

Helping people with their retirement choices

People first, pensions second.

Delivering the guidance



What we do?

1. Free information and guidance to the public on pension matter

- Talk to pensions expert
- 80,000 customers (2013/14)
- Telephone, web chat, online, written
- 41 employees
- 400 volunteers
- Budget of £3.5m

2. Help by resolving disputes between the member and the pension scheme

Content

1. Why is guidance needed
2. What is guidance
3. Delivery of guidance
4. Challenges
5. Pension scams
6. Summary



Why is guidance needed?

- **People struggle with pensions;**
 - complex, difficult to understand, impenetrable language, confusing process, different rules, impossible to navigate and imagining what the future maybe

I have an annuity and wondered if you could tell me if the new regulations allow me to do anything with it, I have tried asking the annuity provider but I got a lot of waffle in reply that sounded vaguely negative

Confused about how I get my company pension. According to Bluefin who hold the records, my retirement age was 60. So I thought I would just get my pension of however much they said forwarded to me from last October. Now they are asking if I would like an annuity?

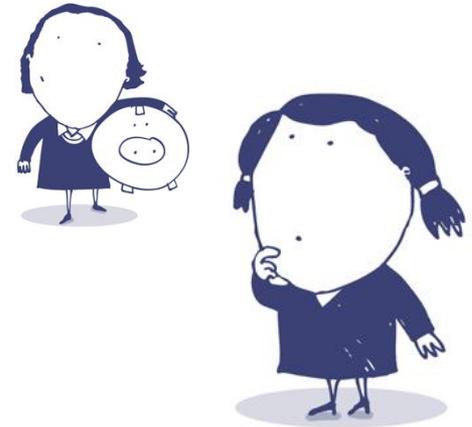
“Apologies in advance if this is a stupid question - I have never fully understood pensions! However, I have had a couple of Personal Pensions running for some years – am I right that combining the calculated income from State Pension, work pension and personal pensions will tell me how much my pension will be?”

I have a Pension through X with £14,000 fund. The Budget said you can withdraw all of the money if it is a low amount. X said that I cannot as it is not that sort of pension. Can you help me?

What is really confusing the pension annuity comes with a "without overlap" stipulation and we have no idea what this actually means

What is guidance?

- **Getting people started on their retirement journey**
 - understanding the things that they need to consider,
 - the questions that they need to ask of themselves or others, and
 - the information that they need to gather
- **Guidance does not provide a definitive course of action**
- **As a result of guidance;**
 - some will gather further information
 - some will know that they need to get regulated financial advice
 - some people may decide what they are going to do, or a combination



Delivery of guidance

Availability:

England
Wales
Scotland
Northern Ireland
UK pension holders
overseas*

Key Eligibility:

DC pension
55+
Looking to access
benefits

Delivery Channels:

Online
Telephony
Face to face

Delivery partners:

CitA
CASS
NICAB
TPAS

Promotion:

Digital
TV
Providers &
Employers

Governance:

HMT Owned
Overseen &
monitored by FCA

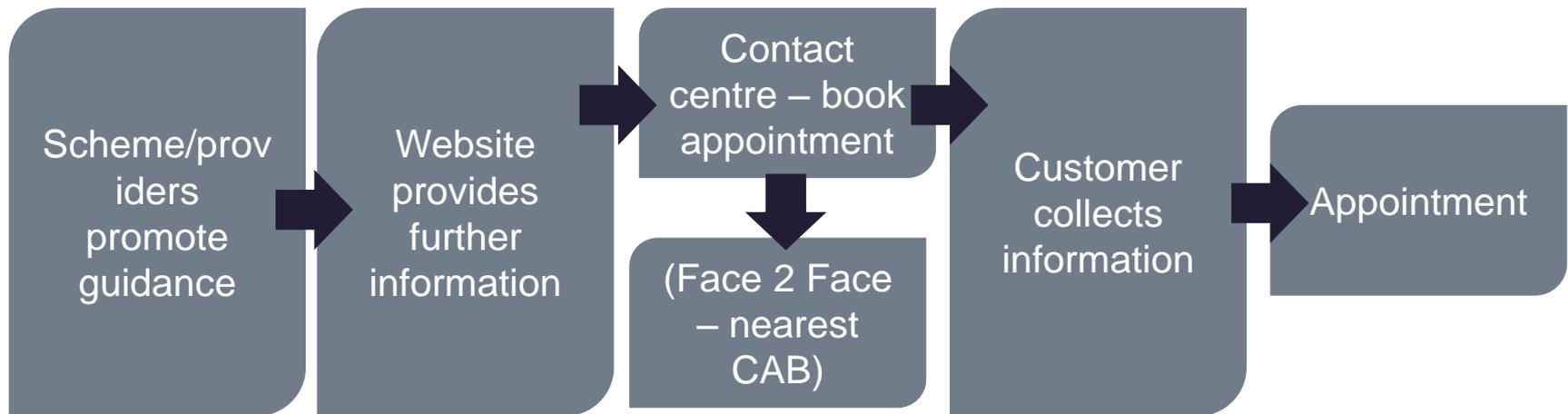
Delivery of guidance



**Pension
wise**

Your money. Your choice.

