GUIDANCE FOR FINANCIAL PLANNING FIRMS

Money Wise UK®

Growing together, with integrity and respect

Compliance Update
October 2026

CONSUMER DUTY: EVIDENCING OUTCOMES, ACCOUNTABILITY AND PREPARING FOR CHANGE

Understanding the client's needs, delivering an appropriate service and demonstrating the outcomes achieved should remain at the heart of financial planning.

October has brought further developments in Consumer Duty, proposals to simplify regulatory accountability, and significant tax and pension announcements in the Autumn Budget.

For financial planning firms, the challenge is to understand which developments require action now, which are proposals for the future, and how they might affect the advice and ongoing service provided to clients.

Reporting period: To 31 October 2026
Prepared: 3 November 2026

EXECUTIVE SUMMARY

Demonstrating that financial planning delivers good outcomes

Three years into the Consumer Duty, the FCA continues to emphasise that firms need more than well-documented processes. They need meaningful evidence that their products and services are meeting customers' needs and delivering good outcomes.

The FCA's published examples on product governance, together with its October commentary on fair value, provide useful opportunities for financial planning firms to assess their existing arrangements.

The message is relatively straightforward. Firms should understand who their services are intended for, what clients receive, whether the price represents fair value and whether the service continues to meet their needs.

October also brought proposals for substantial reform of the Senior Managers and Certification Regime (SM&CR). These could simplify some of the administrative requirements for regulated firms, but they are proposals rather than changes firms can immediately implement.

The Autumn Budget on 28 October included several important announcements for financial planning. These include changes to savings and property income taxation, pension death benefits, future State Pension arrangements and business-owner taxation.

Importantly, the Government has withdrawn its proposed restriction on Cash ISA subscriptions. This changes some of the planning considerations discussed in September's update.

Alongside these developments, new research on lost pensions and a government call for evidence on State Pension deferral reinforce the importance of understanding the complete financial circumstances of clients approaching or already in retirement.

The main themes this month

- **Consumer Duty:** Strengthen the evidence supporting product governance, monitoring and fair-value assessments.
- **Accountability:** Understand the proposed SM&CR reforms while maintaining existing requirements.
- **Budget:** Review how tax and pension announcements affect financial planning assumptions, communications and advice.
- **Retirement planning:** Consider State Pension changes, lost pension entitlements and pension death-benefit arrangements.
- **Investments:** Review diversification, investment concentration and the implications of changing interest-rate expectations.

> **The main question remains whether firms can demonstrate that their financial planning processes are working for clients, rather than simply demonstrating that those processes exist.**

KEY THEME 1

Consumer Duty: Product Governance and Understanding Your Clients

The FCA's July 2026 review of the products and services outcome remains an important reference point for firms reviewing their Consumer Duty arrangements.

The review examined how firms design products and services, identify their intended target markets, monitor customer outcomes and oversee distribution arrangements.

It also provided examples of how smaller firms can apply the requirements proportionately without extensive systems or dedicated teams.

Understanding the target market

A central part of the products and services outcome is understanding who a product or service has been designed for.

For financial planning firms, this should extend beyond describing clients simply by their level of assets under management.

Clients with similar investment values can have very different needs.

Someone approaching retirement, for example, may require a different service from someone still accumulating wealth. Similarly, a recently bereaved client may need additional support even where their underlying investments remain appropriate.

The FCA's examples demonstrate the importance of considering customer characteristics, objectives and potential vulnerabilities when designing and reviewing services.

Monitoring and reviewing outcomes

The FCA continues to emphasise that monitoring should involve more than complaints or confirmation that annual reviews have taken place.

Firms should consider information that helps them understand whether clients are receiving the services they need and whether those services are delivering the intended outcomes.

This might include review completion, service delivery, client feedback, withdrawal patterns, changes in circumstances and outcomes from file reviews.

The information should help firms identify concerns, take appropriate action and assess whether that action has improved the position.

Distribution and third-party arrangements

The review also highlights the importance of understanding responsibilities throughout the distribution chain.

For financial planning firms, this may involve platforms, discretionary investment managers, model portfolio providers and other third parties.

Firms should understand what information they need from these organisations, how that information will be provided and who is responsible for acting when problems arise.

Money Wise UK thoughts

A useful starting point is to consider how the firm's client proposition reflects the different stages of a client's financial journey.

For example, we might identify clients as accumulating wealth, approaching retirement, drawing retirement income or experiencing significant life changes.

