



Distribution of Retirement Products in a Post-RDR World

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Distribution of retirement products Post RDR – A Life Company View

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The slide features a green header with the Skandia logo. Below the logo, the title and presenter information are centered. At the bottom, there is a brown wavy graphic and the text 'A Member of the Old Mutual Group' with the Old Mutual logo.

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Auto-enrolment and NEST

- Huge opportunities for financial advisers as a result of proposed changes
- Employers will need advice of the impact of impending changes on their businesses
- Some employees will need advice as to how the changes may affect their future retirement provision

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Advice Issues for employers

- How will contribution threshold be met?- salary sacrifice or employer/ employee together?
- Explaining need for personal funding and possible effect on levels of future salary increases?
- Existing scheme in place- are changes required to meet new requirements and what will they be?
- Will contracts of employment need to be altered?
- What to do in respect of existing individual arrangements employer funds into?

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Advice Issues for employers

- Will NEST plus top-up contributions for targetted individuals provide the right solution for some SMEs?
- Will any top-up investments be delivered through workplace solutions or by individual advice?



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Advice Issues for employees

- Can I carry on with my existing arrangements?
- Must I link basic funding with NEST/ qualifying auto- enrolment scheme?
- Can I top-up using my existing arrangements ?
- What if I have registered for Primary/Enhanced or Fixed Protection?
- Will I lose employer funding if I choose to keep existing arrangements in place?
- How will any change effect my investment strategy?

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Advice Issues for Employees

- How do I control my income to benefit from the employer contributions and meet my required commitment?
- What happens to my fund if I change jobs?
- What can I do with my fund if I change jobs?
- What's carry forward?
- What's a pension input period?
- How much can be contributed in a tax year?

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Impacts of auto-enrolment

- Workplace pensions will reduce core regular pension savings to individual pension contracts for lower earners
- Advisers must analyse their client bank and assess impact of changes on future business model
- Change= loss of future pension contributions for some clients
- Change= retirement planning opportunities for new clients

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Impact of auto-enrolment

- Individual advice market will alter
- Less need for general advice in accumulation market
- Still need for specific planning advice in accumulation market
- The 'at retirement'/ near retirement market will build for the individual advice sector



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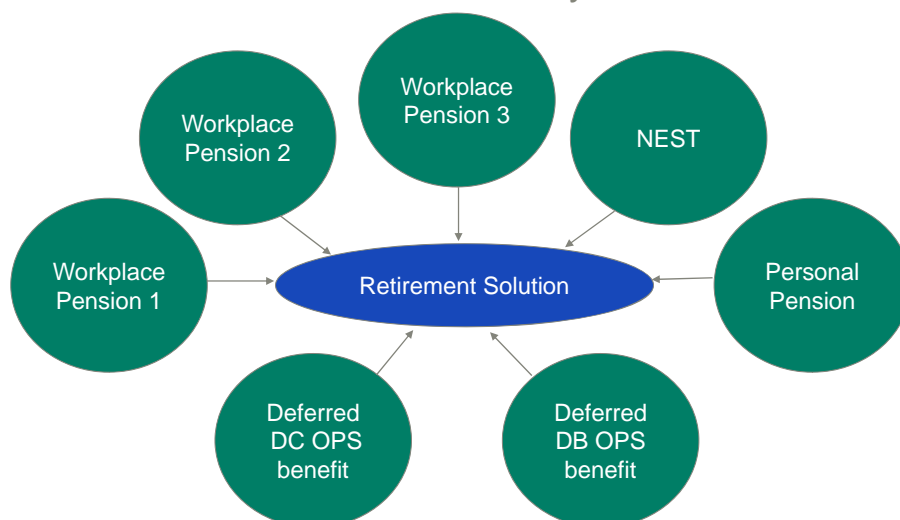
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Accumulation market

- Consolidation of existing provision will continue beyond RDR- separate advice?
- Job mobility will create multiple holdings of accumulated pension rights over working lifetime
- Who will provide the 'at retirement advice' for these individuals ?
- Consolidation may be essential component of delivery of best retirement solutions for clients- maximise buying power

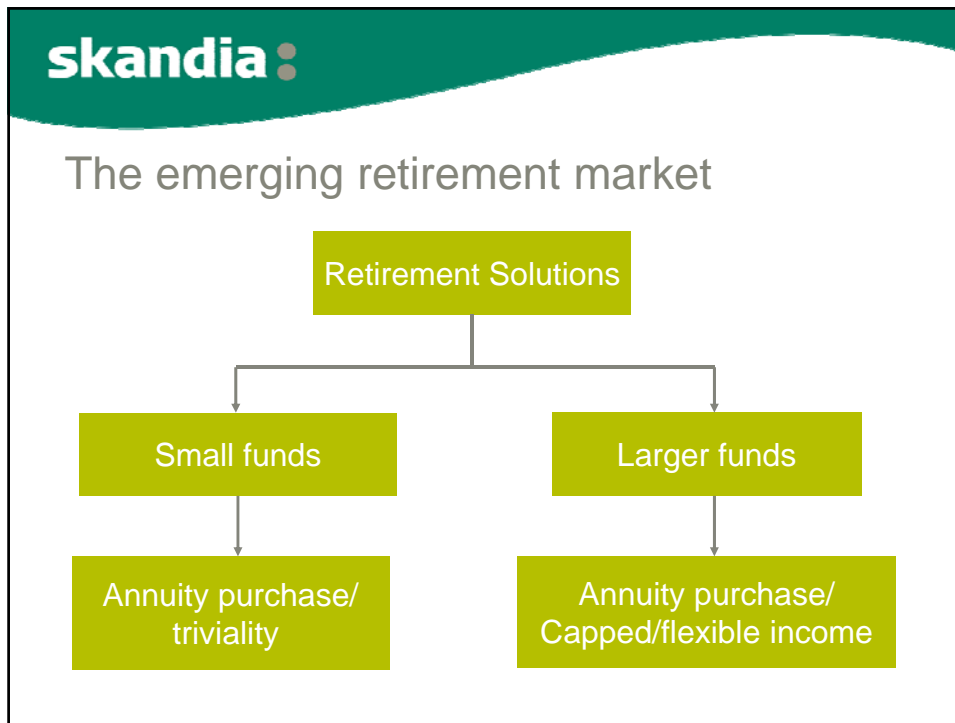
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The Future Consolidation Story





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Legacy Issues for Providers

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Legacy Issues

- Assess continued suitability to meet adviser charging requirements post RDR
- System constraints/ contract terms may mean some products may close to top-ups
- Other products may need amended terms to support incremental business post RDR through advised channel
- Effect will create the need for further advice and possible redistribution of ongoing funding

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Summary

- The pension landscape is changing
- Advisers can see it as a threat or opportunity
- For many there is opportunity to build a service proposition on a different model
- Independent advice for retirement planning will still be an essential component for many individuals at some stage of their working life
- Advisers need to embrace the change and work with it



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