Response by TISA to the HMT & FCA Policy Paper DP23/5: Advice Guidance Boundary Review – proposals for closing the advice gap

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About TISA

The Investing and Saving Alliance (TISA) is a consumer-focused industry alliance with a policy focus on savings, investments and pensions.

Our ambition is to improve the financial wellbeing of all UK consumers. We do this by corralling our broad industry membership base around policy solutions aimed at making a material positive difference to the financial wellbeing of UK households.

TISA membership is representative of **all sectors of the financial services industry.** We have **over 270-member firms involved in the supply and distribution of savings, investment & pension products and associated services**, including the UK's major investment managers, retail banks, online platforms, insurance companies, pension providers, distributors, building societies, wealth managers, third party administrators, Fintech businesses, financial consultants, financial advisers, industry infrastructure providers and stockbrokers.

Summary

TISA welcomes the opportunity to contribute to HMT's and FCA's **Advice Guidance Boundary Review** and provide our detailed feedback on the policy proposals contained in DP 23/5 to close the UK's advice and support gap.

We commend the FCA and HMT on the collaborative work undertaken with the financial services industry thus far, including trade bodies and industry alliances such as ourselves, to explore policy solutions to help mass-market consumers access new forms of advice and support. We commend also the progress made in this regard, following the Chancellor's commitments for the Advice-Guidance boundary to be reviewed in his Edinburgh Reforms, announced in December 2022.

TISA is committed to exploring evidence-based policy solutions aimed at improving the financial wellbeing of UK households and has advocated for a number of years for fundamental reform of the Advice-Guidance boundary, to enable firms to provide UK households with better quality, more engaging forms of support with their financial decision making. Without such fundamental reform:- i) consumers will continue suffering significant detriment from lack of support, ii) firms will be limited in their ability to support consumers with their financial decision making (and fulfil the spirit of the FCA's Consumer Duty) and iii) the UK's advice and support gap will no doubt persist.

In respect of the three proposals contained in DP 23/5:

a) *Further clarifying the boundary* - We believe that clarifications of the FCA Perimeter Guidance ("PERG") should be explored, particularly in areas where there is conflict presented as to whether a particular consumer support initiative is allowed or not allowed. PERG could also be simplified to improve readability and accessibility. However, it is vital that PERG continues to protect consumers, by allowing the FCA to enforce against 'bad actors'. Whilst clarifications ought to be explored, we do not however see this leading to a substantive solution to close the advice and support gap.

b) *Targeted Support* - TISA is highly supportive of the Targeted Support proposal, for the reasons identified in DP23/5. We see the introduction of such regime to be a significant opportunity for support to be provided to the unadvised aimed at improving their financial wellbeing. By utilising Targeted Support, firms will be able to proactively bring matters to the attention of consumers in an engaging manner (including detriments and potential detriments being faced). Firms will be able to make 'People like You' suggestions of products and courses of action aimed at improving their financial circumstances. Targeted Support should allow firms to meet the spirit of Consumer Duty regulations, whilst allowing firms also to innovate & compete on the basis of the quality of support they provide to consumers. To maximise the potential impact of this regime proposal, we think it should be enabled to be provided to consumers in a diverse set of scenarios. With the appropriate regulatory regime and consumer protections in place, we think Targeted Support can be delivered in a safe and robust way to UK households, particularly those who cannot access financial advice or feel that paid-for financial support is not aimed at people like them. Targeted Support does however need to be delivered via an "Opt-Out" approach (that recognises that lack of consumer engagement is a serious and significant consumer detriment in itself).

c) *Simplified Advice* - We also see a place and need for Simplified Advice. However, further work is needed to understand how the suitability regime can be devised to enable wide adoption across the industry. Further work is also required to explore how Simplified Advice can be enabled in a safe manner to help people with pension decumulation decisions. Thanks to the success of auto-enrolment ("AE"), millions of people will need to make retirement decisions in the next 10 years. Whilst Targeted Support may be enough for some, other consumers will need a personal recommendation and it's important that the FCA and HMT build a regime that enables the industry to deliver to consumers the support they want, when they need it, at an affordable cost.

We believe the FCA and HMT have a unique opportunity to devise a new regulatory regime for how consumer investments are promoted and sold to UK households, taking into account the unique aspects of the UK's regulatory regime (including its Consumer Duty and RDR regulatory regimes in operation). As mentioned in the Policy Paper, initiatives such as the Smarter Regulatory Framework, Disclosure Reform and Pensions Dashboard ought to be harnessed. In addition to the list of initiatives outlined in Paragraph 1.20 of the Policy Paper, we recommend that HMT and FCA builds a regime that also dovetails with the Government's upcoming vision and roadmap for Smart Data implementation, particularly with respect to Open Finance, which has the potential of transforming the ability of UK households to understand their current financial position. We believe the FCA and HMT need to build a regulatory regime, particularly for Targeted Support, that enables firms to utilise Open Finance data in a manner whereby UK households are assisted to better understand the detriments they face and the opportunities they have to improve their future financial position, in order to build longer-term financial wellbeing. Open Finance has the potential of enabling new business models and significant innovation in this regard, which should also be harnessed.

We note that financial literacy has been identified as a driver of the advice gap, but has been descoped from being addressed by the Policy Paper proposals. TISA has a strategic policy focus around improving the financial education of UK households, particularly during early years' schooling. We would like to draw attention to the Education Committee's Inquiry into strengthening financial literacy and ask HMT, along with relevant government departments, to set out how the financial literacy strand of this work will be taken forward.

TISA has commissioned significant primary research over the last several years on the detriments people face from lack of engagement, lack of proper support and the benefits UK households see from having more personalised support from their product providers with their important financial decision making:

https://www.tisa.uk.com/wp-content/uploads/2021/09/TISA-research-report.pdf
https://www.tisa.uk.com/wp-content/uploads/2022/11/FINAL-OXERA-REPORT-FOR-PUBLICATION.pdf

We believe that a number of the research findings (in the above reports) will be pertinent to the required Cost-Benefit Analysis of implementing the Policy Paper proposals.

TISA is a consumer-focused pan-financial services savings and investments alliance, with over 270 financial services firms as members. TISA has worked with a large number of our member firms and our own Consumer Panel to develop our input and responses to the Policy Paper. None of our input should be assumed to be the individual views of any of our member organisations. Our input does however reflect significant thought and debate had and whilst not all TISA members have had the same level of involvement, they all welcome the opportunities the Policy Paper proposals provide for a constructive dialogue with Government, the FCA and other financial services stakeholders.

