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Helping People Make the Most of Their Pensions

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06 June 2016



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David Berenbaum

TPAS

Expertise
Sponsorship
Thought leadership
Progress
Community
Sessional Meetings
Education
Working parties
Volunteering
Research
Shaping the future
Networking
Professional support
Enterprise and risk
Learned society
Opportunity
International profile
Journals
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The pension landscape has changed so that individuals need to take responsibility for their retirement income

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There's been a lot going on in pensions

"Bank of England's chief economist admits: 'Even I can't make the remotest sense of pensions' and says experts and advisors 'have no clue' either"



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for Work &
Pensions



**Pension
wise**
Your money. Your choice.



**automatic
enrolment**



a single-tier pension:
a new foundation for sav...



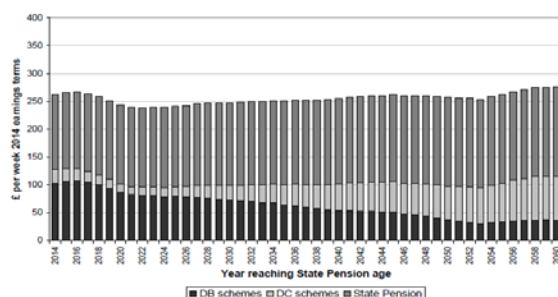
The pensions landscape



Department
for Work &
Pensions

4.3 Help people to make proper provision
for their retirement

Chart 1: Weekly mean amounts of pension, by pension type and year reach State Pension age, as a 5 year moving average



- Average pension income is £270 per week (£14,000 per annum)
- Increasing amount coming from defined contribution pensions
- People need:
 - greater personal responsibility
 - knowledge of investments
 - other savings – ISAs?



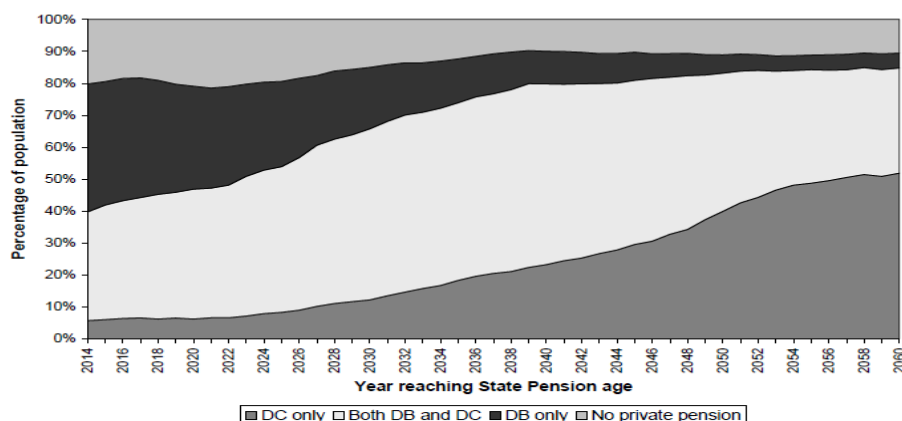
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How important are defined contribution pensions?

Chart 3: Private pension provision by year reaching State Pension age, as a 5 year moving average



Source: DWP Pensioner income projections March 2015



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Access to pensions guidance currently available and what is covered by guidance

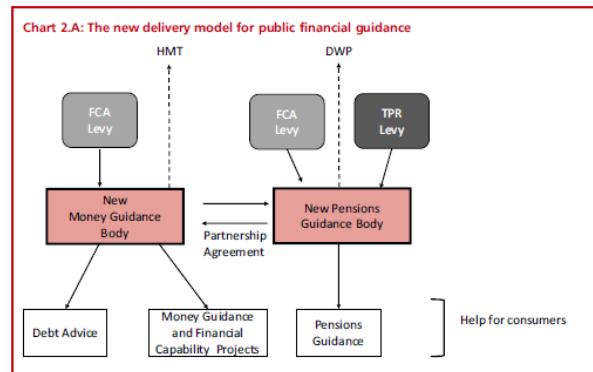
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Access to pensions guidance

Budget 2016

- New pensions guidance body incorporating TPAS, Pension Wise and bits of MAS
- Slimmed down money guidance body

Structure



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What is covered by pensions guidance?

