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## Helping People Make the Most of Their Pensions

David Berenbaum, TPAS  
Philip Brown, Head of Policy LV=



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  
 Supportin

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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"*



Department for Work & Pensions

a single-tier pension: a new foundation for saving



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



**automatic enrolment**

FINAL SALARY  
STANDARD  
SIPPS  
STAKEHOLDER  
PRIVATE



## The pensions landscape

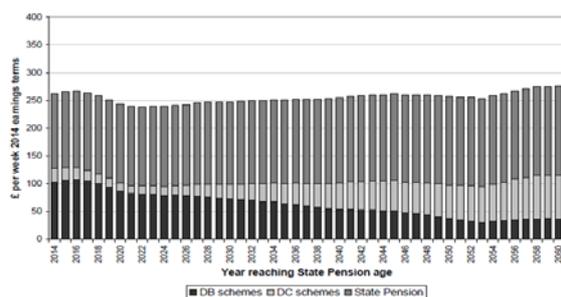


Department for Work & Pensions

4.3 Help people to make proper provision for their retirement

- 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?

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



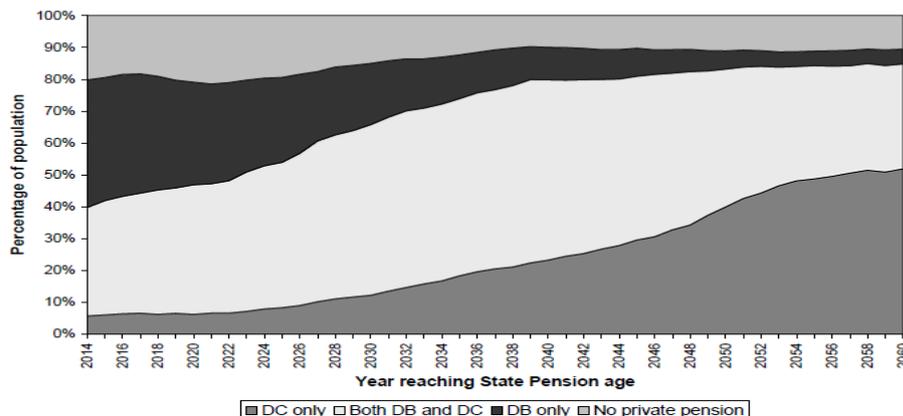
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## How important are defined contribution pensions?

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

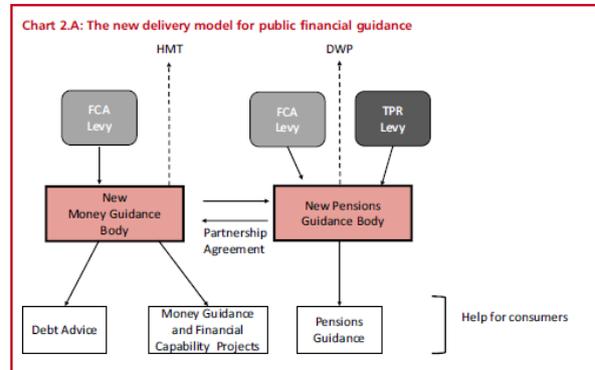
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## Access to pensions guidance

### 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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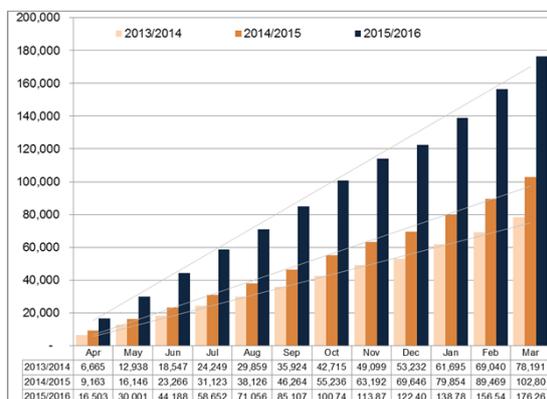


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## Experience since the Freedoms and Choice changes

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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**



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## 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.



