

18th January 2016

Tracey Dawson
The PQM Ltd
Cheapside House
138 Cheapside
London
EC2V 6AE

Dear Tracey,

Response to Consultation Paper – Developing a Retirement Quality Mark

TISA is pleased to provide a response to this consultation paper, based on data from the FCA Market Study of retirement income choices made since April 2016 in addition to matters raised by our members in our Scottish seminar on the new retirement income market.

Summary of response

TISA welcomes the proposals for a Retirement Quality Mark for simple income drawdown products. In particular, we note that since "Freedom and Choice" a new type of income drawdown customer has emerged, with smaller pot sizes than before and without access to financial advice, either at sale or on an ongoing basis. We feel that your efforts to recognise good practice in the market should be focussed particularly on this new breed of customer.

There is scope for you to lead an improvement in quality of income drawdown products for this particular group and we would encourage you to use RQM as a way of moving the marketplace to serve these customers better. There will also be other income drawdown products that are aimed at wealthier and advised customers and you should not become distracted by trying to bend your standards to include such schemes.

We are concerned that the issue of what is an appropriate starting rate for income drawdown has not been addressed. We include evidence and analysis on this point in our detailed response. It seems incongruous that consumers don't receive help with this important choice at outset, but will then receive alerts later on after it's become apparent that they made the wrong initial choice.

We suggest it would be helpful to engage with the complaints divisions of some pension firms to establish a clear insight into customer complaints. With long term products such as retirement income, complaints will emerge many years later and be built upon the weakest point of the proposition. Some of the terminology in the consultation paper, such as "clear and engaging" is ambiguous and open to multiple interpretations. It is important to avoid the situation where

Page 1 of 2



something has been branded as being good quality when the assessment is subjective, and customers have subsequently suffered losses. To avoid this, and to be clear to consumers what is being offered and what is not, standards need to be capable of being evidenced in an incontrovertible manner, and that evidence kept for posterity.

We will be pleased to engage further with PLSA and PQM on any of the matters we have raised in our consultation response.

Yours sincerely,

Adrian Boulding
Policy Strategy Director