THE KIIDs ARE ALRIGHT!
The influence of Brussels over UK financial services continues, with further legislation proposals emerging. One of the latest affects those firms producing or selling packaged retail investment and insurance-based investment products (PRIIPs). They will have to produce key investor information documents (KIIDs) as a result of planned EU legislation designed to make it easier for retail investors to compare and interpret products recommended by advisers.

New rules have been passed by the European Parliament as a regulation, meaning that they will have direct effect on member states without national law implementing measures. In the UK, as with other directly applicable EU financial services legislation, the UK regulator the Financial Conduct Authority (FCA) will transpose the regulation into its Handbook.

The European Commission has proposed the KIIDs requirement as part of wider powers to improve investor protection in the sale of retail investment products. These actions have included proposed revisions to both the Markets in Financial Instruments Directive (MiFID) and the Insurance Mediation Directive (IMD), the revised directives being known as MiFID II and IMD.

KIIDs will be uniform disclosure documents giving standardised information about products that are designed to give retail investors sufficient clear information on the range of PRIIPs to compare them for suitability and value. The Commission hopes this will increase competition as well as boost transparency for investors.

The downside is that the production of KIIDs for each PRIIP will be a time consuming and costly process and will provide regulators with a spectrum to monitor any non-compliant behaviour.

The regulation on KIIDs has been adopted by the European Parliament and, if approved by the Council of Europe, will take effect from the middle of 2016. In addition to the packaged investment products that had been targeted since the first legislative proposal, as a result of final round negotiations, the Regulation will also apply to insurance investment products but not to most pensions and directly-held shares and bonds.

Peter Smith, Head of Distribution Engagement

RETIREMENT HAS JUST GOT EVEN MORE FLEXIBLE
Whatever retirement is – and, unlike previous generations, for millions of people now it isn’t about giving up work on a Friday and wondering how to occupy ones time on the Monday - it just got even more flexible.

I say “even more flexible” as it comes hot on the heels of George Osborne’s well received announcements in the budget which allow pension savers from April 2015 to have unprecedented access to their accumulated defined contribution pension pot from age 55, whereby they can opt to take cash (all of it if they want, subject to marginal rate of income tax), buy an annuity, go into drawdown, or a combination of the preceding options, at a time that is appropriate to their circumstances.

So what’s happened?
Flexible working is what’s happened. From 30th June 2014, all employees (not just parents and carers) regardless of age have the legal right to request flexible working where they have worked for the same employer for at least 26 weeks.

Flexible working can include job sharing, working from home, part-time, compressed hours, flexitime, annualised hours, staggered hours and phased retirement.

Employers must deal with requests in a ‘reasonable manner’ by:
- Assessing the advantages and disadvantages
- Holding a meeting to discuss the request with the employee
- Offering an appeal process.

An employer can refuse an application if they have a good business reason for doing so.

Experience so far is that employers have been agreeing to the majority of requests, which suggests that it is likely that an increasing number of older people will be able to work part-time in future, meaning that they can transition into retirement much more gently.

Many people in their 60s are still fit and healthy and want to work, although perhaps not full-time, so these changes mean that they can continue to generate an income, possibly save more into their pension before it is needed and allows the employer to retain the skills, knowledge and experience that older workers offer.

Together these changes allow people more than ever before to have control over the way that they choose to transition from full-time work into partial retirement and then on into full retirement.

A final thought - to offer complete flexibility (and to remove one of the barriers to people saving into a pension) - wouldn’t it be great if everyone, regardless of age, and whether in a DB or DC scheme, could have easy access to their pension savings to help with life’s unexpected (or even expected) events? If someone has been sensible enough to save into a pension in the first place then are they really likely to access the funds early and blow it all, probably not – which is the same argument used to justify the changes announced in the budget which allows full access to cash from age 55.

After all, they can always replenish at a later date when finances allow.

Jeremy Lee, Manager – Retirement & Technical