These are suggested management groups, not FCA classifications.

The purpose is to understand whether different clients receive the support they need and whether our service remains suitable.

For smaller firms, there may already be useful information within the business. Advisers know their clients, administrators understand recurring service issues, and management may receive direct feedback.

The challenge is bringing this information together in a way that informs decisions.

An annual review completed within the agreed timescale is useful management information. However, knowing that a review identified an unsustainable retirement withdrawal, prompted a change and improved the client's position tells us much more about the outcome.

> **The important distinction is between measuring activity and understanding the benefit that activity delivers to clients.**

SOURCE [1] FCA Products and services: good practice and areas for improvement.

KEY THEME 2

Consumer Duty: What Does Fair Value Look Like in Practice?

On 29 October, the FCA published further commentary and supervisory findings on fair value, drawing on work within the consumer finance sector.

Although the examples primarily relate to consumer finance products, the underlying Consumer Duty principles provide useful questions for financial planning firms.

Fair value is not simply about whether a product or service is inexpensive. It is about whether the price paid is reasonable relative to the benefits the customer receives.

The FCA identifies three important areas.

1. Evidence supporting the assessment

A fair-value assessment should demonstrate how the firm has reached its conclusion.

Simply describing the service and listing its benefits does not necessarily demonstrate fair value.

Firms should consider whether there is evidence of the benefits being delivered, what customers actually receive and how this compares with the total cost.

2. Different customer groups

The FCA highlights the risk of treating all customers as though they have identical needs and experiences.

In financial planning, different clients may receive different levels of support depending on their circumstances, complexity and the services they use.

Firms should consider whether the value received remains appropriate across different client groups.

3. Understanding the cost

Fair value and consumer understanding are closely connected.

Customers need to understand what they are paying, what services are included and the circumstances in which additional costs might arise.

For financial planning firms, this includes understanding the total cost of advice, investment management, platforms and underlying funds.

Money Wise UK thoughts

For financial planning firms, fair value is not simply a matter of comparing adviser charges against competitors.

The assessment should consider the complete service and how it benefits the client.

A client receiving retirement income advice may benefit from cashflow modelling, withdrawal monitoring, tax planning and ongoing reassessment of sustainability.

Another client may have relatively straightforward circumstances and require a different level of service.

The challenge is demonstrating why the services and charges are appropriate for each group.

An area worth reviewing is whether clients actually receive the ongoing services included within their charging arrangements.

For example:

- Are annual reviews completed, and what happens when clients do not engage?
- Are recommendations and actions arising from reviews followed through?
- Does the firm identify when a client's circumstances require additional support?
- Are total charges clearly explained and understood?

- Does the firm consider whether its service remains appropriate as clients' needs change?

A particularly important consideration is what happens when a client repeatedly declines or fails to respond to review invitations.

The firm should understand the risks, consider whether it can continue to provide the agreed service and document the actions taken.

This does not necessarily mean that a client who chooses not to attend a review receives no value. It means the firm should understand the circumstances and assess whether the arrangement remains appropriate.

> **Fair value is an ongoing assessment of the relationship between what clients pay, what they receive and the benefits delivered.**

SOURCE [2] FCA Fair value in consumer finance and accompanying commentary, 29 October 2026.

REGULATORY UPDATE

FCA Proposes Significant Changes to SM&CR

On 22 October, the FCA published CP26/37, setting out proposals for the second phase of its review of the Senior Managers and Certification Regime.

The proposals aim to simplify the regime, reduce unnecessary administration and make requirements more proportionate.

Importantly, the FCA is not proposing to remove individual accountability or reduce standards of conduct.

The consultation closes on **22 January 2027**, with the FCA expecting to publish final regulatory requirements in the first half of 2027.

Several proposals depend on legislation and the outcome of the parliamentary process.

Removing the Certification Regime

One of the most significant proposals is the complete removal of the Certification Regime.

Currently, firms must assess and certify the fitness and propriety of individuals undertaking certification functions, generally at least annually.

Under the proposals, this formal certification process would be removed.

However, firms would remain responsible for ensuring that individuals are competent, suitable and appropriately qualified.

Relevant Training and Competence requirements, professional qualifications and Statements of Professional Standing would continue to apply.

Retiring the FCA Directory

The FCA also proposes removing the Directory of certified and assessed persons.

This would reduce the reporting and annual attestation requirements associated with maintaining individual records.

