GUIDANCE FOR FINANCIAL PLANNING FIRMS

Money Wise UK®

Growing together, with integrity and respect

Compliance Update
September 2026

RETIREMENT INCOME AND EVIDENCE OF GOOD CLIENT OUTCOMES

Understanding the client's retirement journey should shape the advice, the ongoing service and the evidence the firm collects.

This update brings together September regulatory and technical developments, established retirement income expectations and practical governance questions for financial planning firms.

The main priority is to test whether retirement income advice remains suitable as spending, markets, tax rules and personal circumstances change. Firms should also prepare for the April 2027 pension and ISA changes, while continuing to apply existing Consumer Duty requirements.

Reporting period to 30 September 2026
Prepared 7 October 2026

EXECUTIVE SUMMARY

Retirement income needs continuing attention

September brought retirement income back into focus. The FCA's latest market data shows more plans entering drawdown, increased annuity purchases and a substantial rise in the value withdrawn. These figures help describe the market, but they do not tell us whether an individual withdrawal was suitable or sustainable.

For financial planning firms, the practical question is whether the advice process follows the client through retirement. Spending can change, a partner can die, health can deteriorate and a portfolio can fall. The firm needs a clear way to identify when the original plan needs attention.

> **A retirement plan needs a process for recognising when circumstances have changed and deciding what happens next.**

The Consumer Duty focus areas were updated during September. Vulnerability, fair value and suitability remain relevant to advice and wealth firms. The consultation on scope and proportionality has closed, but the proposals have not replaced existing requirements.

The sustainability report published this month offers voluntary industry good practice. It is useful material for reviewing client conversations, research and staff competence, but it is not FCA guidance and does not introduce a new compulsory qualification.

The forthcoming ISA changes and HMRC's second pension inheritance tax technical note also need operational preparation. These are as much about client understanding, information sharing and provider processes as they are about tax calculations.

The main themes this month

- Review the retirement income proposition alongside the advice files and ongoing monitoring.
- Use Consumer Duty information to identify which clients may need action and whether that action worked.
- Keep proposals, voluntary recommendations and existing rules clearly separated.
- Prepare for the April 2027 ISA and pension inheritance tax changes without encouraging unsuitable decisions.
- Check how cash reserves, guaranteed income and survivor income fit within each retirement plan.

KEY THEME 1

The retirement income market

The FCA published its 2025/26 retirement income data in September, covering the year to 31 March 2026. The following figures describe pension plans, not unique individuals. A person can hold several plans.

Measure	2025/26	Previous year
Plans first accessed	1,047,008	974,990
Plans entering drawdown	401,137	362,946
Annuity purchases	100,144	88,430
Value withdrawn	£91.236bn	£74.987bn
First-access plans with regulated advice	30.8%	30.4%
Full encashment share of plans accessed	45.8%	47.4%
Accessed pots worth £250,000 or more	8.6%	7.2%

Drawdown entries increased by 10.5%, annuity purchases by 13.2% and the value withdrawn by 21.7%. Full encashment remained the most common access route. The proportion taking regulated advice was broadly unchanged.

Money Wise UK thoughts

We should be careful about what we infer. Full encashment is not automatically a poor outcome, and drawdown is not automatically a good one. Pot size, other assets, tax, objectives and the purpose of the withdrawal all matter.

The growth in annuity purchases is a useful prompt to revisit guaranteed income. A retirement proposition should make it straightforward to consider whether an annuity, drawdown or a combination meets the client's needs. This should be assessed on the client's circumstances rather than the firm's preferred investment approach.

The advice percentage covers plans first accessed. It should not be presented as the proportion of all pensioners receiving advice, or used to judge the quality of advice. The older 2023/24 dashboard supplied with the notes is historical context; current tables should be used where prior-year figures have been refreshed.

SOURCES [1] FCA Retirement income market data 2025/26

KEY THEME 2

Evidencing retirement income suitability

September's compliance-provider commentary revisits established FCA expectations. The starting points remain TR24/1, the FCA's June 2025 good and poor practice article and its cashflow modelling publication. Reported information requests to advice firms should be treated as supervisory intelligence, not a new market-wide rule.

The FCA's published examples emphasise complete client information, retirement-appropriate risk assessments and sustainable withdrawals. Cashflow modelling is not prescribed as the only method. Where it is used, assumptions and outputs need a reasonable, client-specific basis.

Questions for the advice process

- Have we recorded the household's assets, liabilities, expected income and detailed spending, including how these may change?
- Have we reassessed attitude to risk and capacity for loss at retirement and after material changes?
- Have we explained why the withdrawal strategy and any alternatives are suitable?
- Do the projections reflect costs, tax, inflation and a reasonable planning horizon?
- Can the client explain the main risks and the circumstances in which income may need to change?