TPAS current offering

- Pensions is the core subject matter
- Covers State pension
- Also discuss other savings and debt & benefits issues

What guidance does

- Gets people started
- Helps them understand what they have and the questions to ask
- It is **personalised** and much more than information

Key features

- **Independent and impartial** – can get closer to the “choose and buy”
- Delivered by specialists
- Value for money

Result of guidance

- Customer may feel able to self serve
- Customer may realise why they need advice
- **Customer will be more informed**



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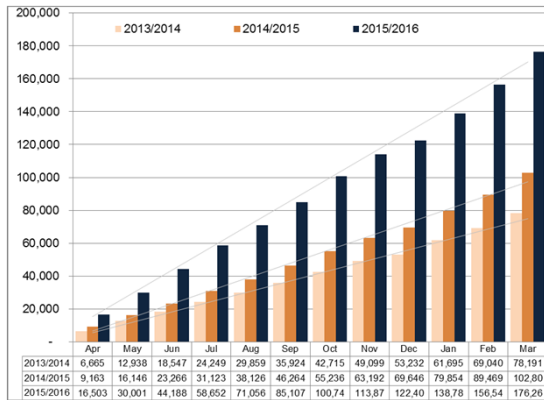


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Experience since the Freedoms and Choice changes

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TPAS experience



- **71% growth** in number of customers
- Budget of £6.4m and cost per direct customer £36
- **Questions longer and more complex**
- Lots achieved but more to be done.....

Aim needs to be making seeking guidance on retirement income the **social norm**

Customer insight: top concerns since April 2015

1. **Suitable products not available**
2. Provider or scheme restrictions
3. **Managing of customers' expectations**
4. Unclear communication of process
5. **Problems with access to advice**





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Pension providers, employers and guidance providers working together to support individuals

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People struggle with pensions

- **...find them complex, difficult to understand.**
- People don't understand whether they have DB or DC pension.
- **People don't check how much pension they have saved.**
- A lot of problems in tracing old pensions.
- **Don't understand or read provider communications.**



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Working together

Customer insight

- Most likely trigger - point of retirement – **this is too late**
- 17% - start of retirement saving also an important trigger
- 16% - introduction of pension freedoms
- **0.5% - enquiries triggered by provider communications**

Working together examples

- Provider – invitation for 15 minute conversation
- Workplace – supporting customers as scheme changes or De-risking
- Workplace – additional support for more holistic conversation
- However...traditional workplace support no longer relevant.



Benefits of working together

- **Increase customer trust** by suggesting that seek further help from independent body
- Help where customer is struggling e.g. IDR and scams



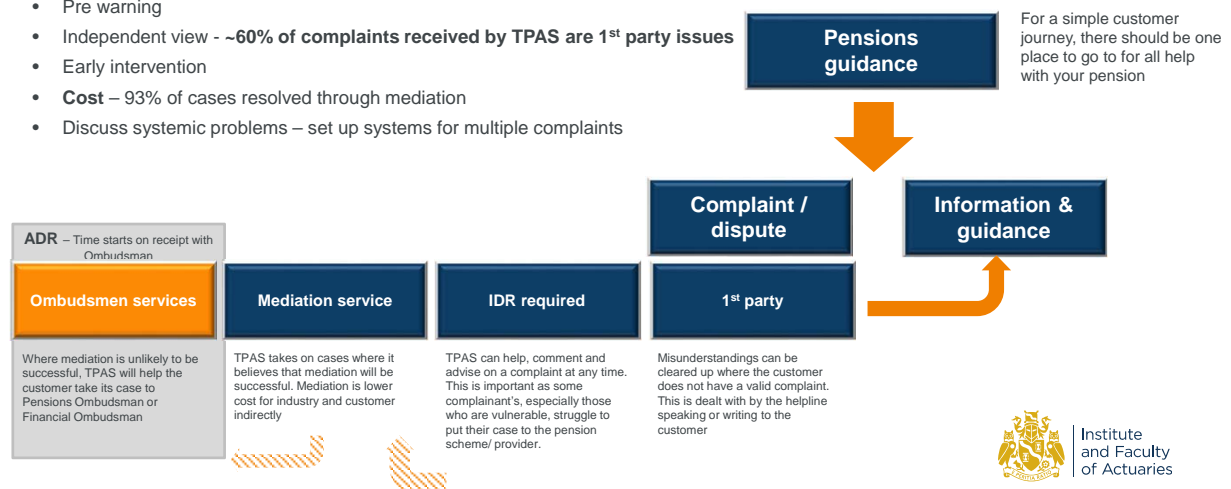
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Benefits of mediation service