Overall, we are highly supportive of HMT and the FCA’s work to help close the UK’s advice and support gap. We support the proposals being taken forwards in a way that extends the range of support options made available to consumers (including advice and guidance).

Thank you for our ongoing engagement, the dedication of your teams in this area and for considering our input to the Policy Paper. We would be pleased to discuss any aspects of our response and look forward to working with you to help close the UK’s advice and support gap.

Responses to Specific Policy Paper Questions

Q1: In your view, do any of the proposals outlined in this paper adversely affect different groups of consumers and why?

- We do not have major concerns about the proposals adversely affecting any particular group of consumers. With only 8% of the UK household population having access to financial advice, we do however believe that Targeted Support and Simplified Advice have the potential of materially benefiting large cohorts of consumers within the 92% of UK households who represent the unadvised.

- We wish for Targeted Support to be delivered by firms in a manner whereby consumers are enabled to understand the differences between it and regulated financial advice, including what the consumer versus the firm will be responsible for and the consumer protection that will apply to its delivery

- It is possible that Targeted Support will disproportionately benefit consumers who have an existing relationship with a firm (who holds data on them), however there are many TISA member firms who plan to utilise Targeted Support to support new customers as well.

- We see Open Finance as providing an excellent opportunity to overcome the advantage that firms with an existing customer base will have to provide Targeted Support – allowing firms to utilise Open Finance data on consumers to underpin Targeted Support propositions.

- We think Targeted Support has the ability to improve competition in the market, creating space for innovation and new business models to come forward. For example, new entrants with business models akin to Money Supermarket could potentially offer this service to new customers, allowing the consumer to initiate the Targeted Support interaction (as opposed to the firm initiating Targeted Support interaction) so they get support when they want it.

Q2: Is there a role for the 3 proposals (further clarifying the boundary, targeted support, and simplified advice) outlined in this paper? Could these work alongside existing forms of support? When responding, please include how the proposals would (or would not) work alongside each other.

Further clarifying the boundary

- There is *potentially* a role for further clarifying the boundary between advice and guidance, particularly in areas where the FCA Perimeter Guidance ("PERG") conflict in terms of whether a support initiative is allowed or not allowed.

- On its own though, we do not believe further clarifying the boundary will lead to meaningful support to consumers, because firms would still be constrained by the legislative definition of *Advising on Investments*, which poses a risk, perceived or otherwise, that firms taking personal circumstances into account when providing support could be engaged in giving financial advice.

- PERG plays an important role, protecting consumers by allowing the FCA to enforce against bad actors. It is important that PERG continues to play this role. However, we think it should be possible for the FCA to remove some of the complexities, whilst still retaining the same, important outcomes. We see this proposal as a means of improving the readability of the FCA Handbook, rather than a means of ensuring consumers will get the help they want, at a time they need and at an affordable cost.

Targeted support

- We are highly supportive of the role that Targeted Support will be able to play in opening up better quality, more engaging support for UK households and their financial decision making. We believe this regime will lead to the most take up and use across the financial services industry.

- Targeted support has the ability to work alongside Generic Guidance and Advice, in that Targeted Support would allow firms to offer better quality, more engaging financial guidance to its consumers (by taking personal circumstances into account), whilst stopping short of providing a personal recommendation to the consumer.

- By providing suggestions, not advice, Targeted Support will not be a substitute for people needing a personal recommendation. Targeted Support models could offer a triage into Simplified Advice propositions or Financial Advice referrals.

- We don't believe Targeted Support requires any alterations of the FCA PERG on the Advice-Guidance boundary.

Simplified Advice

- Simplified Advice certainly has a role to play in delivering a personal recommendation to consumers with a specific advice need – e.g. whether or not to invest a large excess cash balance in a fund within a Stocks & Shares ISA – and we encourage the FCA and HMT to explore with firms how to enable this regime in a way that leads to take up by firms.

- On its own, Simplified Advice is unlikely to close the advice and support gap in a material way, especially because it will involve a fee to be paid by the consumer.

- But the Simplified Advice regime needs to be commercially viable for firms and offer the ability for firms to determine its suitability for a consumer without necessarily needing to employ a fully qualified financial adviser. As currently designed though (as described in the Policy Paper), we don't believe Simplified Advice will lead to much take up by firms and is unlikely to be commercially viable for firms to deliver to consumers with smaller investment amounts/pension pot sizes.

- We don't believe Simplified Advice requires any alterations of the FCA PERG on the Advice-Guidance boundary.

Q3: Are there are any other proposals that we should consider to help close the advice gap and how can we support the provision of more guidance? Please outline your proposal in as much detail as possible.

TISA's work in this area over the last several years has been focused on enabling for consumers personalised financial guidance and simplified advice, underpinned by strong consumer protections and a robust regulatory regime that firms would need to adhere to. Individual TISA members will also have proposals, which we would encourage HMT and the FCA to explore.

Q4: Do you think that further guidance would provide more clarity to enable firms to get closer to the boundary? What scenarios, if any, do you think could be set out in FCA guidance? Is guidance needed on the scenarios in Chapter 3? Would there be any appropriate cases for Handbook rules rather than guidance being used?

- Further FCA guidance *may* enable some firms to get closer to the boundary, but we would consider that the majority of industry is already of the view that the scenarios listed in paragraph 3.5 of DP 23/5 are permitted and would not be deemed the provision of a personal recommendation.

- The issue is that such generic warnings, on their own, are unlikely to be engaging and helpful enough on their own for consumers to take required action. Consumers will need the "dots to be joined" for them, by way of guidance from firms that offers them courses of action and product suggestions to deal with the detriment that has been identified for them.

- Even with additional guidance, firms would still be constrained by the legislative definition of *Advising on Investments*, which poses a risk, perceived or otherwise, that firms taking personal circumstances into account when providing communications could involve the provision of advice. Also, given any future alterations to PERG made to encourage firms to get closer to the boundary, firms will need comfort with the Financial Ombudsman Service ("FOS") interpretation of any revised PERG.

- Paragraph 3.6(a) of DP 23/5 mentions potential mandating of specific actions by firms. But we don't believe any such mandating should be required as firms should be permitted to test and learn and be led by consumers (not by prescriptive regulation).

Q5: In your view, is there value in simplifying existing guidance? If so, what are the key relevant areas of PERG and other guidance that the FCA should focus on?

