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Maggie Craig  
Policy, Risk and Research Division  
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Dear Maggie

### **CP14/11: Retirement Reforms and the Guidance Guarantee**

The Association of Professional Pension Trustees is an organisation of over 120 individuals who act as professional independent trustees to UK occupational schemes, some as sole practitioners and some working in firms of such practitioners. Our members represent a large number of mainly larger pension funds with combined assets of several hundred billion pounds.

Our aims are to:

- encourage and promote the highest professional standards in those who practise as professional pension trustees
- promote the role of professional trustees

### **APPT's response**

In preparing our response, we surveyed our members, and their comments have formed the basis of this response.

*Do you have any comments on the FCA's proposed standards for delivery partners are appropriate?*

Our view is that in order to maintain consistency and quality of service those with immediate responsibility for providing Guidance should be required to pass an appropriate professional qualification. They should then be subject to an ongoing regime of Continuing Professional Development in order to ensure that they are aware of relevant changes. They would also be under the supervision of a suitable Professional Body. This regime would be comparable to that currently applicable to retail Financial Advisers.

*Do you agree with the proposed content of the signposting information?*

Our members are satisfied with the proposed content.

*How might this information be standardised in future?*

We believe that the format of information provided to consumers should be formally prescribed.

*Do you agree with the proposal to align the timing of the signpost with the existing timing requirements for wake-up packs?*

We agree with this.

*Do you agree with the proposal to introduce a transitional provision to ensure that those receiving wake-up packs before April 2015 do not miss out on being signposted to the guidance?*

We agree with this suggestion.

*Do you agree with the proposal to add guidance that firms should not do anything to actively discourage their customers from using the guidance guarantee?*

Yes.

*Do you agree with the proposal that firms should refer to the availability of the guidance whenever they are communicating with a customer about retirement options?*

We agree that it is important that firms should be seen to be co-operating fully with the Guidance Guarantee service.

*Do you agree with our proposal to clarify the information provision requirement and add guidance on information that should be included?*

We agree that it is vitally important that information is clear to consumers. This is essential if public confidence in the new system is to be achieved and maintained.

*Do you have any comments on whether further requirements should be placed on provider behaviour and communications?*

We believe that providers should be required to ensure that no major decisions are made before consumers have had an opportunity to use the Guidance Guarantee or, where appropriate, so seen independent advice.

*Do you agree with the proposal to remove the reference to maximum withdrawals and require a general statement about sustainability of income?*

We agree with this. However, we are particularly keen to ensure that consumers have a full understanding of the tax implications of all available options.

*Do you agree with our proposal to remove the reference to maximum withdrawals in COBS 13 Annex 2 2.9R?*

Yes

*Do you agree that there do not need to be any changes to the Key Features contents rules?*

We do not believe that any changes are required.

*Do you agree that the projection of an annual income in retirement and a projection of the total fund is still useful and therefore this rule should not be amended?*

We believe that this rule continues to be useful. This provides members - if only in broad terms – with an indication of what their post-retirement income is likely to be and so allows scope for appropriate preparation.

*Do you agree with the proposal to add a requirement for providers to provide their customers with a description of the possible tax implications when they are applying to access some or all of their pension fund using any of the options available?*

We agree that this would be appropriate. However, we also believe that this topic should also be addressed in the Guidance session. Potentially, guidance on tax is the most important information to be provided via the Guidance Guarantee.

Yours sincerely,.



Nita Tinn  
Association of Professional Pension Trustees