- Pre warning
- Independent view - **~60% of complaints received by TPAS are 1st party issues**
- Early intervention
- **Cost** – 93% of cases resolved through mediation
- Discuss systemic problems – set up systems for multiple complaints



Final messages

Ageing society

- Desired policy outcome – people make proper provision for their retirement
- **Make pensions guidance the social norm**

Future issues

- People don't know what they don't know
- **50 somethings – DC pension will be significant part of their retirement income**
- Pensions have a long tail and are not becoming simpler e.g. LISA
- **No experience of being a consumer of pensions**

Benefits of working together

- Guidance empowers the customer
- **Empowered customer is likely to engage more**
- Leading to trust in pensions



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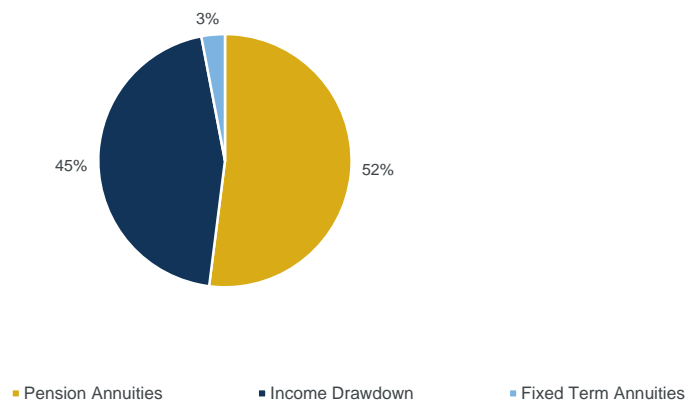