- PERG plays an important role, protecting consumers by allowing the FCA to enforce against bad actors. It is important that PERG continues to play this role. However, we think it should be possible for the FCA to remove some of the complexities, whilst still retaining the same, important outcomes. We see this proposal as a means of improving the readability of the FCA Handbook, rather than a means of ensuring consumers will get the help they want, at a time they need and at an affordable cost.

- We would therefore encourage the FCA to rather provide specificity – i.e. by setting out unambiguous scenarios of consumer support that it does not deem to be a personal recommendation. In this case, we recommend that the FCA works in collaboration with the Financial Ombudsman Service .

Q6: Do you support the concept of targeted support and do you support developing a regulatory framework to deliver it? If not, why not? Are there any key features (in addition to those discussed below) that you believe targeted support should include?

- As a consumer-focused industry alliance that has campaigned for several years for consumers to be delivered better quality, more engaging support with their financial decision making, TISA is highly supportive of the concept of Targeted Support, for the reasons identified in DP23/5. We see it as an opportunity to improve consumers' financial wellbeing, as firms will be able to proactively bring matters to the attention of consumers, and suggest options that could better their circumstances. This will give agency to firms, rather than consumers, but we think it will improve the likelihood that consumers are able to receive support in an affordable manner. We also envisage a potential space for new entrants to allow consumers to initiate Targeted Support – akin to the price comparison website model.

- In addition, Targeted Support will allow firms to build engaging user journeys that will allow financial services firms to get closer to the way that retail technology platforms so successfully engage with consumers *en masse.* It provides an opportunity to leverage new and emerging technologies to improve the consumer experience and outcomes.

- The 'People like You' framing of its provision may also be useful in assisting consumers to appreciate that they are not getting a personal recommendation (where it is made clear that the Targeted Support is aimed at people like them but not them, given their unique personal circumstances, in particular).

- Targeted Support needs to be delivered safely to consumers, under a robust and specific regulatory regime and framework. We envisage this encompassing a new FSMA Part 4A permission suite, along with the application of 'standard' FCA regulatory and supervisory approaches in respect of prudential requirements, senior manager responsibilities, regulatory reporting etc. Given the quantum of unadvised households in the UK for whom it will be applicable and useful to, we believe the cost-benefit of the FCA building such a specific regulatory regime will be highly justified.

- We do disagree however with the proposal in paragraph 4.10 of DP23/5 which says:- *"It is crucial for consumers to make a clear positive choice to receive targeted support."* We do not think it is crucial for consumers to make a clear positive choice for their product provider to offer them Targeted Support communications and protections. Lack of consumer engagement with their financial decision making is a significant harm that exists, which the Targeted Support regime ought to address. Through Targeted Support, firms will be able to spot potential consumer harm, communicate this risk to consumers and help mitigate or prevent it from crystalising, through the support and options that are presented to the consumer. We see Targeted Support as being a key enabler for firms wishing to meet their Consumer Duty obligations to consumers. It would seem to undermine the Consumer Duty if consumers needed to opt-in to receive its benefits. Obtaining the clear positive choice of consumers would also be challenging to obtain by pension schemes used for Auto Enrolment, as the arrangements are not set up by individuals directly. Of course, it will be important that consumers are helped to understand that Targeted Support communications is not financial advice and not marketing either. **Given all this, we highly recommend that HMT and the FCA design the Targeted Support regime around an opt-out model.**

Q7: What types of firms do you think would be well placed to provide targeted support?

- There will be a wide range of firms that would be well placed to provide targeted support to their existing and prospective consumers, including:- Investment platforms (including those that are advice-led), pension providers, retail banks and life insurers.

- In the future, it could lead to Fintech firms entering the market and innovating by providing new Targeted Support App-based guidance propositions to UK households. We see the future enablement of Open Finance as a key technology driver for such a future proposition emerging, which will be healthy for competition, especially because such new entrants would likely remain non-product providers.

- Whilst a Targeted Support regime will clearly lend itself to digital user journeys, we support the FCA's and HMT's ambitions to explore how it could be used in human-to-human interaction.

- We wish to make a point regarding the FCA's Consultation Paper (CP 22/25) and its Proposed regulatory framework for pensions dashboard service firms. In the FCA's CP with respect to data exporting, the FCA has proposed allowing Pension Dashboard Service ("PDS") firms to take one of three options to data export: 1) Not offer data export; 2) Offer customers the option to export data to themselves; 3) Offer customers the two options of: i) exporting to themselves; and ii) exporting to the PDS firm being used. Whilst we appreciate the reasons behind the envisaged restricted nature of these rules (as articulated in CP 22/25), such an approach would however prevent the direct exporting of pensions dashboard data to firms able to provide financial guidance (via Targeted Support). We believe a robust Targeted Support regime (in respect of pension accumulation and decumulation support) should be capable of addressing the FCA's concerns around allowing a more expansive data exporting regime for Pensions Dashboards and provide the FCA confidence to allow firms with the requisite Targeted Support permissions the ability to receive exported dashboard data directly. A Targeted Support regime operating in this way would then facilitate pension scheme members receiving Targeted Support on the back of their Pension Dashboards data, lifting consumer engagement levels and facilitating support to be provided regarding complex retirement decisions.

Q8: Do you think there should be restrictions on the types of firms allowed to provide targeted support, and why?

- In short – yes. Targeted Support has the potential of being useful to help UK households in a wide range of scenarios at different stages of their financial journey. We believe that the scope of service should be kept broad. But that doesn't mean all firms will be competent to deliver such a wide spectrum of Targeted Support. We believe firms ought to be required to demonstrate competence in the areas that they wish to provide consumers Targeted Support.

- We do not believe that certain firms should be restricted from offering Targeted Support simply because of their existing permission suite. For example, financial adviser firms should be able to offer Targeted Support, where they are able to demonstrate competence and compliance with relevant FCA requirements. An example in this regard, provided by a TISA member firm, would include financial advisers who can no longer provide a full advice service to a small-value client as a result of not being able to demonstrate the service offers sufficient value under the Consumer Duty. In such scenario, ongoing support provided under the Targeted Support regime may be most appropriate.

- We believe HMT should amend the Regulated Activities Order 2001 ("RAO") to establish a new specified activity for Targeted Support. Firms would then need to apply to the FCA for permission to conduct this activity in respect of the relevant specified investments.

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Q9: Do you agree that the scenarios outlined are appropriate for a new targeted support regime? Please suggest any other specific scenarios where targeted support might be appropriate and could benefit consumers.

