Financial education
- New distribution methods
- TAX – VAT & rebates

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Charles McCready
Altus Ltd

Deputy Chair of the Savings &
Investment Policy Council

Background

- A key opportunity for UK financial services if it is to become more proactive in shaping the industry, including UK and EU regulation
- Whilst much work is currently undertaken today, this is often reacting to proposals from the Government and regulators or is undertaken on a company or single industry body basis
- There is also the challenge that individual organisations and trade bodies that only focus on one segment of the industry might be deemed as biased to a solution that suited their purposes rather than consumers and the wider industry
- TISA objectives are therefore to:
 - Act as a body that has a broad membership and can therefore develop policies that are cross industry
 - Create focus on strategic challenges and develop thought leadership in the form of policies that can be taken to Government and Regulators
 - Create a forum that can develop and present co-ordinated strategies across the industry
 - As part of this drive, the Savings and Investment Policy Advisory Council was created

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S&I Policy Advisory Council

- The Savings and Investment Policy Council has been tasked with some specific objectives that include:
 - Defining a national savings policy that helps move consumers from a debt to a savings culture
 - Defining an investment policy that leverages consumer savings to create tangible benefits to the nation (e.g. new jobs)
 - Developing thought leadership on significant issues that impact the industry (e.g. Dear CEO letters, Scottish independence, negotiations on EU membership, EU regulation)
- The Council is not responsible for more technical matters as these will be managed by other parts of TISA
- The Council has been made up a number of TISA members representing a broad cross section of the industry

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Savings and Investment Policy Advisory Council

S&I Project

- Having undertaken an initial assessment on how best to achieve the objectives of the Council, it was clear that it is critical to have the appropriate industry participation and support as well as the means to achieve our objectives
- We are therefore recommending transforming the Council into a project with the following attributes:
 - An Executive Committee ("ExCo") of up to 20 members that is tasked with shaping and driving policy development
 - The project structure enables us to have TISA and non TISA members join the ExCo
 - Cross industry participation
 - Access to ExCo resource and research
 - ExCo members will be asked to fund the project requirements for resourcing and research
- In addition to the ExCo, the project will engage with a wide range of cross industry players including banks, life companies, asset managers, financial advisers, distributors, platforms and third party administrators, custodians and registrars (c40 to c50 organisations will provide solid representation)
- We will also seek to include consumer groups, trade bodies (e.g. IMA, BBA, ABI) and the FCA
- The ExCo will work with the TISA Executive so that appropriate ongoing communications can be made with the Government, the Treasury, HMRC and the DWP
- Public launching of the project planned for September with an Open Industry day and leading industry speakers

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Savings Policy Executive Committee

High level approach

2014

Month	Key Activities
Aug	Collate existing research materials
Sep	Open Industry conference; Define savings issues
Oct	Onboarding of ExCo Members
Nov	Planning; Develop draft ExCo ToR and governance
Dec	Define savings policy; Analysis of potential solution; Workshops (industry wide), documentation, feedback (3 to 4 iterations); Stakeholder management
Jan	Communications (internal and external); Ongoing Government, Treasury and HMRC lobbying
Feb	Communications (internal and external); Ongoing Government, Treasury and HMRC lobbying
Mar	Communications (internal and external); Ongoing Government, Treasury and HMRC lobbying
Apr	Market testing
May	Market testing
Jun	Market testing
Jul	Planning for next phase
Aug	Planning for next phase

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Progress to Date

- ✓ Proposal and approach submitted for review to TISA Executive
- ✓ Reviewed by TISA, proposal enhanced and approved
- ✓ Proposal submitted and approved by Savings and Investment Policy Council
- ✓ High level plan developed (underpinned by more detailed initial planning)
- ✓ Target speakers for Open Industry day agreed
- ✓ Speakers approached and have confirmed
- ✓ Market testing with potential ExCo members

Next Steps

- Obtain commitment from target speakers
- Arrange Open Industry day including communications
- Mobilisation of project
- Establish project Terms of Reference and Governance
- Collate and filter existing research
- Develop strawman approach for ExCo approval



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Natanje Holt Dunstan Thomas Holdings Ltd

Chair of the Retirement Advisory Council



Overview of 2012

■ Policy lines:

1. Increase state retirement age – This has been achieved as retirement age at work has been abolished and incremental increases to the State Retirement Age is in place.
2. Universal state pension – The simplification of a state pension and a uniformed payment is proposed in the Pension Bill to come into force in 2016.
3. A new saving framework - A new project headed up by Tony Stenning and Charles McCready has been formed to address this.