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Access to Advice

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Retirement Product Choices

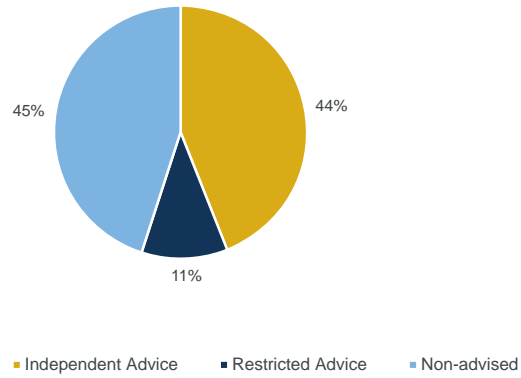


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Retirement Advice Channel



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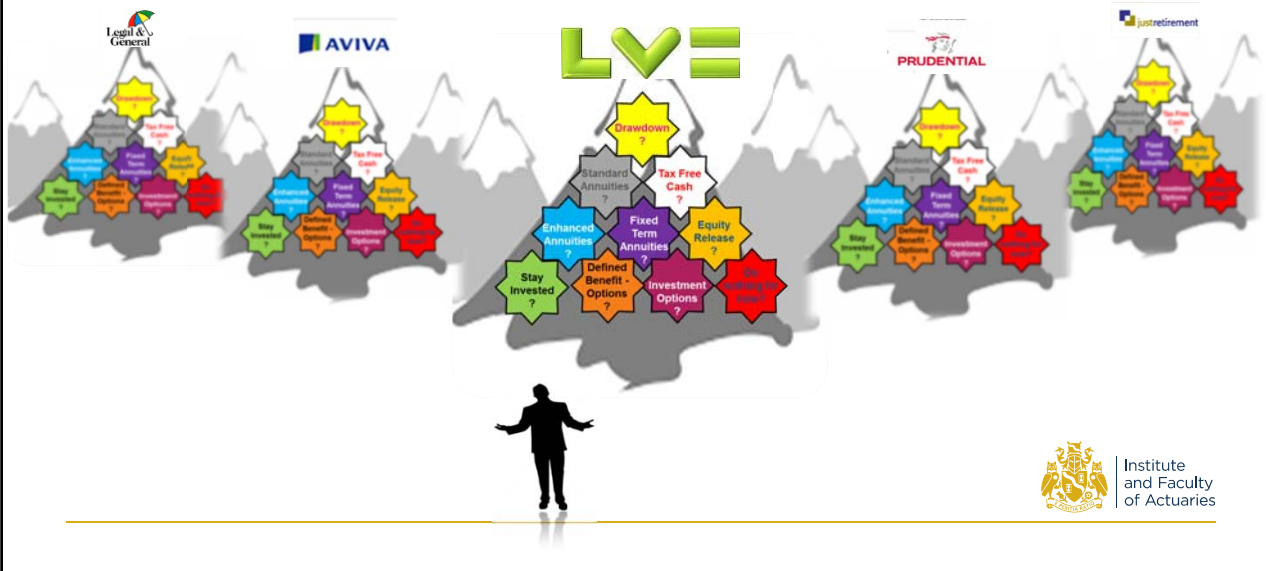
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Shopping Around is More Important Than Ever

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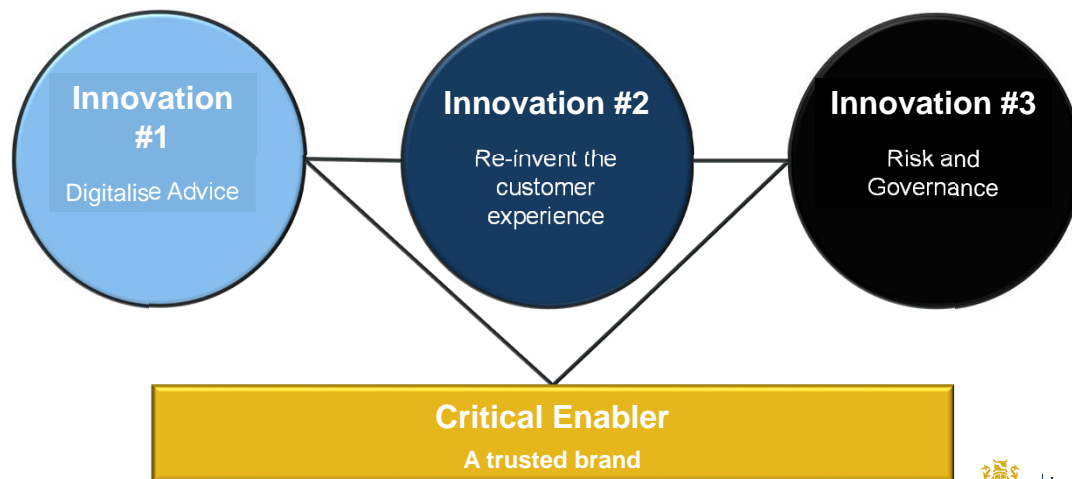
Shopping Around – Why is advice so important?