Information about regulated firms and Senior Management Function holders would remain available through the FCA Register.

Simplifying Senior Manager responsibilities

The FCA proposes reducing the number of Prescribed Responsibilities that firms must allocate.

For Core firms, the responsibilities retained would principally concern the Senior Managers Regime, financial crime and client assets where applicable.

Other proposed changes include:

- Extending temporary Senior Manager cover from 12 to 18 weeks.
- Simplifying Senior Management Function applications.
- Removing routine submissions of updated Statements of Responsibilities while retaining appropriate internal records.
- Raising certain thresholds for firms entering the Enhanced regime.
- Streamlining some of the requirements applying to Enhanced firms.

The proposed revenue threshold for the Enhanced regime would increase from £45 million to £75 million.

Conduct Rules

The FCA is not proposing to change the underlying Conduct Rules.

However, it proposes simplifying training requirements and focusing regulatory reporting more closely on serious misconduct.

Firms would still need to ensure employees understand the Conduct Rules applicable to them and the consequences of breaching those rules.

The proposals would also bring sole traders directly within the Conduct Rules framework.

Money Wise UK thoughts

For financial planning firms, these proposals could reduce some of the administrative work associated with demonstrating compliance.

However, we should distinguish between simplifying regulatory reporting and removing the need for effective governance.

Even if annual certification were removed, firms would still need to ensure advisers and other relevant employees remain competent, qualified and capable of performing their roles.

A practical approach would be to retain a meaningful process for reviewing competence, conduct and professional development rather than treating these activities simply as annual regulatory exercises.

Similarly, reducing the number of Prescribed Responsibilities should not result in uncertainty about who is accountable for important areas of the business.

The consultation is a useful opportunity to review whether current procedures support good governance or have become overly administrative.

> **The objective should be to maintain clear responsibilities and high professional standards while removing unnecessary duplication.**

Firms should continue to comply with the current requirements until relevant changes take effect.

SOURCE [3] FCA CP26/37 – SM&CR Review: Phase 2.

TECHNICAL UPDATE 1

Autumn Budget 2026: Implications for Financial Planning

The Chancellor delivered the Autumn Budget on 28 October 2026.

The Budget contained several announcements relevant to financial planning, particularly around pensions, savings, property income, inheritance tax and business owners.

Some measures take effect immediately, while others will be introduced over the coming years and require further legislation.

This section focuses on the practical implications for financial planning firms rather than providing a comprehensive review of every Budget announcement.

Savings and property income taxation

From 6 April 2027, the rates of Income Tax applying to savings income will increase to:

Rate	2026/27	2027/28
Basic	20%	24%
Higher	40%	44%
Additional	45%	49%

Equivalent rates will apply to property income in England, Wales and Northern Ireland, subject to the relevant legislative arrangements.

The Personal Savings Allowance and Starting Rate for Savings remain unchanged.

These changes could affect clients holding substantial cash deposits, receiving investment income or generating rental income.

They may also influence the comparison between different investment structures, including onshore and offshore investment bonds.

Cash ISA proposals withdrawn

The Government has confirmed that the proposed reduction in Cash ISA subscriptions to £12,000 for individuals under age 65 will not proceed.

The annual Cash ISA limit will remain at £20,000.

This is an important change from the position discussed in September's compliance update.

For financial planning firms, it reinforces the importance of distinguishing proposed future tax changes from legislation and responding when Government policy changes.

The Government is also exploring a possible new incentive for first-time Stocks and Shares ISA investors. The detailed design has not yet been established.

Lifetime ISA and first-time buyers

The Budget reduces the Lifetime ISA withdrawal charge from 25% to 20% where the withdrawal is used to purchase a first home above the existing £450,000 property limit.

The change takes effect from 29 October 2026.

The standard 25% charge continues to apply to other unauthorised withdrawals.

The Government has also announced plans for a new First Time Buyer ISA to replace the Lifetime ISA for new savers from April 2029.

Business owners

Two announcements may be particularly relevant to clients planning the sale of a business.

The lifetime limit for Business Asset Disposal Relief will reduce from £1 million to £500,000 for qualifying disposals from 6 April 2027.

A new Founders' Relief is also proposed, providing a 10% Capital Gains Tax rate on up to £10 million of qualifying lifetime gains for eligible founders and early investors.

The relief is subject to specific qualifying conditions and is intended to take effect from 6 April 2027.