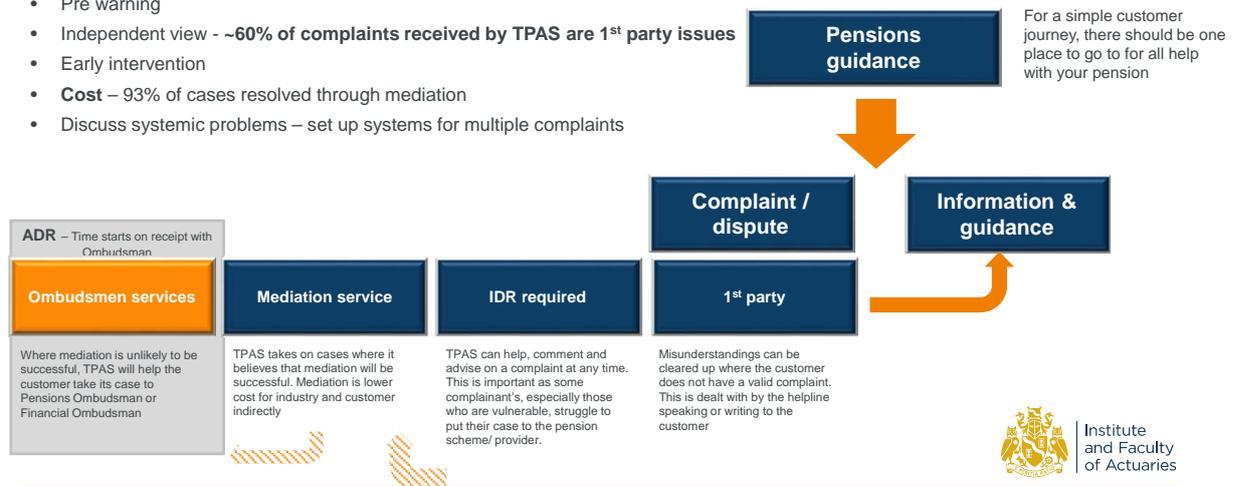
## Benefits of working together

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



# Benefits of mediation service

- Pre warning
- Independent view - **~60% of complaints received by TPAS are 1<sup>st</sup> 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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## Philip Brown

LV=

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  
Supporting

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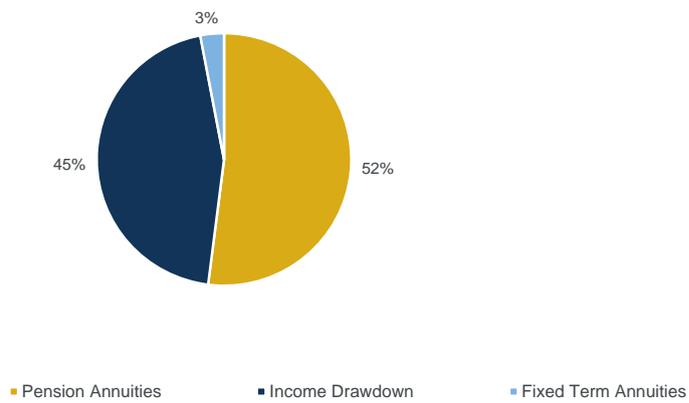


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## Access to Advice

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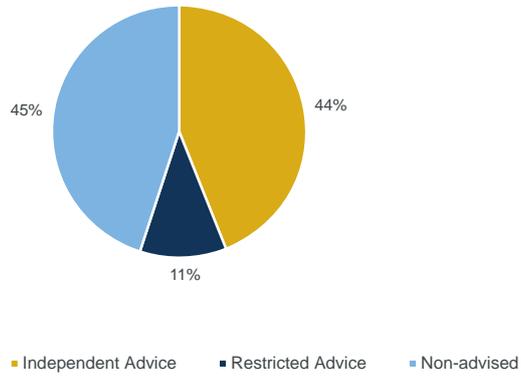
## Retirement Product Choices



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## Retirement Advice Channel