Choice is great, but with it comes a decision making burden for the consumer



Innovation in the 'At Retirement' Market

Innovation



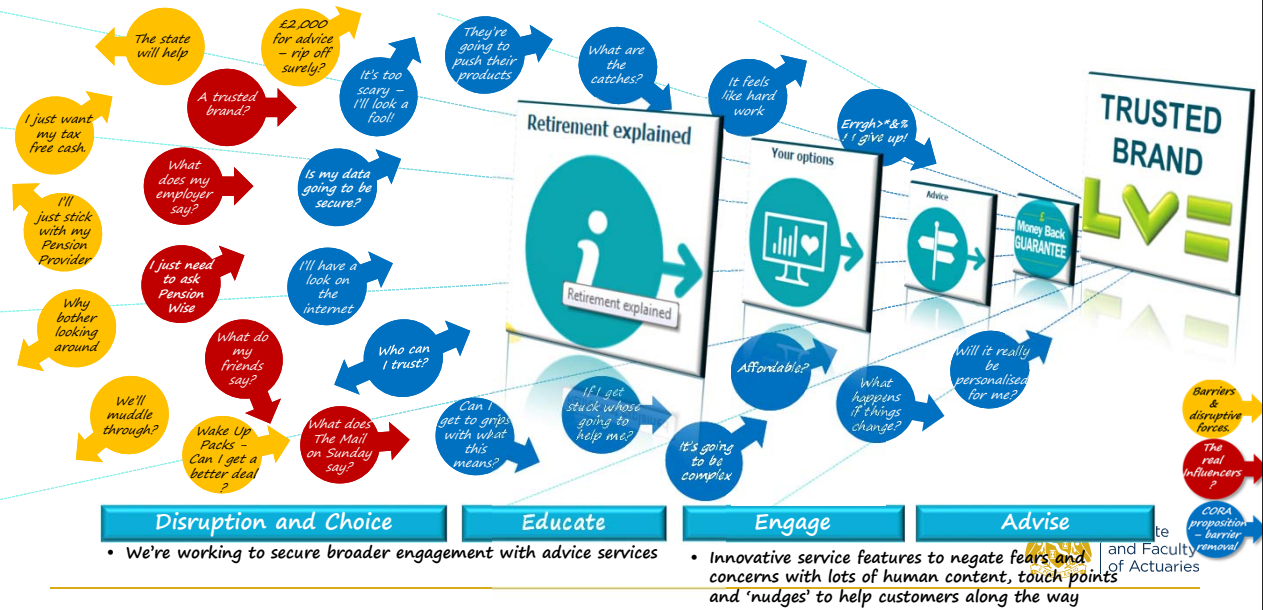
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Customer Journey – Shaping Solutions to Needs

