



30th November 2012

Welcome to TISA talk, this week –

- Malcolm Small, Director of Policy at TISA, comments on the potential impact of the DWP's consultation on removing NEST's contribution and transfer restrictions.
- Peter Smith, Head of Distribution Engagement at TISA, discusses how D2C solutions could capture disenfranchised clients post-RDR.
- Jeffrey Mushens, Technical Director at TISA, provides an update on TISA's projects.

TIME TO TAKE THE BRAKES OFF NEST?

The DWP is currently consulting on whether the restrictions on maximum contributions to the National Employment Savings Trust (NEST) and the current ban on transfers into, or out of, it should go. Commentator opinion, as with so much in pensions, is divided. The restrictions were originally put in place to protect existing, good, schemes from finding their contributions "poached" by NEST in the early years of operation, but there was always a sense that such measures might be temporary. Some commentators suggest that the bans are still valid and some that they are still important, but that they could be lifted in a couple of years.

However, if the "pot follows member" policy initiative is to work, transfers into and out of NEST must surely be allowed. Furthermore, an increased asset base in the scheme will allow faster repayment of the very large taxpayer loan paid to set it up. More questionable is the abolition of the maximum contribution limit of around £3,600 per annum. The vast majority of the target market will contribute nowhere near this level each year, and this cap does clearly protect existing schemes and keeps NEST focussed. So keep the cap and allow transfers?

Malcolm Small, Director of Policy

CAN'T PAY, WON'T PAY

This week Baroness Greengross challenged the government on how it will avoid a pensions advice gap triggered by the RDR and financial advisers segment in client profitability. Interestingly, on the same theme, this issue was raised by a number of adviser attendees at the FSA "Journey to the FCA" roundtables. Advisers expressed concern that they have customers who "can't pay" and "won't pay". Sentiment centred around what would happen to those clients particularly if the Money Advice Service does not reach them.

The answer could obviously be the emergence of D2C solutions, a number of which seem to be on the drawing boards of various providers, advisers, fund groups and platforms together with emerging digital solutions providers. A lot of thought is required to achieve the right customer outcomes whilst fitting within the regulator's themes on suitability, product governance and improved customer outcomes.

Coincidentally, the very same issue was raised by members of TISA's Distribution and Wrap & Platform Councils this week as a key issue to be addressed on behalf of the industry. TISA is currently considering the formation of a Committee to share best practice across the market, discuss demonstrating appropriate suitability and improved customer outcomes of those who may otherwise become disenfranchised from financial advice services.

The emergence of solutions such as "HelloWallet" in the USA in addition to "Money Vista" and "Pensions Wizard" by 'Wake up Your Wealth' already here in the UK could provide alternate solutions or models for advisers to adopt.

Peter Smith, Head of Distribution Engagement

TISA PROJECTS GATHER PACE

Usually, the City likes to clear its desks prior to Christmas, but this year the volume and pace of work seems to have ramped up somewhat.

The end is in now in sight for the Structured Deposits project, with the Committee members poised to agree the final industry practice and, subject to input from UKSPA, we hope to obtain FSA approval for the guide early in the New Year. This will be a decent outcome for future customers as well as the industry. The FATCA Committee was launched on Wednesday with around 30 firms present. We've agreed objectives and areas of focus. There were strong themes of desire for consistency of communication within the industry and understanding the roles and responsibilities of industry members. The first working meeting will be in the New Year.

In the Wraps & Platforms space, TISA has been invited to a number of meetings with the FSA and HMRC and will be picking up the dialogue on RDR and legacy issues with the FSA shortly.

Finally, re-registration and its actual implications in practice for firms and suppliers have come to the fore. Yesterday's inaugural meeting of the TeX Operations Advisory Council was packed and participants eagerly discussed the issues and practicalities.

Jeffrey Mushens, Technical Director