## Shopping Around is More Important Than Ever

## Shopping Around – Why is advice so important?

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



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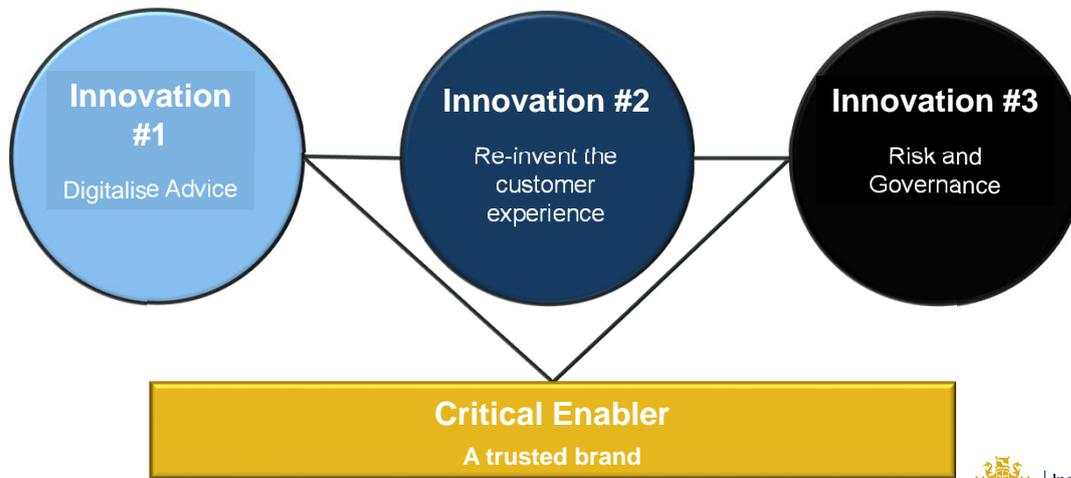


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## Innovation in the 'At Retirement' Market