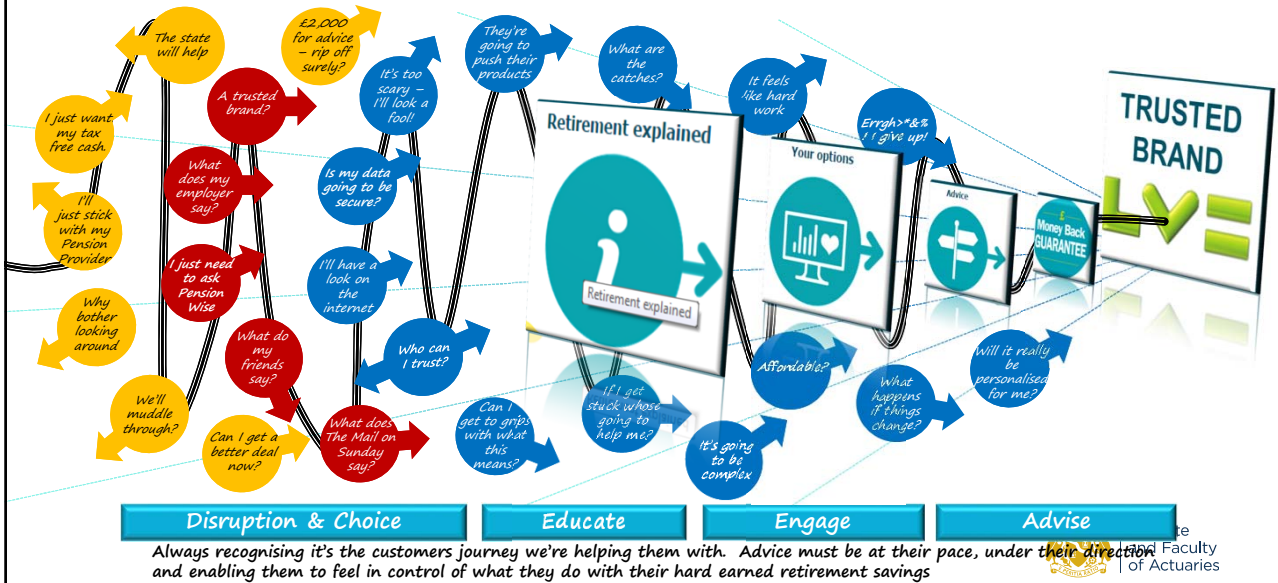


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Educate



Educate



Engage

'Light Touch' effort to generate a Free Personalised Retirement Options report

The image displays three overlapping screenshots of the LVE Retirement Options Tool interface. The first screenshot shows the 'Enter Your Retirement Details for your FREE Report' page, with a green callout bubble indicating a '£7,886.61 State Pension (p.a. from 65)'. The second screenshot shows the 'Your Pensions' section, with a green callout bubble indicating a '£31,871' value. The third screenshot shows the 'Income requirements' section, with a green callout bubble indicating a '£200' value. A dashed green line connects the '£200' value to the '£31,871' value, suggesting a calculation or relationship between the two.

Engage

The image shows a screenshot of the LVE Retirement Options Tool interface, specifically the 'How to use the Retirement Options Tool' section. It includes a 'What is a scenario?' section, a 'Watch my video on how to use this report' section, and a 'Your 4 scenarios that we'll show you next are:' section. The 'Your 4 scenarios that we'll show you next are:' section lists four scenarios: 1. Using just the state pension, 2. Using just the state pension and private pension, 3. Using just the state pension and private pension with a lump sum, and 4. Using just the state pension and private pension with a lump sum and a regular income.

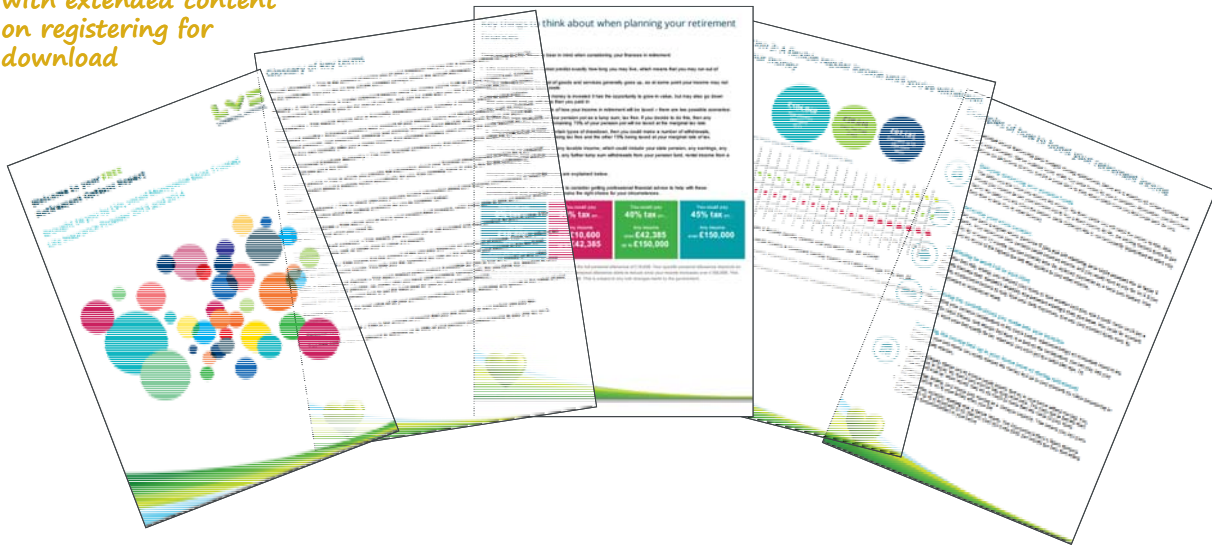
The image shows a screenshot of the LVE Retirement Options Report, displaying four scenarios (Scenario 1, Scenario 2, Scenario 3, Scenario 4) and a 'Things to consider' section. The scenarios are summarized in a table:

Scenario	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Retirement income at age 65	£107,500	£170,500	£170,500	£170,500
Retirement income at age 75	£107,500	£170,500	£170,500	£170,500
Retirement income at age 85	£107,500	£170,500	£170,500	£170,500

The 'Things to consider' section includes a 'Watch my video on how to use this report' section and a 'Your 4 scenarios that we'll show you next are:' section.