Money Wise UK thoughts

Accumulation and decumulation have different pressures. A client who is saving can often wait through a market fall. A client who is making withdrawals may be selling investments while values are depressed. The timing and sequence of returns can therefore affect the life of the portfolio.

A practical CRP® should explain how the firm addresses this risk. That may include an agreed cash reserve, guaranteed income for essential spending, flexible withdrawals or a combination. Each approach has costs and limitations; cash can lose purchasing power and lower-risk assets can still fall.

The plan should identify the decisions that follow a poor outcome in a stress test. What spending could change? Which assets could be used? When should the adviser contact the client? A projection showing a shortfall is useful only if the recommendation responds to it.

> **The important evidence is how the analysis shaped the recommendation and the client's understanding.**

SOURCES [2] TR24/1 • [3] Retirement income good and poor practice • [4] Cashflow modelling

KEY THEME 3

Consumer Duty priorities

The FCA updated its focus areas on 24 September. Its work includes outcomes monitoring, customer journeys, consumer understanding, vulnerability and price and value. For advice and wealth firms, vulnerability identification, fair value and unsuitable advice remain specific areas of attention.

The FCA is reviewing how MPS firms implement the Duty, with findings expected in Q1 2027. Work to finalise the extension of SDR to portfolio management remains paused. Neither point removes existing obligations.

Money Wise UK thoughts

A quarterly report should help the firm decide where to intervene. Review completion, complaints and vulnerability counts are useful, but the report becomes more valuable when it shows what those numbers mean for clients.

For retirement clients, consider separating those taking regular withdrawals, those making occasional withdrawals and those who have accessed benefits without drawing income. Their risks and support needs may differ. These are suggested management cohorts, not regulatory classifications.

- Show which clients may be drawing at a level that requires reassessment and the status of that reassessment.
- Link vulnerability records to actual support adjustments and check whether those adjustments helped.
- Assess the total cost of the proposition alongside the service received and the needs of different client groups.
- Record recurring delays, missed service elements and cases where disengagement prevents effective oversight.
- Test understanding of income flexibility, investment risk, guarantees, tax and charges.

Outsourcing does not make the client journey disappear from the adviser's responsibilities. If a platform delay affects a withdrawal, the firm should understand the cause, communicate clearly and escalate where appropriate. The evidence should connect the issue with the response and outcome.

> **Useful management information shows who needs attention, why they need it and whether the response improved the position.**

SOURCES [5] FCA Consumer Duty focus areas

REGULATORY UPDATE

Consumer Duty scope and proportionality

CP26/23 closed on 18 September 2026. The FCA expects a policy statement and any new rules in Q1 2027. Firms should continue to apply the current framework while monitoring the outcome.

The consultation proposes clearer scope, greater proportionality in distribution chains, changes for non-UK retail customers and clarification of the interaction with product governance requirements.

Manufacturing responsibilities

The proposals would replace co-manufacturing terminology with principal and secondary manufacturers. Substantive control over a product or service would distinguish a principal manufacturer from a contributing secondary manufacturer. These are proposed definitions, not classifications to implement as final rules now.

This could matter where an adviser works with a discretionary manager to develop a tailored proposition. The substance of the contribution, decision-making powers and written responsibilities should be understood. Selecting an existing investment and helping design a service are different activities.

Adviser charging

External commentary highlights uncertainty about remuneration where advisers contribute to product or service design. The consultation should not be read as permission to accept provider payments. Existing adviser charging and inducement requirements remain relevant; firms should obtain specific compliance advice before changing arrangements.

Money Wise UK thoughts

There is useful work to do before the final rules arrive. Map who designs the proposition, who makes investment decisions, who supplies information, who assesses value and who acts when an outcome falls short. Check whether agreements describe the actual arrangement.

Proportionality should help firms concentrate effort where they influence outcomes. It should not become a reason to stop due diligence or assume that another firm is dealing with every risk. The client needs a service in which responsibilities are clear and problems have somewhere to go.

SOURCES [6] CP26/23 consultation page and paper

KEY THEME 4

Sustainability in the advice process

The Advisers' Sustainability Group launched Sustainability in Practice on 8 September. It provides voluntary recommendations and practical frameworks for advisers and trainers. The FCA confirms that it represents the group's views and is neither FCA guidance nor FCA expectations.