These changes could be important when advising clients whose retirement plans depend upon the proceeds of a business sale.

Money Wise UK thoughts

Budgets provide a useful reminder that financial plans need to adapt as circumstances change.

The potential reduction in Cash ISA subscriptions had prompted significant discussion about savings, cash reserves and future investment arrangements.

The decision not to proceed demonstrates the risks of making major financial decisions based on speculation or proposals that are not yet final.

For financial planning firms, the important work now is to review which changes materially affect clients.

This might include reassessing tax assumptions, reviewing the use of investment bonds, considering property income within retirement cashflow models or revisiting business-sale planning.

However, tax should remain one part of the wider financial planning process.

A tax-efficient strategy is not necessarily suitable if it increases investment risk, reduces flexibility or compromises the client's wider objectives.

> **Financial planning should start with the client's goals and circumstances, then adapt to changes in legislation rather than allowing tax announcements alone to determine the plan.**

SOURCES [4] Budget 2026: Overview of tax legislation and rates • [5] HMRC Budget 2026 tax documents.

TECHNICAL UPDATE 2

Pensions: Tax Changes and Death Benefits

The Budget also confirmed changes affecting pension taxation and death benefits.

Several of these measures require consideration alongside the existing reforms bringing most unused pension funds and death benefits within inheritance tax from April 2027.

Pensions and inheritance tax

From 6 April 2027, most unused pension funds and pension death benefits will be included within the estate for inheritance tax purposes.

This measure was legislated for before the October Budget.

The Budget includes further technical provisions concerning how personal representatives can arrange payment of pension-related inheritance tax and how pension property interacts with the reduced inheritance tax rate where qualifying charitable gifts are made.

The changes reinforce the importance of understanding pension beneficiary arrangements, potential tax liabilities and the administration of estates.

Removal of the pension death-benefit two-year rule

The Budget announced the removal of the two-year rule under which certain pension death benefits could become taxable solely because payment or designation took place more than two years after the scheme administrator became aware of the member's death.

The measure applies to relevant payments and designations from 28 October 2026, with supporting legislation being introduced.

This change should not be confused with the separate inheritance tax reforms taking effect in April 2027.

Other pension measures

Further announcements include:

- Changes to the taxation of lump-sum death benefits exceeding the available Lump Sum and Death Benefit Allowance.
- Changes allowing serious ill-health lump sums to be paid where life expectancy is less than one year, subject to the relevant conditions and commencement date.
- Provisions permitting qualifying defined benefit scheme surplus payments directly to members from April 2027.
- The previously announced increase in Normal Minimum Pension Age to 57 from April 2028, subject to protections and exceptions.
- The restriction of the National Insurance advantage on pension salary sacrifice contributions above £2,000 annually from April 2029.

Money Wise UK thoughts

Pension death benefits have become an increasingly important part of financial planning, particularly where clients have accumulated significant pension wealth.

However, pensions should not be viewed solely as inheritance tax planning vehicles.

For clients in retirement, the starting point remains the income and capital they need to support their own financial security.

The April 2027 changes provide an opportunity to review pension nominations, estate planning assumptions and the financial position of surviving beneficiaries.

Firms should also consider how they support families following a death.

The interaction between pension providers, personal representatives, beneficiaries and HMRC may create administrative challenges, particularly where several pension arrangements are involved.

A well-documented process and clear communication can make a significant difference at an already difficult time.

A useful review would consider whether the firm holds an up-to-date schedule of pension arrangements, understands the intended beneficiaries and has considered how the new tax rules might affect the overall estate.

> **The purpose is to improve the family's financial position and understanding, not simply to minimise a particular tax charge.**

SOURCES [4] Budget 2026 • [6] HMRC Pension Schemes Newsletter 186 • [7] HMRC Inheritance Tax on pensions technical guidance.

TECHNICAL UPDATE 3

Inheritance Tax: Gifts to Charitable Trusts

Changes to the inheritance tax treatment of gifts to charitable trusts are an area where financial planning firms may need to review existing estate planning assumptions.

Finance Act 2026 tightened the exemption for gifts made to trusts for general charitable purposes.

For transfers on death, the revised rules apply where the person dies on or after 6 April 2026. For lifetime transfers, they apply from 26 November 2025.

Previously, property held on trust exclusively for charitable purposes could qualify for the inheritance tax charitable exemption.