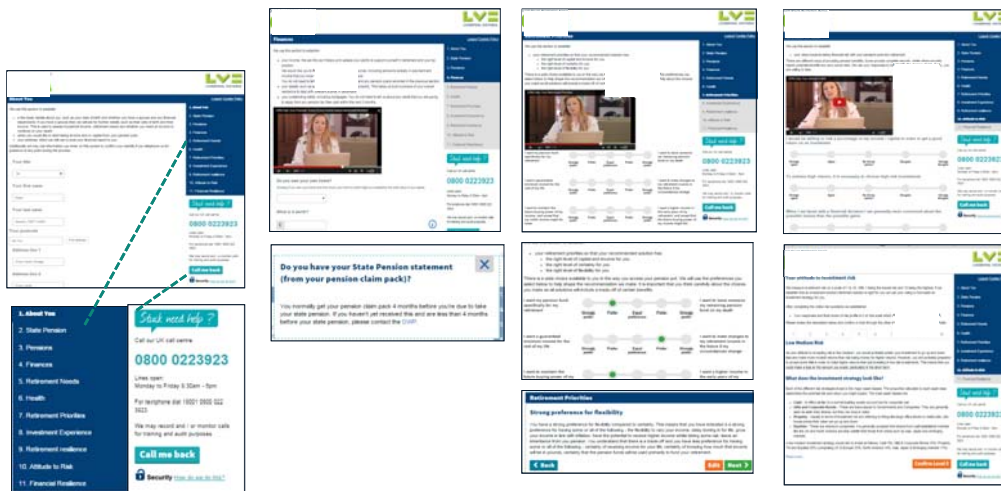
The image shows a screenshot of the LVE Retirement Options Report, specifically the 'Integrated video content' section. It features a video player with a woman's face and the text 'The scenario explained' and 'See the choices other people made with this scenario'. Below the video player, there are two circular icons representing 'Harry, 55' and 'Cathy, 65', with the text 'Learn to Harry into choice 1' and 'Learn to Cathy into choice 2'.

with extended content
on registering for
download



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Advice



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Advice

The collage includes a 'Your Full Advice report' from CORA, several pages of detailed financial advice, and a screenshot of a financial adviser's website. The website features a profile for 'Hi, I'm Damian Cheater', contact details (0845 640 5545, damian.cheater@LV.com), and a bio stating he has been in financial services for 12 years, 7 of which as a financial adviser. It also mentions his specialization in helping customers at retirement and his qualifications as a Diploma qualified member of The Personal Finance Society.

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Product Fulfilment

Once happy with the advice, the customer can choose for LV= to put in place all the complex arrangements to set up the products.

This includes;

- Sorting out the form filling for the customer
- Obtaining the discharge forms from the providers of the customers pension pot(s)
- Organising the payment of tax free cash
- Keeping the customer informed along the way