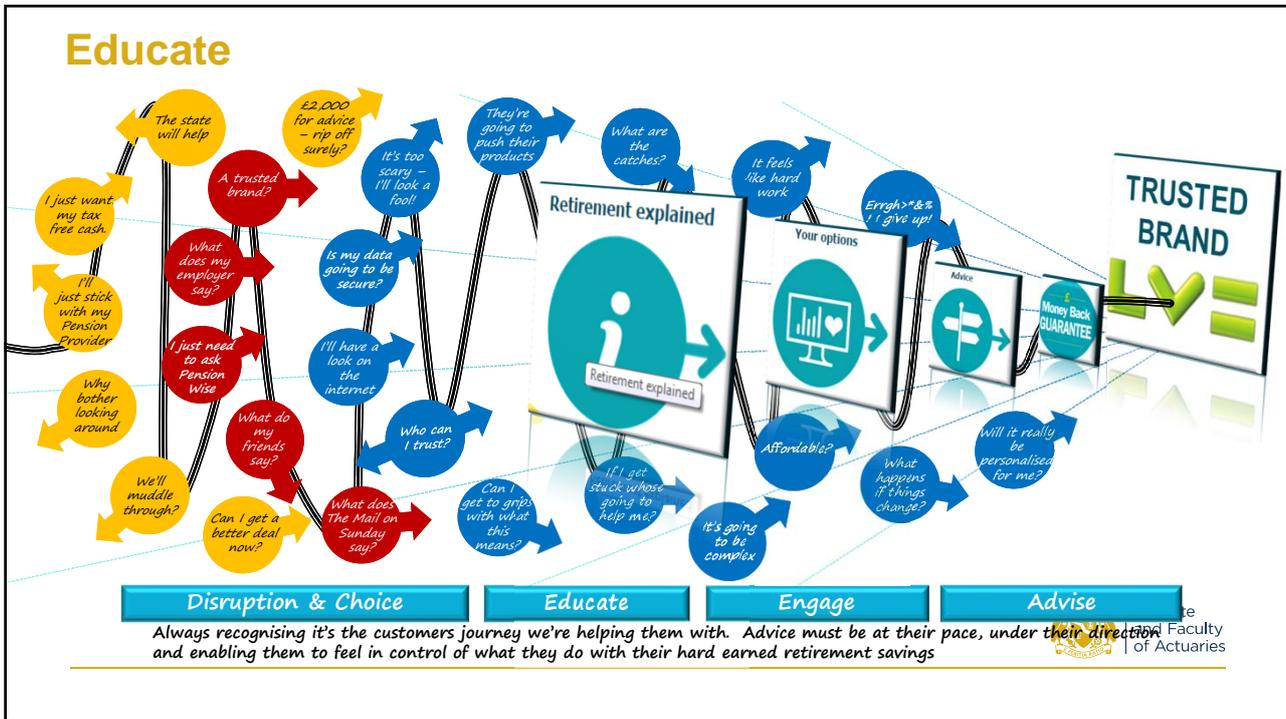
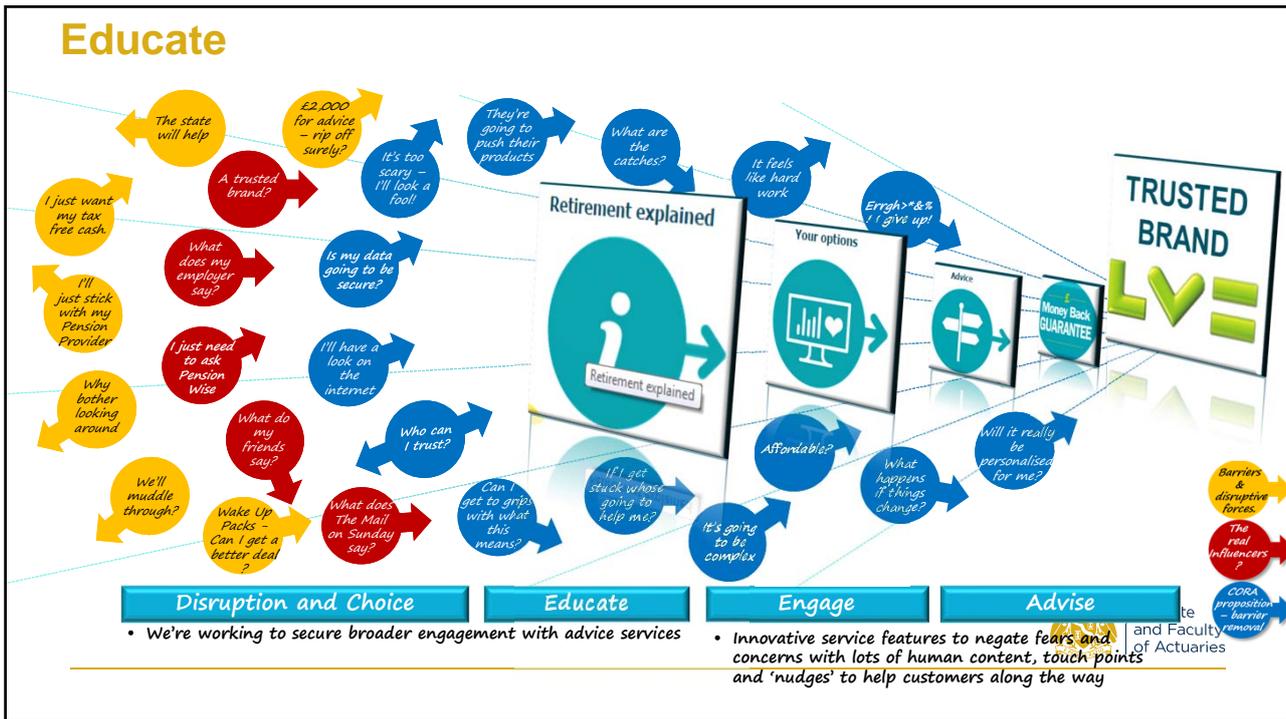
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## Innovation



