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| *Content type* | **Publication** |
| *Date* | 7 November 2012 |
| *Title* | **“Advice for all”** |
| *Excerpt* | With around 50 days to the introduction of the retail distribution review (RDR), the International Longevity Centre-UK (ILC-UK) has today published “Advice for all”, a new report which sets out practical solutions to address the advice gap post RDR. |
| *Body copy* | The report argues that greater transparency in the annuities industry, better targeted information for consumers and a greater role for technology could play a significant part in mitigating any negative impact of new rules which change the way people pay for financial advice.“Advice for all” highlights four urgent challenges which must be addressed in order to prevent consumer detriment:1. **The advice gap**: those with modest incomes may no longer have access to advice and could lose out on much needed retirement income.
2. **Too few savers are exercising the Open Market Option**: retirees are losing out on retirement income through annuity providers’ failure to promote OMO properly.
3. **Information overload**: more needs to be done to ensure customer information is developed from a consumer, rather than compliance, perspective.
4. **Lack of focus on the right type of annuity**: there is a risk that consumers focus on the annuity rate they receive, to the exclusion of whether the type of annuity they are purchasing is right for them, which is critically important.

The report also highlights 4 longer term issues to be solved:1. **Erosion of savings culture and industry trust:** Confidence in savings is low due to the poor reputation of the financial services industry.
2. **Tackling opaque products and rates:** Lack of transparency damage customers’ confidence in the industry and prevent consumer engagement with pensions.
3. **Slow pension transfers:** The mechanics of the pensions industry has made it difficult for retirees to get good annuity rates and accordingly erodes trust.
4. **Too many small pension pots:** Fragmented pension pots do not engender engagement in the way a large pension pot does.

Following the RDR there are concerns that fewer advisers will provide full advice to those with average pension pots, with some choosing instead to shift up the wealth spectrum.“Advice for all” highlights the views industry and voluntary sector experts outlined at the Retirement Income Summit, hosted in June 2012 by ILC-UK and sponsored by Aviva and Partnership.Delegates at the Retirement Income Summit were asked to vote on different policy proposals during the event:* **84%** of delegates at the summit agreed that better consumer outcomes would be achieved if simplified advice was made workable.
* **85%** agreed that non-advised solutions combined with more financial education, transparent communication and appropriate ‘nudge’ techniques could help people get more from their pension pot.
* **63%** agreed that all pension customers approaching retirement should receive a one-page letter explaining that shopping around could provide them with more income.
* **65%** said the Government should consider some simple defaults for annuity purchase
* **79%** of delegates said benchmark annuity rates for non-open market annuity providers should be published.
* **83%** said advised and non-advised services should be subject to the same rate transparency requirements.
* **82%** agreed that the Government and industry should develop detailed proposals to simplify the pensions transfer process further, whilst 95% said the industry should improve the flow of information from the current pension scheme to the member and their adviser and to release the monies to the new provider more easily and quickly.

“Advice for all” calls for immediate action to reduce the risk of an advice gap which could result in poorer and less well advised pensioners. Of delegates surveyed at the start of the Summit, **78% believed the RDR will result in an advice gap** for people with small pension pots.The policy recommendations from the experts at the Summit include:**Greater transparency:*** The industry should create a comprehensive league table of annuity rates and a directory of advisers.
* Annuity providers must publish all annuity rates, regardless of whether they offer them just to current policyholders or open to all retirees.

**Better information for the consumer:*** Consumers should receive from their pension provider, the key details about their policy on just half a side of A4 paper.
* All consumers should have the right to a short conversation about their retirement options.
* Providers and regulators should work together to ensure consumers no longer receive volumes of compliant but ultimately overwhelming information.

**A greater role for technology:*** Annuity advisers and providers should explore greater uses for technology in delivering advised and non-advised services to help people understand their options at retirement and help them make an appropriate decision.
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