- We fully agree that the useful list of scenarios provided in the Policy Paper lend themselves to Targeted Support consumer journeys.

- As already provided to the FCA and HMT in prior engagement, we believe there are a multitude of detriments and missed opportunities that consumers face throughout their financial life journey, where they could be assisted by firms with specific Targeted Support interventions:

Personalised guidance category	CATEGORY 1: Investing in an ISA, Lifetime ISA or GIA	CATEGORY 2: Building, consolidating and investing in a pension	CATEGORY 3: Decumulating in retirement	CATEGORY 4: Protection
Key risks that firms would be obliged to manage:	• Customer invests when pension, emergency fund, debt repayment, protection may be preferable option • Customer invests with a time horizon under than 5 years • Lump sum invested by 1st time investor, which suffers a market fall outside customer's risk appetite • Customer chooses investments that do not match their risk appetite or investment time horizon • Investment leads to poor diversification • Short-term holding periods • Investment is subject to Infrequent rebalancing • Customer perceives they've had advice • Customers investing before they have a sufficient emergency fund / cash buffer for near term known expenses • Customers end up in uncompetitively priced investments • Customers ends up with suboptimal wrapper choice (ISA Vs LISA Vs Pension Vs Workplace Pension Vs GIA)	• Customer under-saving for retirement • Customer stopping saving towards retirement (from disillusionment) • Customer committing additional savings without managing debt, adequate protection, emergency cash buffer • Customer saving into a pension when access required before NMPA • Customer potentially breaching allowances (MPAA / TAA, AA, LTA) • Customer missing out on employer matching contributions • Customer choosing investments that do not match their risk appetite or investment time horizon • Investments that don't suit decumulation preference-on glidepath to retirement • Customer losing a valuable protection by consolidating pensions • Investing with less than 5-year time horizon • Poor investment diversification • Short-term holding periods • Clients holding uncompetitively priced investments • Customers ending up with suboptimal wrapper choice (ISA Vs LISA Vs Individual Pension Vs Workplace Pension Vs GIA NB: It is proposed by TISA that the Regulated Financial Guidance regime <u>should not</u> be used for Defined Benefit pension transfers	• Accessing with poor tax efficiency • Investing with under 5-year time horizon • Investments not matching risk appetite / time horizon • Poor investment diversification • Investments not aligned to drawdown strategy • Other retirement options not considered e.g. annuity purchase • Income withdrawals too high (drawdown) • Income withdrawals too low (drawdown) • Short-term holding periods • Infrequent rebalancing • Client perceiving they've had advice • Cognitive decline • Clients uncompetitively priced investments NB: Proposed that personalised guidance regime <u>cannot</u> be used for Defined Benefit pension transfers	• Over insuring • Under insuring • Taking out protection when debt repayment, emergency fund, workplace pension membership could be preferable • Wrong type of cover (decreasing Vs level Vs WOL) • Taking out in wrong name • Client perceives they've had advice

- We also believe that firms need to have a responsibility to mitigate the risk of consumers receiving poor outcomes, on the back of Targeted Support – e.g. customer perceives they've had advice – and that firms should be obliged to build Targeted Support journeys accordingly so that the customer is aware throughout the process that they are being supported in making their own decision and not being told what they should do.).

Q10: Do you agree with the high-level minimum requirements for a proposed new standard for targeted support? Please explain your answer.

- We do agree with the proposed new standard for Targeted Support as it:

    i. Would allow customers to receive targeted interventions, based on personal circumstance data that firms either hold or collect, and that these interventions have the potential to materially improve their financial wellbeing.
    ii. Would allow customers to receive communications, rather than blanket marketing that can cause frustration and apathy.
    iii. Would align with existing Consumer Duty regulations, particularly the obligation placed on firms to enable and support retail customers to pursue their financial objectives.

iv. Would require firms to deliver a likely better, not best outcome for the customer, ultimately leading to a better outcome than no intervention at all.
v. Would require firms to demonstrate that the customer can understand not just the nature of the service, but the outcome that the Targeted Support suggestion is intended to achieve. This may have a secondary benefit of increasing financial literacy and awareness, even where options are not taken forwards.
vi. Remains principle-based, allowing for innovation, which can further increase the opportunities available to consumers.

- The codification that Targeted Support provide consumers with a better outcome (than would reasonably be expected if they did not receive Targeted Support) might not however be sufficient to ensure Targeted Support communications stop short of offering consumers personal recommendations. To prevent Targeted Support communications crossing into advice territory, it's codification should make clear to customers that:

  i. It is a 'People like you' suggestion, and therefore based on a subset of their personal circumstances that is shared by others.

  ii. It is not a personal recommendation to take a specific action with regard to a financial product.

- We also believe there is scope for the product governance requirements to be built in such a way to dovetail with the FCA's intended data-led approach to supervision. Indeed, we believe there is scope for the FCA to build a build a regulatory regime that anticipates and caters for mass-adoption of Targeted Support across the financial services industry – e.g. whereby "red flags" emanating from Targeted Support journey MI can be identified to both the firm and the FCA.

Q11: Are there any regulatory rules or guidance that apply to your firm which could impact on your ability – positively or negatively – to contact consumers and offer them targeted support? Please specify which rules and explain the impact.

Not applicable.

Q12: Which of the 3 options for types of suggestions would be most impactful under targeted support, and why? Are there any other options we should consider?

- We believe that Targeted Support in all three forms will be impactful to consumers. Help with an existing product will be just as important as help with choosing new products. For example, where an individual is withdrawing a potentially unsustainable amount from their pension, information about what is a more sustainable amount may be more useful than information about new products.

- There are scenarios we see where suggesting a single new product could be delivered safely under Targeted Support – e.g. 'People like you saving towards a house purchase deposit for 10 year's time should consider investing in a Lifetime ISA.' But this needs to be context based, as we would not wish for people to think they are receiving personal recommendations by way of Targeted Support. Also, in this particular scenario, it will be important that firms are required to manage conflicts of interest.

Q13: How should communications to consumers be framed so that they can effectively understand the targeted support they are receiving? Please give examples.

- We would make an overarching point that we think it is central for the development of these proposals that consumer testing takes place, so that the policy is built on real life evidence of what resonates with consumers when going through real life journeys.

- We also encourage the FCA to work collaboratively with the ICO, to factor in their expertise.

- That said, it is our view that communications should make the following clear:

    - That the Targeted Support communication is relevant for people like them (based on a subset of data regarding them), but not them specifically.

