

Dear Sir

I work for a company which is an IFA first, with a specialist arm carrying out Consultancy and third Party Administration for Occupational pension schemes up to several 1000 lives. What I would urge is clarity in what is becoming an increasingly complex area, where it is easy to get caught out by the different boundaries. In no particular order our observations are:-

1. Annuity Purchase - if run as a Pensioner Payroll then no regulation, if Trustees buy out an annuity then advice to Trustees, but if the Individual is involved in Impaired Life or Phased annuities, then full FSA regulation.
2. Protection Benefits - setting up or broking death in service and long term disability schemes is all regulated.
3. Investments - to provide information is non regulated but to recommend a change in managers is regulated
4. Contracting Out - a regulated area on which nobody will give advice anymore
5. Transfers - all transfers are regulated however it is what people want but few can afford to pay for on a fee basis. We have evolved a mechanism of giving individuals generic information, which generally means that they do not transfer. If they want to pursue this then we would charge a fee to produce a report which may well arrive at the same conclusion. If we send them off to an IFA, then the IFA is unlikely to earn any commission, so again will want to charge a fee or decline to do the work.
6. Membership - members of DC schemes are generally invited by the employer. There are no questions over suitability for low paid employees who might end up no better off as a result of means testing.
7. Ageism - we can get Group Life cover up to age 70, but from age 70 it has to be via individual term assurance policies. As this falls under the banner of individual advice it is regulated. This means fact finds etc which for premiums of a few £100 is just not viable.

I do hope the above shows some of the problems. My personal view is that the FSA's rules are geared around individuals rather than groups and this needs to be recognised. It maybe that amalgamation would allow this, but what is clear is that the present system is a mess.