Under the revised legislation, the fact that property is held in a trust for charitable purposes is no longer, by itself, sufficient.

The property generally needs to pass to qualifying charities, subject to the statutory conditions.

Specific transitional protection exists for certain interests in possession established before 26 November 2025, where the relevant property is subsequently transferred to charities within the required period.

Money Wise UK thoughts

For financial planning firms, the main consideration is whether existing wills and estate planning arrangements continue to reflect the client's intentions.

Clients who have made provision for charitable giving through discretionary or general charitable trusts may benefit from reviewing those arrangements with their solicitor.

This is particularly relevant where trustees have discretion over which charities eventually receive the assets.

Financial planners should not assume that every charitable trust continues to qualify for the same inheritance tax treatment.

Equally, the existence of a charitable trust does not automatically mean that the arrangement is ineffective. The trust terms, dates and applicable statutory conditions matter.

This is an area where close cooperation between financial planners, solicitors and specialist tax advisers is important.

> **The intention behind charitable giving should remain central, while ensuring the arrangements continue to operate as the client expects.**

SOURCE [8] Finance Act 2026, sections 78 and 79.

KEY THEME 3

State Pension: The New Triple Lock and Retirement Planning

The Government has confirmed that the existing State Pension Triple Lock will continue until April 2030.

From April 2030, a revised mechanism will apply.

The State Pension will increase each year by the highest of:

- Consumer Prices Index inflation.
- 2.5%.
- The increase required to maintain its value relative to average earnings at the level established in April 2029.

The principal change concerns the long-term relationship between State Pension increases and earnings.

Under the current arrangement, a year in which State Pension increases exceed earnings growth can permanently raise the pension's value relative to average earnings.

The revised mechanism is intended to reduce this effect, allowing the State Pension to keep pace with earnings over the longer term without the same permanent upward adjustment.

The Institute for Fiscal Studies has welcomed the removal of this mechanism, while highlighting continuing uncertainty around the cost of the 2.5% minimum increase.

State Pension increases for April 2027

The full new State Pension is set to increase by 3.9% from April 2027.

This would take the full annual amount to £13,036.40, based on a weekly rate of £250.70.

The amount payable to an individual will depend on their National Insurance record and entitlement.

New Pension Tax Allowance

The Budget also introduced a Pension Tax Allowance, intended to prevent pensioners with total income no higher than the full new State Pension from having to pay small amounts of Income Tax.

The measure will operate from April 2027 to April 2030.

For 2027/28, the full tax reduction, worth up to £94, will be available where qualifying total income does not exceed £13,037, with a tapered reduction above this level.

It will be fully withdrawn once total income reaches £13,319.

Money Wise UK thoughts

The State Pension is an important foundation for retirement income planning.

For many households, it provides a guaranteed income stream that helps meet essential expenditure.

However, there are several considerations for financial planning firms.

Firstly, clients may receive different State Pension amounts depending on their National Insurance history.

Secondly, the age at which the State Pension becomes payable can create a significant planning gap for clients retiring earlier.

Thirdly, the income available to a household can change substantially following the death of one partner.

Finally, longer-term cashflow planning should consider the uncertainty surrounding future State Pension uprating.

The revised Triple Lock reinforces the importance of modelling different assumptions rather than relying on a single projection.

Within a Centralised Retirement Proposition®, firms should consider how State Pension income interacts with guaranteed income, investment withdrawals and changing expenditure throughout retirement.

> **Retirement planning should consider the complete household journey, not simply the amount of pension income expected at the retirement date.**

SOURCES [9] Government Triple Lock reform factsheet • [10] Institute for Fiscal Studies • [11] HMRC Pension Tax Allowance explainer.

KEY THEME 4

Lost Pensions: Understanding the Complete Retirement Picture

On 12 October, the Pensions Policy Institute published *Lost Pensions 2026: The Scale of the Challenge*.

The research estimates that approximately **3 million pension pots** are lost in the UK, containing around **£18.7 billion** of pension assets.

The survey covers approximately 75% of the workplace defined contribution pension market by number of pots.

For the first time, the research also includes exploratory evidence relating to defined benefit pension entitlements.

Importantly, changes to the research methodology and market coverage mean that the latest estimates should not be directly compared with previous surveys.

Money Wise UK thoughts

The scale of lost pension arrangements is a reminder of how important it is to understand a client's complete financial circumstances.

Over a working lifetime, individuals may accumulate pensions through several employers.