## Customer Journey – Shaping Solutions to Needs





# Engage

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

**Enter Your Retirement Details for your FREE Report**

**About you**

Your current age: 65 Years old

**Your Pensions**

Total of all pensions: £7,886.61

**Income requirements**

How much money do you think you'll need each month in retirement? £200 Per month

**Open Retirement Planner**

**Next - How to use Options Tool**



# Engage

**How to use the Retirement Options Tool**

**What is a scenario?**

**Watch my video**

**Your 4 scenarios that we'll show you next are:**

- Scenario 1: £107,200
- Scenario 2: £17,375
- Scenario 3: £35,619
- Scenario 4: £22

**Your Retirement Options Report**

Scenario 1: £107,200  
Scenario 2: £17,375  
Scenario 3: £35,619  
Scenario 4: £22

**Things to consider**

**Integrated video content**

**The scenario explained**

Heidi

**See the choices other people made with this scenario**

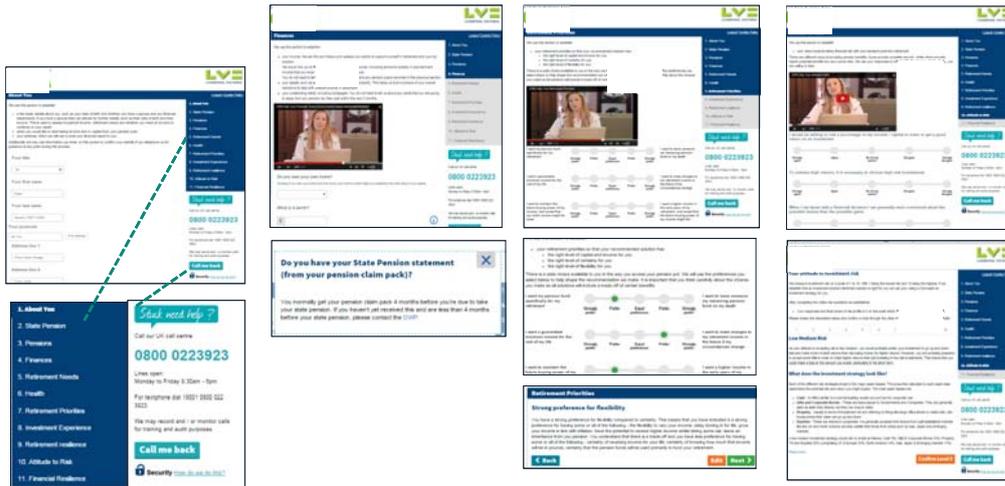
Harry, 55  
Cathy, 65



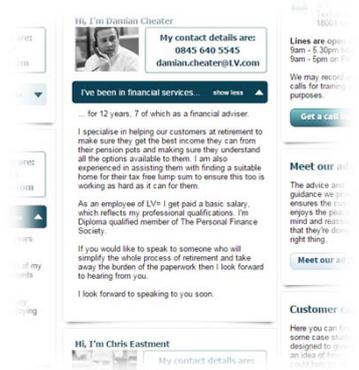
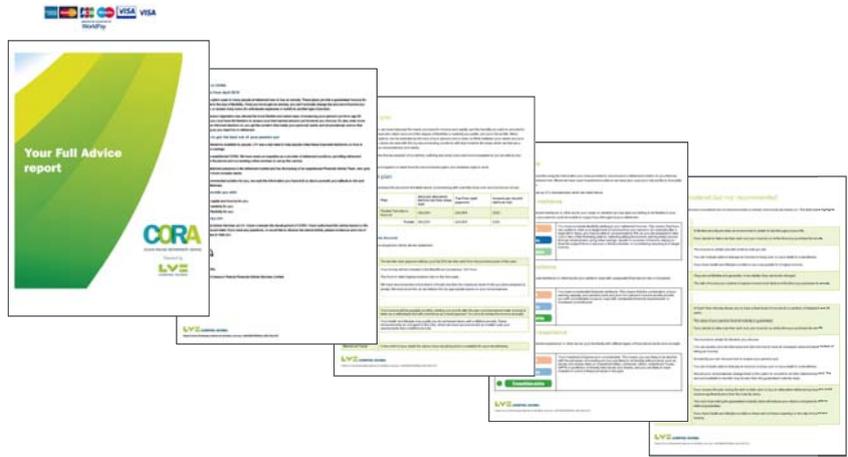
with extended content on registering for download