■ Other achievements in 2012:

- Responses to industry papers including: DWP consultation on small pots, Disclosure requirements, AE delay for small companies, GAD limits, Possible changes to Tax relief, NAPF response to pension charges, DWP NEST response
- Technical committee formed to address technical issues
- New chair and vice chair
- Feed into Pot follows member working committee and TAG group aims:
 - Pension transfer automation
 - Common discharge form
- Feed into Data Quality project



TISA Aims and Objectives 2013

■ **High level Objectives:**

- Proactively supporting both the pre-retirement and the retirement industry by:
 - Supporting current initiatives
 - Identifying current and future issues and assisting in solutions by
 - Encouraging open debate and responding to papers
 - Working with the industry and government
 - Research and working party projects

■ **More specific objectives for Pre-retirement:**

- Supporting the industry and government to ensure Auto-enrolment is a success looking at issues such as opt-out, charges, staging and member engagement.
- Assist in the implementation of pot follows member by working with the industry to develop processes and addressing key issues.
- Supporting the SIPP industry in current issues e.g. capital adequacy, wind up procedures and allowable investment lists.
- Encourage whole of market representation on the council

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TISA More specific objectives to Retirement:

- Create greater representation across retirement products and needs
- Drawdown – academic research to propose better methodology to determine a sustainable maximum, more aligned with the income needs of people
- Annuities
 - Attract more members for annuity providers to get greater representation from the market
 - Greater client care looking at issues such as execution only portals
- Long term care
 - Attract more members to develop representation within TISA
 - Review barriers to entry, regulation and product development
 - Develop the view of the role of the pillars i.e. Government, personal and employees
- Equity release
 - Attract more members from annuity providers to get greater representation from the market
 - Review barriers to entry, regulation and product development

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TISA Wrap and Platforms Council Update

Ed Dymott
Deputy Chair

Ed Dymott
Head of Business Development
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Platforms - the last 12 months



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Key achievements over the last 12 months

- Significant (and busy) 12 months for platforms
 - Platform market now approaching £300bn AUA
- Policy agenda has required focus to shape outcomes
 - CP 12/12 Consultation
 - PS 13/1 Policy Statement
- Number of key policy wins for Council
 - Investor reporting – simplified to deliver a better consumer outcome
 - Unit rebate simplification
 - Transaction reporting
- Taxation on rebates – some flexibility introduced over the first 12 months
- Re-registration implementation via TEX has enabled significant benefits for platforms
- Establishment of the Technical Committee to support main council

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Issues under review

- On-going Policy review – PS 13/1 has a number of challenges
 - Sunset clause
 - Share class conversions
- Other major regulatory impacts
 - FATCA
- D2C business models including guidance and simplified advice
- Overall approach to platform lobbying

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Goals for the next 12 months

- Continue to position TISA as being the voice of platforms to the market and regulators
- Ensure efficient implementation of new platform policy rules to ensure optimal consumer outcomes can be best delivered
- Continued drive and adoption of TEX as re-registration service for platforms
- Drive industry best practice and find joint solutions to a number of key issues
 - Share class conversions
 - Investor reporting
- Ensure the platform council continues to provide the right forum across the platform market

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leading on investments and savings

David White

Retiring Chair of the Children's Advisory
Council



Children's Savings Council timeline

- Initially no policy for saving for children
- Child Trust Fund (CTF) introduced 2005
- CTF closed to new participants 2010
- Junior ISA launched 2011
- Current consultation on allowing transfers from CTF to Junior ISA
- May 2012 - David White retired as Chair after 8 years.

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Children's Savings Council facts & stats

- 6.5 million CTF accounts which will start to mature from 2020
- CTF accounts can continue to be 'topped up' until maturity
- Currently no rollover from CTF to ISA on maturity
- 100,000 (?) Junior ISA accounts which will default to ISA when child reaches 18.
- Annual subscription limit for CTF and ISA is currently £3,720p.a.
- No child can currently have both products

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Children's Savings Council recent success

- TISA were closely involved in the design of the Junior ISA, involved in many meetings with HMT/HMRC. Some of the key successes were:
 - the exclusion of stakeholder accounts;
 - the raising of the CTF subscription limit to match that of the JISA;
 - the provision of both a Cash JISA and a S&S JISA whereby customers can subscribe to both in the same tax year;
 - the ability of customers to transfer in both directions;
 - the default rollover to an ISA on maturity.

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Children's Savings Council aims for 2013

- To continue to be the 'go to' place for Government and Regulators for Children's Savings
- To increase the range of providers represented on the Council
- To ensure Government formalise rollover of CTF to ISA on maturity
- To ensure any merger or transfer plans are introduced in a way to benefit the consumer and not to the detriment of the range of products available
- and
- To work with other TISA councils & projects to ensure the current savings policy vacuum is eradicated over time.

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