

A Money Wise UK Guidance Paper

Ten Years of Pension Freedoms

THE NEED FOR BETTER RETIREMENT ADVICE
HAS NEVER BEEN CLEARER
CENTRALISED RETIREMENT PROPOSITION · CRP® · MONEY-WISE.UK

Retirement is not a product

Ten years on from pension freedoms, the debate around retirement planning continues to evolve.

The AKG paper *Ten Years of Freedoms: Lessons, Gaps and the Road Ahead* matters because it draws together themes we return to constantly: the Centralised Retirement Proposition, decumulation risk policies, Consumer Duty, cashflow modelling, client understanding and the advice gap.

What stands out is simple. Retirement is not a product. It is not a drawdown plan. It is not a withdrawal strategy. It is not a debate between natural income, total return, annuities or cash buckets.

Retirement is a complex, emotional, behavioural and financial journey.

It needs proper advice, structure and ongoing support. The difficulty is that most people will not receive that support. This guide explores why, and what a stronger response looks like.

Choice needs structure

Pension freedoms were broadly positive. They gave people more flexibility and control over how they access their savings. But flexibility comes with responsibility.

The danger was never simply that people would spend their pension on a sports car. That was always too simplistic. The real risk is quieter, and it shows up in everyday decisions.

- ◆ Taking too much income, too early.
- ◆ Holding too much cash, letting inflation erode spending power.
- ◆ Drawing from the wrong assets in the wrong order, and paying more tax than necessary.
- ◆ Failing to consider a spouse or partner.
- ◆ Ignoring care costs, cognitive decline, vulnerability and longevity.
- ◆ Assuming retirement is one fixed phase, not a journey of 25, 30 or even 40 years.

That is why retirement advice must differ from accumulation advice.

Start with the person, not the product

Consumers do not all see retirement the same way. Some see a clean break from work. Others expect to work part-time, volunteer, support family, travel, or move through several phases. A plan cannot be built around a single income number. It must reflect the real shape of someone's life.

Before advisers discuss drawdown, annuities or withdrawal rates, they need to understand what retirement actually looks like for the client. We tend to begin with questions like these.

- ◆ What matters to them, and what are they worried about?
- ◆ What does a good retirement mean? What income is essential, and what is desirable?
- ◆ What would they change if markets fell, or if inflation stayed higher for longer?
- ◆ What would happen if one partner died earlier than expected?

These are not product questions. They are planning questions.

The advice gap is the central problem

The numbers should make the profession pause. They sit uncomfortably against the complexity people now face at retirement.



We tell ourselves advice is valuable and that clients benefit. But if most people never access it, the industry has a messaging, access and proposition challenge.

The value of retirement advice is not an annual review meeting. It is helping someone make better decisions at one of the most important stages of their life.

THE RISKS

The real retirement risks are already clear

Consumer concerns are not abstract. People worry about inflation, running out of money, care costs, tax and political change. Every firm active in retirement income should evidence how it handles the core risks.

Income sustainability	Sequencing risk	Inflation risk
Longevity risk	Tax risk	Liquidity risk
Care & vulnerability	Behavioural risk	Capacity for loss

WHY RETIREMENT IS DIFFERENT

ACCUMULATION

Time on your side

Clients are adding to portfolios. A market fall is uncomfortable, but contributions buy in at lower prices and time helps recovery.

DECUMULATION

Risks combine quickly

Clients are taking money out. Poor returns, high withdrawals and rising inflation can combine fast, so the same fall has a very different impact.

This is why firms need triggers. Not to panic clients, nor to stop income automatically, but to create a clear framework for review, discussion and decision-making.

The Retirement Income Review is not a box-ticking exercise

Many firms say they have changed their retirement proposition. Yet some appear relaxed about the FCA's findings, with Consumer Duty sitting lower among their concerns than expected. That could mean firms were already in a good place. It could also suggest overconfidence. A robust process should evidence the following.

01 Income sustainability

How it is assessed, monitored and reviewed over time.

02 Risk in retirement

How risk is considered differently once a client is drawing income.

03 Cashflow modelling

How it is used proportionately, but not blindly relied upon.

04 Challenging assumptions

How the inputs behind a plan are tested rather than taken as given.