**Treasury is responsible for
designing and delivering the
service**



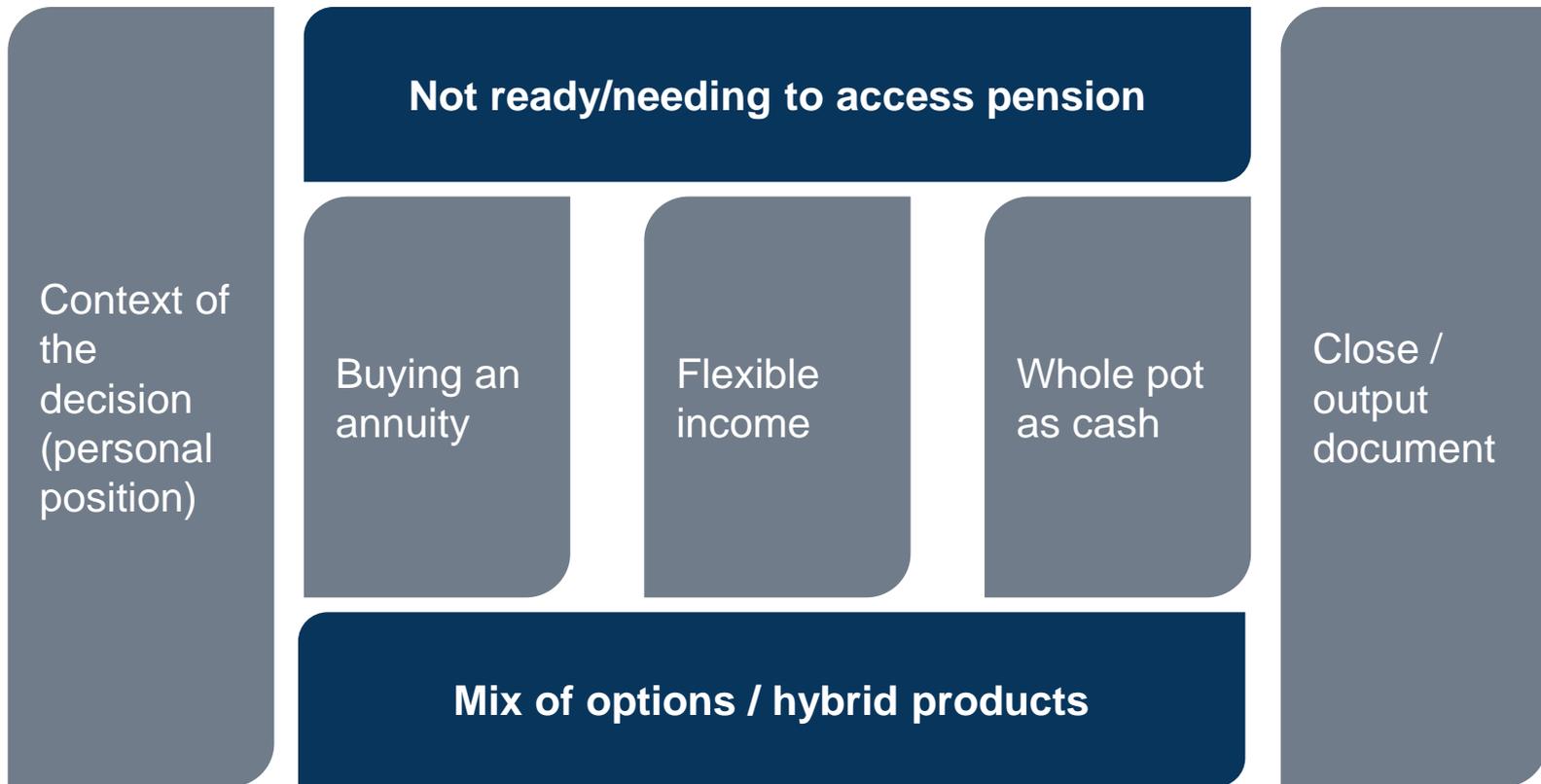
**The PENSIONS
Advisory Service**

Delivery of guidance

- Expected to last ~35 to 45 minutes (TBD)
- Content (as FCA standards) :
 - questions about their personal position
 - details of their pension scheme and other assets including debt
 - outlining the pros and cons of each option
 - signposting where to go next
- Output document
- Signpost to advice where appropriate (including MAS Retirement Adviser directory)