    - What characteristics, needs and objectives have been taken into account in order to produce the Targeted Support communication.

    - That the consumer is responsible for making sure that their decision(s), made on the back of the Targeted Support communication, is right for their individual circumstances.

    - That the firm is responsible for ensuring the Targeted Support communication is clear, fair and not misleading and that recourse will be available if the communication does not satisfy those requirements.

Q14: Do you agree that targeted support should not necessarily be subject to explicit charges? If so, how should firms be remunerated, and why?

- We strongly agree that no explicit charge should be required for Targeted Support. Requiring a charge to be paid would be a significant hindrance and a "show stopper" for meaningful take up by UK households. As FSCS research and our own research has shown, the majority of UK adults don't seek regulated advice as they believe it to be too expensive or believe paid for financial support is not aimed at people like them.

- Firms ought to be able to seek their remuneration from existing fee sources or by targeting greater persistency levels from existing customers / greater new business, which would lead to increased profitability. The service could also be funded as a general overhead – particularly where Targeted Support is offered via digital avenues and the largest cost pertains to IT build and maintenance.

- We do see potential of various new innovative business models emerging for firms wishing to offer Targeted Support. EG:-

    - Targeted Support by non-product providers that earn marketing fees from product providers that the customer is directed towards, akin to the MoneySuperMarket and MoneySavingExpert business model (e.g. flat fee that is not dependent on choice of product or monetary value of product taken out by customer).

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  - Targeted Support that generates high-quality lead generation to advice firms, which advisers pay a lead-generation fee for.

Q15: If you agree with Q14, what safeguards and disclosure requirements should be in place to manage any conflicts of interest arising from enabling targeted support to not be subject to explicit charges, and why?

- There is a concern of firms using Targeted Support as a mechanism to sell their own product range, at the expense of the consumer being able to consider other product choices that are also distributed by the firm, that may be more appropriate for the consumer's needs. The Targeted Support regime should require firms to operate Product Governance controls that identify and mitigate the risk of product suggestions being skewed towards the products that lead to increased revenue/profitability for the firm. That said, we don't believe that the Vertical Integrated nature of any specific firm should be a barrier to that firm utilising Targeted Support, so long as conflicts of interest are managed.

- The following measures are proposed for this risk:

  - It is proposed that the FCA regulatory regime oblige firms to: i) identify the risks of consumers getting poor outcomes from Targeted Support; and ii) design personalised guidance journeys to manage all such risks. The FCA could of course access this information as a part of its Supervisory work.

  - The FCA could also place reliance on its *Consumer Duty* regulations which will oblige firms to: i) act in the consumer's interests when designing Targeted Support consumer journeys, ii) avoid developing Targeted Support journeys that lead to areas of foreseeable harm, and iii) ensure their products represent fair value.

  - Consumers ought to be able to receive redress for any Targeted Support that is unfair, unclear or misleading.

- It should be explored as to how FCA Conflict of Interest regulations for platforms and similar firms can be relied upon to prevent firms displaying Targeted Support to consumers that: i) artificially favours in-house manufactured products; and ii) creating unnecessary product churn (i.e. where consumers receive suggestions to move from one product to an identical one).

- In relation to the new business model suggestion, where fees could be payable for lead generation, the existence of this arrangement should be disclosed to consumers. Similarly if a firm received marketing fees, the existence of this arrangement should also be disclosed to consumers.

- Where Targeted Support is funded as a business overhead, this should not require disclosure. To draw a parallel, this is often how IT projects or even Compliance Teams are funded, and these structures and associated costs are not disclosed to customers.

Q16: Do you agree that there should be no limit on product and investment range or monetary value limits (beyond those applying to the Review as a whole and in the retail distribution space more generally) applied to targeted support? If you disagree, what should the limits on product and investment range and monetary value be and why?

- Agreed – we do not see the necessity for such limits.

Q17: Are there any other limitations which should be imposed on targeted support? Please explain your answer.

- We agree that Targeted Support should not be available in relation to DB pension transfer advice.

- We recommend the following additional limitations:

    - No complex or unregulated investments should be suggested to customers in a Targeted Support communication journey. NB: Targeted Support should however allow firms to shift consumers away from such investments, where risk of consumer detriment has been identified by the firm.

    - Appropriate carve-out to apply to ensure high-risk investments (restricted mass market investments and non-mass market investments) cannot be suggested to consumers.

- We believe it needs to be accepted that Targeted Support will lead to customers receiving different outcomes, compared to if they had received financial advice based on a full fact-find.

Q18: Do you agree with the disclosure objectives for targeted support? Are there other factors that consumers should understand when making decisions in relation to targeted support?

- We are supportive of the approach to disclosures set out in the Policy Paper and that the approach be outcomes-based.

- As per TISA's Regulated Financial Guidance policy proposals already presented to the FCA and HMT, consumers may also benefit from the following disclosures:

    - An explanation of the limitations of the Targeted Support service and the impact on the customer (e.g. the difference in consumer protections versus what they would be with regulated advice).

    - A recap of the information relied upon by the firm to issue the Targeted Support communication (e.g. "we are suggesting X to you because based on our records we understand A, B & C about you").

Q19: Do you consider an 'outcomes based' or 'prescriptive' approach to rulemaking most appropriate in underpinning disclosures for targeted support? If a prescriptive approach is thought more appropriate, please outline what detail you would like included and why?

- Overall, we believe the FCA should adopt an 'outcomes-based' approach. This aligns with the Consumer Duty and the wider drive by the FCA to embrace an outcomes-based approach which can foster innovation and maximising the diversity of products and services that are available to UK consumers.

- Different disclosures will be required to be made to the consumer based on the nature of the Targeted Support message, so an overly prescriptive regime is likely to ‘get in the way’ of consumer understanding.

- In respect of Targeted Support, we believe firms should be given flexibility to build consumer journeys – i.e. whereby firms can determine how and when disclosures requirements are met in the consumer journey. Firms are best placed to understand their customers’ drivers, objectives and needs and they are also best placed to appraise the suitability of their product sets.

- We believe there is an argument for certain prescriptions to be made clear to firms as to what needs to be disclosed to consumer recipients of Targeted Support. (For examples, see our response to Q13). Where a disclosure is prescribed, we think firms should be responsible for deciding the appropriate point in time and manner in which that disclosure should be made in the customer journey. There is ongoing research in this space and as more becomes clear about how consumers digest information across different channels, FCA requirements should allow firms to adapt to provide the latest best practices so they can continuously improve the customer’s experience and outcome.