05 Client understanding

How clients are helped to understand the trade-offs they face.

06 Meaningful reviews

How ongoing reviews stay relevant as circumstances change.

The firms that add a checklist and move on may be missing the point.

Winners combine technology with better thinking

Technology helps with efficiency. AI can support research, meeting notes, data extraction and management information. Cashflow tools model scenarios, and platforms support flexible income. But technology cannot replace judgement.

It cannot understand a client's emotional relationship with money. It cannot always know when doing nothing is the best advice. It cannot sit with a client who is frightened about markets, worried about care, or struggling to move from saving to spending.

The winning firms will use technology to reduce administration and improve consistency, while keeping advice human, personal and grounded in proper planning.

Value and cost are not the same thing

Reducing cost does not automatically improve value. A cheaper service that does not help a client make good decisions may be poor value. A more expensive service that helps a client avoid mistakes, manage tax and sleep at night may be very good value.

This does not mean costs do not matter. They do. Consumer Duty rightly requires firms to evidence fair value, but fair value should not become a race to the bottom. The better questions are sharper.

The questions that define fair value

- ◆ What does the client actually receive, and what outcome does it support?
- ◆ What risk does it reduce, and what confidence does it create?
- ◆ What decisions does it improve?

Peace of mind is not soft. In retirement, peace of mind can be the outcome.

What firms need to be able to show

The opportunity is significant, but it requires more than saying “we do retirement planning”. Firms need to evidence their retirement proposition.

PROTECTING CLIENTS

- ◆ Assessing and monitoring income sustainability
- ◆ Reviewing vulnerable clients
- ◆ Identifying clients at risk of running out of money
- ◆ Assessing capacity for loss in retirement

ENGAGING CLIENTS

- ◆ Managing disengaged clients
- ◆ Explaining risk in plain terms
- ◆ Using cashflow modelling proportionately
- ◆ Communicating the value of advice

This is where a Centralised Retirement Proposition helps. Not as a product solution, nor a rigid framework, but as a way of bringing structure, consistency and oversight to one of the most important parts of the advice journey. A good CRP still allows personalisation, while giving the firm a clear framework for evidencing good outcomes.

Will I be okay?

Ten years on, the industry has moved forward, but the challenge has not gone away. People have more choice. Retirement is more complex. Advice is needed more than ever. Yet most people still do not access it.

The firms that thrive will not simply be those with the best investment proposition or the lowest charges. They will be the firms that understand retirement as a human journey, and that help clients answer the question that really matters.

| Will I be okay?

HOW WE HELP, NEXT STEPS

How Money Wise UK can help

We help financial planning firms turn good intentions into an evidenced, repeatable retirement proposition, built for Consumer Duty and the Retirement Income Review.

- ◆ A complete suite of Centralised Retirement Proposition (CRP®) templates.
- ◆ An ongoing update service that keeps your proposition aligned with evolving regulation.
- ◆ Practical decumulation tools, including cashflow, sequencing risk and income sustainability modelling, with honest caveats built in.
- ◆ Consultancy across compliance, client communication and proposition design.

Want to strengthen your retirement proposition? We would be glad to talk it through with you.

Money Wise UK®

Growing together, with integrity and respect

Let's talk through your retirement proposition.

Money Wise UK®

Consultancy, insight and practical tools for financial planners.

money-wise.uk

Centralised Retirement Proposition · CRP® · Retirement Planning Simplified®

IMPORTANT INFORMATION

Money Wise UK® is a non-regulated consultancy. This guide is provided for general information and educational purposes only and is intended for regulated financial planning firms and investment professionals. Nothing here constitutes regulated financial advice, a personal recommendation, or an offer to buy or sell any investment. Individual investors should seek advice from a suitably authorised and regulated financial adviser before making any decisions.

While care is taken to ensure content is accurate at the time of publication, no warranty is given as to its completeness or ongoing accuracy. Markets, legislation and tax rules can change. Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise.

Money Wise UK® is a registered trademark (UK00004032783). CRP® and Retirement Planning Simplified® are trademarks of Money Wise UK®. This guide draws on themes discussed in the AKG paper 'Ten Years of Freedoms: Lessons, Gaps and the Road Ahead'.