Some arrangements may be forgotten, while others may be relatively small or held with providers that are no longer familiar to the client.

For financial planning firms, identifying pension arrangements should form part of a thorough fact-finding process.

However, finding a pension does not automatically mean that it should be transferred or consolidated.

Existing arrangements may contain valuable guarantees, protected benefits, favourable charges or other features that should be considered before any recommendation is made.

This can be particularly important as clients approach retirement and decisions about accessing pension benefits become more complex.

A useful approach is to ensure the firm has established what pensions exist, understands their benefits and records why the recommended retirement strategy is appropriate.

> **Good retirement planning starts with understanding all available resources before deciding how they should be used.**

SOURCE [12] Pensions Policy Institute, Lost Pensions 2026.

TECHNICAL UPDATE 4

State Pension Deferral: Government Call for Evidence

On 20 October, the Department for Work and Pensions launched a call for evidence on State Pension deferral.

The Government is seeking information about why individuals defer their State Pension, how well they understand their options and what influences the decision about when to claim.

The exercise also seeks evidence about personal experiences, outcomes and potential barriers.

It does not propose specific changes to the existing deferral arrangements.

The call for evidence closes on **1 December 2026**.

Money Wise UK thoughts

The decision about when to claim the State Pension can be an important part of retirement planning.

Deferring the State Pension may increase the weekly amount eventually received, but this needs to be assessed against the income forgone during the deferral period.

Life expectancy, health, other income sources, tax and household circumstances may influence the outcome.

In practice, the decision should form part of the wider retirement income strategy rather than being considered in isolation.

For couples, it may also be useful to understand how different State Pension claim dates affect the household's overall income.

The Government's review is a reminder that the suitability of a financial decision depends on the individual's circumstances and their understanding of the available options.

SOURCE [13] DWP State Pension deferral call for evidence.

MARKET UPDATE

Economic Resilience, Market Concentration and Higher Bond Yields

October's investment commentary continued to focus on the relationship between resilient economic growth, company earnings, inflation and higher interest rates.

J.P. Morgan's *Guide to the Markets – UK*, using data to 30 September 2026, provides the broader market context. Franklin Templeton's October commentary adds a perspective on the economic and investment implications of higher interest rates.

The material provides an outlook and context for investment decisions rather than a record of October investment returns.

Economic growth and inflation

The global economy has continued to demonstrate resilience despite higher energy costs, inflation pressures and geopolitical uncertainty.

Business surveys suggest activity remains relatively healthy, while investment spending is extending beyond technology.

However, inflation remains above central bank targets in several major economies, and expectations for future interest rates have increased.

The challenge for central banks is balancing inflation control against the risk of placing unnecessary pressure on economic growth.

Equity markets and concentration

Artificial intelligence remains an important driver of investment and company earnings.

However, the increasing concentration of major equity indices in technology-related businesses raises questions about portfolio diversification.

Investors holding a range of global funds may still have significant exposure to the same companies and underlying investment themes.

Strong earnings have helped support valuations, but this does not remove the potential risks associated with concentrated market leadership.

Regional differences in valuations, economic policy and industry composition may provide alternative sources of investment returns.

Bonds and higher interest rates

Government bond yields have risen amid concerns about fiscal deficits, borrowing requirements and increased bond issuance.

Corporate borrowing, including spending on artificial intelligence infrastructure, is adding to the demand for capital.

For long-term investors, higher starting bond yields may improve the outlook for future income and returns.

However, higher yields can also mean falling capital values, particularly for longer-duration bonds.

The economic outlook

Franklin Templeton's October analysis argues that the beginning of an interest-rate tightening cycle does not automatically bring an economic expansion or equity market to an end.

Its US recession dashboard remained expansionary at the end of September.

The analysis suggests that the scale and duration of any tightening cycle may be more important than the initial increase in interest rates.

This is one interpretation of the outlook rather than a guarantee of future economic or market performance.

Money Wise UK thoughts

The market backdrop reinforces the importance of diversification and maintaining a clear investment process.

One of the challenges is understanding what we mean by diversification.

A portfolio may hold several investment funds but still have substantial exposure to the same underlying companies, sectors or economic risks.

The growth of artificial intelligence-related businesses makes this particularly relevant.

For investment committees, it is worth looking beyond the number of funds held and understanding the sources of risk and return within the overall portfolio.

Similarly, bonds need to be considered in the context of their intended role.