Q20: How should targeted support be delivered from a regulatory and legislative perspective and why? Which regulatory and legislative mechanism should be used to deliver targeted support, and why?

- It is most important that HMT adds ‘providing targeted support’ as a new Part 4A permission into the Regulated Activities Order 2001 (“RAO”). This will give firms the unambiguous ability to take personal circumstances into account (of a subset of their customer base) when delivering Targeted Support, without the risk of contravening the definition of “Advising on investments” as set out in the RAO.

- Under Targeted Support, consumers will not receive a personal recommendation that is tailored to their precise needs and objectives and there will be a robust regulatory regime that applies to firms utilising the permission to protect consumers. Consequently, the FCA will need to disapply the MiFID Appropriateness Test and COBS9 as they are not appropriate for the Targeted Support regime. Alternative suitability requirements will be needed – ones that accept the premise that a consumer may end up receiving different outcomes depending on whether they were given Targeted Support versus Advice. It is also worth noting that disapplying the MiFID Appropriateness Test will have the added benefit of enabling the innovation opportunities presented by the Targeted Support regime proposal by way of new, digital consumer support journeys.

- The FCA should consider:

    - Requiring firms (wishing to provide Targeted Support) to have to apply for the permission through the submission of a business plan - setting out:
        - The scenarios and customer groups (new and/or existing) that the firm wishes to support
        - A clear definition of the improvement in good customer outcome problem that the Targeted Support journey is attempting to solve and the objective/s of such journey.
        - A clear definition of the action that’s desirable.
        - The **product governance & oversight** arrangements that will be in place.
        - The **resources & systems** that will be involved.

        - The **controls** that the firm will be operating.

    - Appropriate capital to be held by firms utilising the Targeted Support permission – to mitigate any adverse downstream impact on the FSCS.

Q21: Do you think the scenarios outlined for consumers considering investing a lump sum or reviewing an existing investment are appropriate for a new simplified advice regime? Please suggest any other scenarios where simplified advice might be appropriate and could benefit consumers.

- We broadly agree that the scenarios listed in paragraph 5.10 of the Policy Paper lend themselves to the provision of Simplified Advice. For instance, in each scenario:

    - The customer has a need for advice to evaluate a fairly straight forward decision – e.g. to keep lump sum saved in deposit accounts or invest, to keep invested in present fund holdings or an alternatively devised portfolio, how to invest a large one-off lump-sum inheritance.
    - Any decision taken on the back of the Simplified Advice service would be reversible.
    - There is the ability to simplify the required fact-find, by excluding personal circumstances that are not directly relevant to the particular choice that the customer wishes to make.

  Our one caveat is in relation to the third scenario (helping someone invest an inheritance), where advice is required on investing across wrappers, including a pension, where it may be more difficult for a personal recommendation to be delivered via Simplified Advice.

- We have consulted with our membership base on other types of scenarios that firms would like to be enabled under Simplified Advice, including:

    - Choosing an appropriate annuity.
    - How best to invest money already held in a pension.
    - Helping with funding levels into an existing pension.
    - Consolidating a DC pension (that does not have protected benefits/GARs etc).
    - Commencement of a new pension where a workplace scheme does not exist or the consumer is self-employed.
    - Helping workplace members who want to come out of the default fund with investment decisions (possibly subsidised by the employer).
    - Reducing the number of people who take the tax-free cash sum at 55 – demonstrate the pros and cons of taking it too early, taking into account future aspirations, debt, wider savings, current and likely future income.
    - Income withdrawals – cash flow modelling and income and expenditure can be used to suggest a sustainable income.
    - Lump sum withdrawals at retirement - to assess income tax implications by using personalised data.
    - Help with product choice once the decision to annuitise or take income drawdown has been made.
    - In drawdown, a service to check that the level withdrawals are still sustainable.
    - In later life, help with moving from income drawdown into an annuity.
    - Situations in which a customer has identified the need for an individual protection product but are unsure of the type/amount/term that they need.

- Situations where existing customers want to take out additional cover or add benefits to an existing product.

- However we appreciate that once decisions taken are not-reversible and the required fact-find needs to become exhaustive to ensure the customer can be delivered a good outcome, such scenarios lend themselves less to Simplified Advice.

Q22: Do you agree that wealth accumulation products should be in scope of simplified advice, and why? Are there any wealth accumulation products that you feel should be included or excluded, and why?

- Our overarching point is that we don't believe there will be significant take-up across the industry of the Simplified Advice regime, as presently envisaged in the Policy Paper – see our answer to Q26.

- Wealth accumulation products that ought be in scope of Simplified Advice include: Stocks & Shares ISAs, Junior ISAs, Lifetime ISAs and General Investment Accounts.

- Given the irreversible and complex nature of pension accumulation decisions, we are undecided as to whether Simplified Advice can deliver a good outcome, utilising a constrained fact find, in a robust manner for such decisions. The FCA ought to work with interested individual firms on their Simplified Advice proposition plans to determine whether a simple fact find can be constructed that still delivers a good outcome.

Q23: Do you agree that pensions decumulation should be out of scope for simplified advice, and why?

- We appreciate the FCA's reticence here (for the reasons we also acknowledge in our answer to Q22 above), but given the success of Auto-Enrolment, there is a mass market of pension savers who will need to make decisions as they approach, reach and go through retirement. According to ONS data, roughly 75% of people employed in the private sector participate in their workplace pension, with millions of people needing to make these decisions in the next 10 years.

- Whilst we support Targeted Support being made available to people needing support with pension decumulation decisions, some customers will be more comfortable receiving a personalised recommendation and it's important that consumers can access the help they want, when they need it at an affordable cost.

- We encourage the FCA to work with interested individual firms on their Simplified Advice proposition plans to determine how this could be taken forwards in a manner that delivers good consumer outcomes.

- Given the importance of pension accumulation and decumulation decisions to so many consumers, Simplified Advice should aspire to be made to work for such decision making.

Q24: Do you consider that a cap of £85,000 is the correct investment limit for simplified advice? If not, please suggest an alternative limit, and explain why this would be more appropriate.

- If a consumer with a £100k+ cash lump sum (e.g. due to inheritance) presents to an adviser with the need for advice on how best to invest such a sum, with no other advice need, we don't see a problem with that consumer being delivered Simplified Advice.

- We don't think a limit needs to apply. Ultimately, the Simplified Advice will need to deliver a personal recommendation on how best a lump sum be invested.