# Advice



# Advice



# 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.



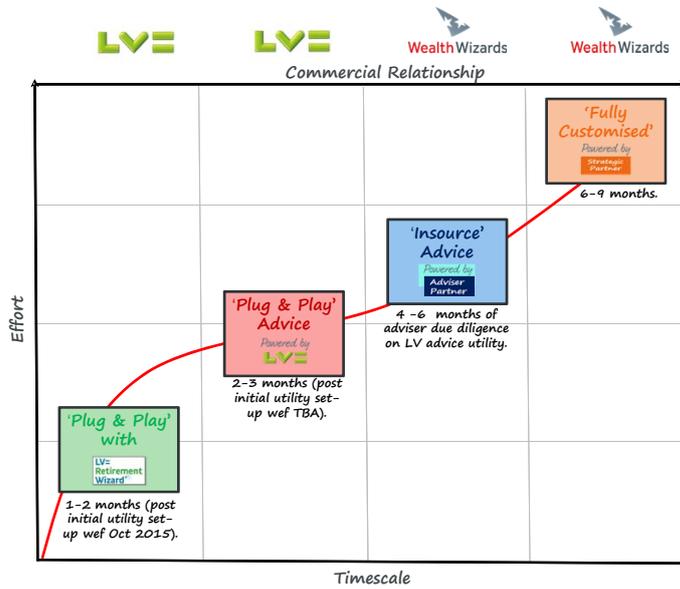
# Potential Distribution Options Summary

**'Plug & Play' with** Powered by LV= Retirement Wizard

- Referral to LV= using the Wizard. Payaway per customer
- Light customisation e.g. joint landing page / promo codes
- 'Risk Free' advice to partner

**'Plug & Play' Advice** Powered by LV=

- Referral to LV= using the Wizard. Payaway per customer
- Adapted advice solutions (e.g. investment funds) and customisation options
- 'Risk Free' advice to partner



**'Insource' Advice** Powered by Adviser Partner

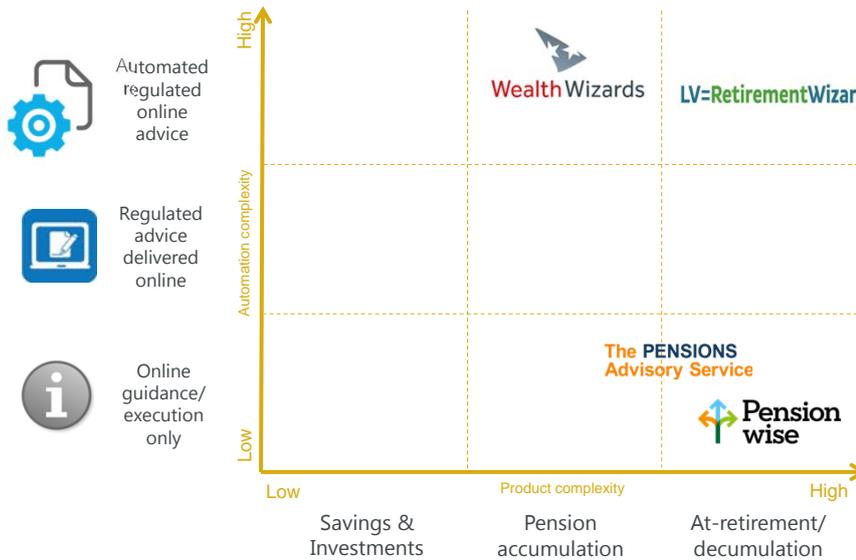
- Adopting LV advice Wizard with advice risk to Partner
- CEXP to partners requirements
- W.Wizards led delivery with Set-up fee + revenue share

**'Fully Customised'** Powered by Strategic Partner

- Fully customised advice utility and CEXP to partners requirements
- WW led delivery with set-up fee and revenue share



## Robo-advisers



## Questions

## Comments

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