Retirement options

- More choice but dependant on scheme rules/source of money



Messaging challenges

- Guidance is the start of the journey
- Need to challenge negative perceptions of the industry and pensions
- Getting people to talk – first step to active participation
- Working with low understanding of investments and risk
- Dealing with customers “disillusionment”:
 - Amount of tax
 - Permissive legislation – rules differ
 - Value of pots – disillusioned by amount needed
 - Life expectancy and needs for later life – difficult to imagine future self

Process challenges

- Customers think that they have already been waiting 12 months
- Customers do not realise that it may be a three-step process
- Providers and schemes could be inundated with requests

Take guidance and/or advice – a requirement of some product providers is that you will need to go through a regulated adviser or intermediary

Exit current plan/scheme – this may require you to prove ownership/entitlement, provide evidence of personal details and complete exit forms

Apply for new plan – this will almost certainly require forms completed and evidence of age and other money laundering requirements.

Scams

For many, pension savings can offer financial security throughout retirement and for the rest of their lives. For others, a pension can help support career choices, pay off debt and provide for those who mean the most to us. Whichever way you decide to use yours, remember, your pension is a valuable asset that can help shape your financial future.

Like anything valuable, your pension can become the target for illegal activities, scams or inappropriate and high risk investments. Below we have identified the promises, processes and pressures, people face when dealing with pension scammers.

We've outlined just how dangerous these dealings are and the threat to your financial future. We've also provided our 5 top tips on how to keep your pension safe from scams. It's your financial future that's at stake, and we want you to be prepared, be confident and be aware of how to spot and avoid the scammers.



Don't gamble
your financial
future



The Hook

- "Get a **free** pension review!"
- "**Access** your pension fund."
- "We can offer you **immediate access** to cash."
- "Why wait till 55 - we can get you **early access** to your pension."
- "We can provide a **pension loan**, so you can start enjoying your money now."
- "Forget 25% of your pension as a cash lump sum, **we can get you more**, maybe even all of it!"

The HUSTLE

- You'll normally be contacted **out of the blue**.
- They may suggest it is part of a **Government initiative**.
- They may say that it is time for your **annual review**.
- They could claim that their offer is a **once in a lifetime opportunity**, or that they've found a **legal loophole**.
- Scammers will offer to **send couriers** round to collect your paperwork, usually the **next day**.

The Truth

Accessing your pension savings before the age of 55 is **not allowed**. This can only happen in special circumstances, like if you're suffering from serious ill health.

The 'hooks' and 'hustle' methods used are to tempt you with the promise of money, and to pressure you into a transfer or to provide your details.

Companies that claim to be Government endorsed are false, and any review of your pension should be done by a regulated financial adviser.

The Outcome

Pension scams are serious. If you fall victim, it's likely that you could **lose some**, if not **all**, of your pension savings.

You could also have to pay high commission costs or arrangement fees. You may even find yourself with a tax penalty from HMRC, for an **'unauthorised payment'** from your pension fund.

Once everything has been taken away you could end up **owing money!**

If someone calls you, always call them back. Reputable companies will always take your call and are happy to phone you back. Scammers are not happy to be directly contacted or will provide you with false information.

If Government, guidance or review are mentioned by a caller be suspicious. The official guidance guarantee offered by the Government isn't set up, or even available yet!

Check the Financial Conduct Authority's register. This will tell you if the company is registered and the firms that are being investigated. It's also good to check HMRC's list, when dealing with QROPS or overseas transfers.

Find out how many companies are involved in the transaction. If things go wrong, the more companies involved means the less chance you have of finding out who the real culprit is.

Check any rate of interest to see if it's a credible amount. Offers of 8% or more guaranteed investment return, you should be wary of.

If in doubt...

... you should contact **The Pensions Advisory Service** first on:

 **0300 123 1047**

If you think you're already a target of a pension scam, contact **Action Fraud** on:

 **0300 123 2040**

Summary

- Customers' need help with retirement options now (and more in the future)
- Guidance is to get people started
- Key is to help people with next steps (required before making a decision)
- Pension wise service starts in April (and will evolve)
- Messaging and process challenges – keeping people positive about pensions
- Scams - help make the customer aware
- Working together