Q25: Do you consider that simplified advice should allow firms to provide repeated instances of transactional advice to a customer but exclude ongoing and periodic review services? Please state the reasons for your answer.

- There may be instances where consumers proactively seek advice on an ad hoc, transactional basis. For example, a customer made an ISA contribution in year 1 and wants to check if the fund remains suitable in year 2. Being able to go back and check, on a regular basis may provide consumers with peace of mind and firms should be able to provide this support to customers.

- It is important that a continuum of support is made available to consumers and that consumers are made aware of the support options available to them, so that they can make informed decisions about what represents value-for-money for them in their personal circumstances. Further work is needed to explore this area and the potential for commercially viable models.

Q26: Could including the information to be collected from a client in Handbook rules provide the legal certainty for firms to offer a simplified advice service, while still providing appropriate levels of consumer protection? How might that be delivered? Please explain your answer.

- Including the information to be collected from a client in FCA handbook rules would certainly provide legal certainty for firms to offer a Simplified Advice Service. In addition:

    - It would also open up the possibility of allowing firms to <u>not</u> have to use the services of fully qualified advisers to undertake the required fact-find and provide the Simplified Advice.
    - This would mitigate the risk of the Financial Ombudsman Service making adverse rulings against the firms and enable the industry to make use of the regime to develop scalable, low-cost advice solutions.
    - This would make it the service much more commercially viable for firms.

- By way of illustration in relation to the FCA's original *Core Investment Advice* proposals (in relation to Stocks & Shares ISA investing), such regulatory checklist could refer to the need for firms to check: i) that the customer has a 3-month rainy-day fund available for emergencies; ii) the customer does not have outstanding high-cost debt; iii) the customer at least has a 5-year time horizon available to invest; iv) the customer has sufficient understanding of the risks & rewards of investing; and v) the customer is making their pension contributions to fully make use of their employer's matching contributions.

- An alternative approach would be for the FCA to provide a suitability prescription that allows firms to expressly <u>exclude</u> personal circumstances from the fact-find that are not directly relevant to the Simplified Advice need of the customer, on the basis that the customer only wants Simplified Advice and the necessary disclosures have been made (e.g. to alert the consumer to the types of issues that won't be considered in the Simplified Advice process). Under this basis, the firm could then devise its own fact-find checklist.

- The biggest concern for firms would be a customer making mention of something unrelated to their specifically requested Simplified Advice need during the fact-find process, which would be capable of being spotted by a fully-qualified adviser but not so by a lesser qualified adviser. As a result, and to ensure Simplified Advice can be delivered economically, the FCA would need to write into the rules that the firm can rely upon its disclosures made to the customer of the specific bounds of the Simplified Advice service (being a lower cost and more constrained service than full financial advice).

- We also recommend that the FCA works with the FOS to jointly publish some acceptable example scenarios. These examples could include where a customer, having gone through suitable process and disclosure, subsequently makes a claim with the FOS with examples of both FOS finding in favour of the adviser (on the basis the customer is seeking redress outside the bounds of the Simplified Advice are delivered) and in the customer favour (where the adviser has not complied with the Simplified Advice regime).

Q27: Do you have any suggestions for how to make it easier for consumers to pay for simplified advice, without undermining the changes made as part of the RDR?

- We do not have any further suggestions at this stage, however developments in digital technology could lead to opportunities to bring Simplified Advice costs down for the benefit of consumers.

Q28: Do you agree with our proposed T&C framework for simplified advice? Do you agree that firms and advisers wishing to provide simplified advice on more than one product type should comply with the same T&C standards as for holistic financial advice?

- We agree with the FCA's proposed proportionate T&C framework for Simplified Advice, whereby advisers would need to be appropriately qualified in the product categories within scope of the Simplified Advice service – i.e. to give Simplified Advice relating to pensions, the adviser ought to have pensions advice qualifications. This would then be scaled up depending on the product type for which simplified advice is offered. It does not follow that simply because an advisor is offering advice for 2 or more products, their qualifications should be in respect of all products. This is disproportionate and unnecessary.

Q29: If the proposals in this paper are taken forward, do firms consider there should be any amendments to the Dispute Resolution sourcebook to enable them to provide different levels of support? If so, please describe them.

We have no comment on this question.

Q30: We welcome views on whether stakeholders believe the scope of FSCS protection should include the 3 proposals in this paper, or whether FSCS protection might be more appropriate for some proposals or products than others, and why.

- We believe that FSCS protection ought to be enabled for Targeted Support and Simplified Advice.

- In the case of Targeted Support, customer ought to be able to complain and seek compensation in the event that the support was unfair, unclear or misleading.

- In the case of Simplified Advice, the customer ought to be able to complain and seek compensation in the event that the advice was poor.

Q31: What examples of consumer support do firms want to provide to consumers, particularly in light of our proposals, but feel they are unable to do so because of PECR direct marketing rules or other data protection rules? Evidence on the consumer outcome being sought and, where appropriate, reasoning for why direct marketing rather than other communications is necessary for delivering this outcome, would be welcome.

- Increasingly, individuals want to engage with their pension provider via a digital channel and means. Pension schemes used for Auto Enrolment have low permission levels for email marketing, because the pension arrangements are not set up by individuals directly with the provider – they are arranged through communication with the employer. This means it is not easy for pension providers to arrange a "soft opt-in" directly with the scheme member which would enable marketing communications to be sent under PECR.

- Below are examples of the types of email communications that could help customers with decision making and improve their retirement outcomes, but would be considered marketing under the ICO's current guidance and therefore a breach of PECR if sent electronically.

  <u>Consolidation of workplace pensions arrangements</u>
  For *occupational pension schemes*, the employer/adviser or the scheme trustees can move members to another scheme – typically where it is identified that the new scheme provides better Value for Money for the members. However, if employers and their advisers see a transfer to a new *Group Personal Pension* as being in the interests of savers, individuals must elect to transfer their benefits to the new pension scheme. The new provider <u>cannot</u> contact savers and encourage them to transfer their old pension pot(s) into their new pension scheme as this would be considered a marketing communication and so must not be sent by email, unless the provider has the saver's consent to receive email marketing. These schemes can only request their customers set marketing preferences in paper communications. While the new provider may be able to rely on the legitimate interest lawful basis to send consolidation messages to savers by post, this is known to be less effective. Hard-copy messages are also not compatible with an online transfer process.