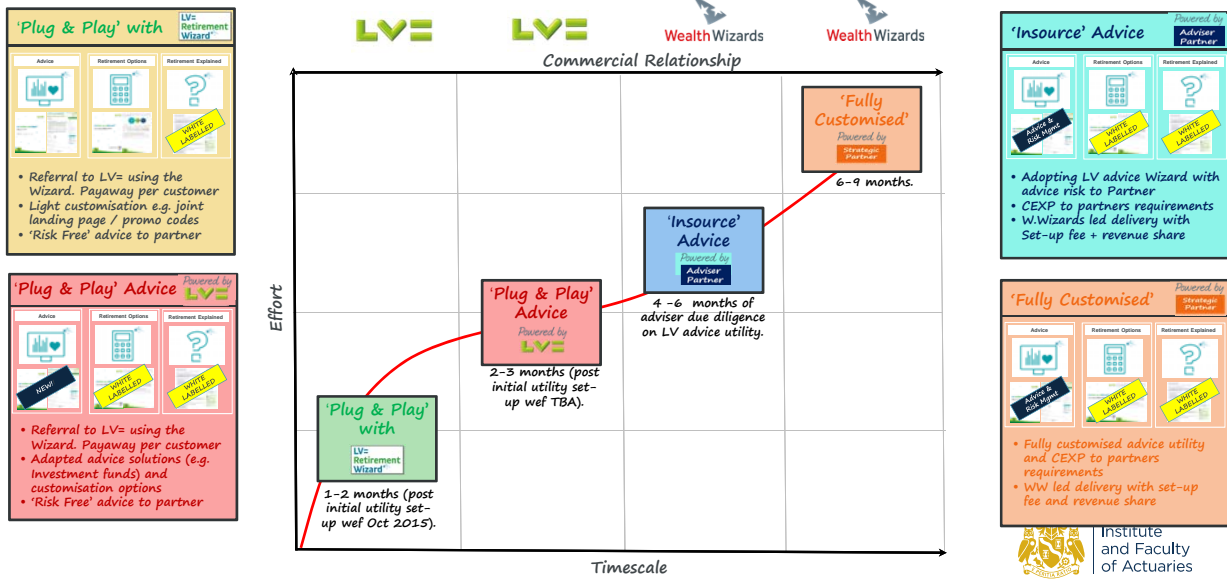
For a **fixed price** of £499

- Payable as a one-off payment or by deduction from pension pot

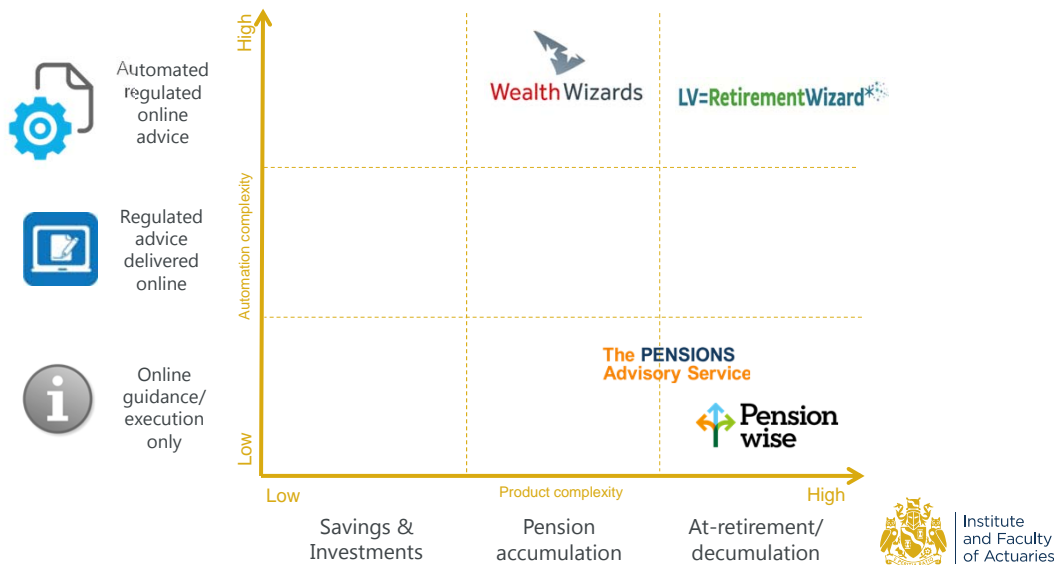


And after product set-up, our on-going communications and advice subscription (where recommended) services ensure customers stay connected with their product selections and have access to advice on an ongoing basis to adapt them to any changes in needs, circumstances or preferences.

Potential Distribution Options Summary



Robo-advisers



Questions

Comments

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