A higher yield can be attractive, particularly for clients requiring income. However, that should be considered alongside credit quality, duration and potential capital volatility.

For retirement clients, the relationship between portfolio risk and withdrawals remains particularly important.

A portfolio that is suitable during accumulation may need to be reassessed as the client begins drawing income.

Within a Centralised Retirement Proposition®, firms should consider how cash reserves, guaranteed income, fixed income and equities work together to support the client's spending requirements.

> **The objective should not be to predict the next market movement, but to construct and monitor portfolios that remain appropriate across a range of possible outcomes.**

SOURCES [14] J.P. Morgan Guide to the Markets – UK, Q4 2026 • [15] Franklin Templeton, The Long View: Love at First Hike? It Could Be.

PRACTICAL ACTIONS

Priorities for Financial Planning Firms

The following are suggested Money Wise UK actions. They should be adapted to the firm's permissions, business model, client base and existing arrangements.

Priority	Suggested action	Evidence to retain
Consumer Duty	Review whether target markets and client groups remain appropriately defined.	Target market review, decisions and actions.
Fair value	Test total charges against service delivery and the benefits received by different client groups.	Fair-value assessment, service MI and conclusions.
Outcome monitoring	Identify where client outcomes fall short and record what happens next.	Exceptions, actions, owners and follow-up results.
SM&CR	Assess the potential impact of CP26/37 while continuing to meet current requirements.	Governance review and consultation response where appropriate.
Budget	Update planning assumptions and communications for relevant tax and pension changes.	Revised assumptions, client impact assessment and communications.
Pensions and IHT	Review affected clients, nominations and bereavement procedures.	Client review records, provider requirements and action plan.
Estate planning	Identify relevant charitable trust arrangements requiring specialist review.	Referral records and specialist advice obtained.
Retirement planning	Review State Pension assumptions, survivor income and withdrawal sustainability.	Cashflow assumptions, stress tests and suitability rationale.
Lost pensions	Check whether clients have identified all existing pension arrangements.	Pension schedule, benefit checks and consolidation rationale.
Investments	Review underlying equity concentration, bond duration and portfolio diversification.	Investment committee research, challenge and decisions.

Consumer Duty: Suggested Monitoring Measures

Firms may wish to consider whether their quarterly Consumer Duty reporting includes:

- Reviews completed, overdue and declined, together with the implications for ongoing suitability.
- Clients whose circumstances or needs have materially changed.
- Clients identified as potentially vulnerable and support adjustments made.
- Differences in service delivery and value across client groups.
- Withdrawal patterns that may require reassessment.
- Complaints, client feedback and recurring service issues.
- Third-party service failures and how they have affected clients.
- Actions taken to address potential harm and evidence that outcomes have improved.

The measures selected should be relevant to the firm and proportionate to its activities.

The objective is not to produce increasing quantities of management information, but to ensure that the information supports meaningful decisions.

Dates to Keep in View

Date	Development
17 November 2026	Small pension pots consolidation consultation closes.
1 December 2026	State Pension deferral call for evidence closes.
22 January 2027	FCA SM&CR Phase 2 consultation closes.
First half of 2027	FCA expects to publish final SM&CR Phase 2 requirements.
6 April 2027	Pension inheritance tax changes and new savings and property income tax arrangements.
6 April 2028	Normal Minimum Pension Age increases to 57, subject to protections and exceptions.
April 2029	Planned First Time Buyer ISA introduction and pension salary sacrifice NIC restriction.
April 2030	Adjusted State Pension Triple Lock introduced.

CONCLUDING THOUGHTS

Good Governance Should Support Better Financial Planning

October's developments cover several different areas, but there is a common theme.

The FCA continues to emphasise the importance of understanding clients, delivering appropriate services and demonstrating good outcomes.

The proposed changes to SM&CR may simplify administrative requirements, but they do not remove the need for accountability and professional standards.

The Budget demonstrates that financial planning needs to remain flexible as tax legislation and government policy evolve.

For firms providing retirement advice, the challenge is particularly important.

Clients' spending, income, health, family circumstances and investment portfolios can change significantly throughout retirement.

A Centralised Retirement Proposition® should therefore provide more than an initial recommendation. It should establish how those changes are identified, assessed and reflected in the ongoing financial plan.

> **Good financial planning is not simply about making the right recommendation at the outset. It is about maintaining a process that helps clients make informed decisions as their lives change.**

Source Register

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