  <u>Pension tracing</u>
  Communications promoting pension tracing tools are likely to be considered marketing as they may lead to consolidation activity. Helping people identify lost pension pots can however reduce the proliferation of pension pots due to changing employers, or their employers changing the type of pension scheme they offer to their employees. At the level of an individual saver, pension tracing tools enable people to keep track of their money and can assist them to make informed decisions about their retirement savings, by giving them a more complete picture of their savings position.

  <u>Financial advice</u>

The move towards reliance on defined contribution (DC) pension schemes has shifted responsibility to savers for deciding the amount they save, where they save and which investments to choose. These decisions are helped by default positions within workplace pensions, but these defaults will not be appropriate for everyone. Savers also need help navigating complex retirement decisions, which can have a significant outcome on retirement outcomes. The new Consumer Duty calls for firms to provide products and services to help consumers achieve their financial objectives and to communicate and engage with consumers to help them make effective, timely and properly informed decisions about financial products. Some firms will offer advice and guidance services however they are unable to provide them with any information on these services as it is likely to be considered a marketing message.

Q32: What steps could be taken to provide reassurance about the electronic communications that firms can provide to give greater consumer support, in compliance with PECR direct marketing rules? Do you consider a similar approach to the joint FCA / ICO letter on savings rates may help provide additional clarity on this?

- Whilst examples have been previously been provided by the ICO, these only cover a set number of scenarios and do not follow the principles-based approach that firms need to provide reassurance across a whole range of potential scenarios.

- The communication examples highlighted in Q31 are designed to help firms meet their Consumer Duty requirements, such as preventing foreseeable harm. The one change which would make the biggest difference is to amend the Auto-Enrolment new member process, so that the ‘soft opt-in’ could be captured up front by the employer before providing the employee details to the pension scheme.

Q33: How can we design the policy proposals to best strengthen competition in the interests of consumers? Are there any risks or perverse incentives we should be aware of? Please provide specific examples.

- The proposals should be taken forwards in a way that broadens the range of advice, guidance and support services that can be made available to consumers. Such range should cater for the diversity that exists in consumer needs and objectives, so that everyone can access the support they need. We see the Policy Paper proposals as helping to build this range.

- It should however be recognised that the proposals, in themselves, are not likely to be enough to close the advice and support gap and that ongoing work will be needed by HMT and the FCA in this area. As we have identified in our Policy Paper response above, changes are necessary to the Simplified Advice regime to make it more commercially viable and to explore how it can be made available to help people with their pension decumulation decision-making.

- The Number 1 constraint to product innovation by the industry is lack of consumer engagement. To address this, the Targeted Support policy proposal should be designed in such a way as to enable the industry to help empower consumers to understand their current financial picture, the detriments they face and what they should consider to improve their financial wellbeing. This will require the regime to be designed with a broad scope in mind (as we have articulated in our response to Q8). As consumer awareness and engagement increases, this could lead to product providers offering better, more competitive products, including new products and propositions for their more engaged customer base.

For example, the FCA's [Financial Lives Survey] showed that in 2022, 42% of UK adults had >£10K in investible assets. Targeted Support in the future could provide an avenue for firms to help those consumers invest their assets, which in turn, could lead Cash-Saving product providers pricing their products more competitively to combat outflows. Similarly Targeted Support could be used to encourage customers to switch out of funds that offer poor value for money, such as an expensive tracker fund, thereby incentivising fund manufacturers to address the poor value for money more proactively.

- In relation to the Targeted Support proposal, as mentioned in other responses, we do see there being a space for new entrants (including specialist financial guidance providers who will not be product providers) to provide Targeted Support, leveraging the Open Finance and Open Banking data. Open Finance and Open Banking will lead to the enrichment of the data sources available to firms and new entrants. We note that there would be start-up costs for new entrants, including technology and regulatory costs. However, we see these as necessary, in order to ensure that Target Support service offerings are robust and appropriate.

- As mentioned in our response to Q15, firms may use Targeted Support as a mechanism to suggest their own product range, particularly vertically integrated firms. So long as the regulatory regime ensures firms manage conflicts of interest appropriately, we would not wish this activity to be precluded from the Targeted Support regime. It should be considered a significant improvement for consumers to act upon Targeted Support communications to improve their financial circumstances, even if that means purchasing the products of their existing product provider.

- We also wish to make the comment that it is not poor competition within the industry that is leading to the main source of detriment with consumer financial decision making. It is rather lack of consumer engagement, particularly with financial services they have an existing relationship with, that is causing harm. Targeted Support and Simplified Advice will be new tools that firms can use to address lack of engagement.

Q34: How do trustees feel the advice boundary restricts the support they want to give, including around decumulation, taking into account DWP's proposals? Do any other regulated activities or regulatory requirements constrain the support trustees wish to provide? Please give examples.

- We acknowledge that the advice-guidance boundary is not as relevant to trust based occupational schemes, due to rights under occupational pension schemes not being *specified investments* for the purposes of the "advising on investments" activity under Article 53 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001. However, this does not mean that firms are not liable for any inappropriate guidance that is provided. The boundary does become relevant to occupational schemes where reference to an FCA authorised service is made – for example providers operating in both the contract and trust-based regimes may operate a decumulation product that is FCA authorised. Any reference to this to trust based members means that the boundary becomes relevant.

- Trustees will often seek the advice of pension lawyers before deciding on the nature of the guidance they will provide to their scheme members. Given the absence of regulation for Occupational Pension Schemes in this area, comparable regulations will be used as a benchmark. This means existing FCA regulations on the advice-guidance boundary may be used to determine what is deemed an appropriate level of support.

- Pre-2012, the UK had a group of generally engaged pension savers. However, the successful implementation of Auto Enrolment means we now have a mass market of pension savers who are largely unengaged. Given only 8% of adults received regulated financial advice, it is incumbent on the Government, regulators and industry to create a support framework for the millions who will need to make retirement decisions as they approach, reach and go through retirement.

- Pension Decumulation involves a highly personalised journey and as such, general communications for all members will be inappropriate for many. An element of personalisation is required to make the support meaningful and relevant; however, the use of personal data held on scheme members raises concerns from firms that they will breach the advice boundary. General concerns include providing guidance on sustainable income levels in Drawdown, investment options for Drawdown and the potential benefits of a blended approach of Annuity and Drawdown as retirement progresses.

Q35: Are there any considerations concerning the investment advice boundary for non-authorised persons you wish to raise?

We believe firms should be properly authorised, if they wish to offer Targeted Support of Simplified Advice propositions to consumers.