The recommendations

- Explore sustainability and values preferences using clear, neutral questions, including the option to express no preference.
- Consider relevant financial risks and opportunities in research and suitability assessments.
- Use SDR labels and disclosures as research inputs and explain limitations or agreed trade-offs.
- Include sustainability in governance, product research, monitoring and record keeping.
- Develop practical competence across advisers, paraplanners, compliance staff and senior management.

The group proposes minimum sustainability content in level 4 qualifications and an optional level 6 qualification. These are recommendations, not new mandatory training rules. Its accompanying letter seeks FCA clarity on fact-finding, financially material factors, operational barriers and competence.

Money Wise UK thoughts

The useful starting point is the client conversation. Labels such as ethical, ESG and sustainable can mean different things to different people. A client may want to avoid certain activities, support particular outcomes or understand how investment risks are managed. The file should capture what they actually mean.

Research should then test whether the proposed portfolio can meet those preferences alongside the client's financial objectives. A label is helpful information, but it cannot establish individual suitability on its own. Explain where the available solution falls short and record the client's decision.

Firms can review their current approach now without treating the report as a regulatory instruction. Existing requirements, including the anti-greenwashing rule for relevant sustainability claims, still apply. Communications should be clear about what a strategy does and the evidence supporting any claim.

SOURCES [7] ASG report and open letter • [8] FCA Climate change and sustainable finance

TECHNICAL UPDATE

ISA changes from April 2027

The September tax information and impact note sets out the cash ISA limit reduction and associated measures taking effect from 6 April 2027. The overall annual ISA subscription limit remains £20,000.

Area	Position from 6 April 2027
Cash ISA subscriptions	£12,000 for under 65s; £20,000 from the tax year in which the investor turns 65.
Transfers into cash ISAs	Transfers from non-cash ISAs restricted for under 65s. The restriction is disapplied from the tax year in which the investor turns 65.
Interest on cash in non-cash ISAs	22% charge, administered by ISA managers. It applies to interest or alternative finance returns, not the cash balance itself.
Money market funds	Cash-like assets may form part of a non-cash ISA, but cannot make up 100% of the investments.
Older investors	The interest charge and 100% cash-like restriction still apply to investors aged 65 and over.

Money Wise UK thoughts

The retirement cash reserve needs particular attention. Cash held inside a stocks and shares ISA may have an important role in meeting withdrawals and avoiding forced sales. A change in tax treatment does not remove that role, but it changes the calculation and the client explanation.

An adviser should consider where reserves are held, the net interest received, access requirements and the implications of transfers. Moving cash into investments simply to avoid the charge could expose a client to unsuitable risk.

The charge on cash interest should not be confused with the separate rule on portfolios consisting entirely of money market funds. Nor should the £12,000 subscription limit be described as a requirement to reduce existing cash ISA balances to £12,000.

Ask platforms and ISA managers how they will implement the measures and identify affected clients. Update generic communications and modelling assumptions once the relevant provider treatment is clear.

SOURCES [9] Cash ISA limit reduction • [10] ISA anti-circumvention factsheet

TECHNICAL UPDATE

Pensions and inheritance tax preparation

HMRC's second technical note was published on 27 August and is included here because the supplied September material focuses on its operational implications. It supports the changes for deaths from 6 April 2027. It is a technical explanation, not final guidance, and includes draft supporting templates.

The information-sharing process covers notification and basic valuations, further information where an inheritance tax account is required, withholding notices, payment notices and relevant lump sum death benefit information. Not every stage applies to every estate, and some stages can run together.

The note also explains withholding of up to 50% of relevant pension property, direct payment of pension-related inheritance tax to HMRC and the interaction with lump sum death benefit reporting. Detailed conditions need checking in the current legislation and scheme procedures.

The note also highlights inherited pension drawdown. Where a beneficiary dies from 6 April 2027, remaining inherited benefits may be relevant to their estate even if the original pension member died before that date.

Money Wise UK thoughts

This is a reason to improve the information held before a bereavement occurs. A clear pension schedule, current nominations, provider contacts and an understanding of the intended beneficiaries can help the family and personal representatives navigate the process.

- Identify clients whose estate planning may be affected and record when their position will be reviewed.
- Check what each provider will need from personal representatives and beneficiaries.
- Explain that pension death benefits and inheritance tax administration may involve separate decisions and timescales.
- Review the bereavement process, including ownership, support needs and communication with other professionals.
- Monitor further HMRC material, including the planned third technical note and final guidance.

Avoid blanket messages that clients should draw pensions or give money away before April 2027. A withdrawal can create income tax, reduce retirement resources or move assets into a different tax position. The assessment needs to consider sustainable income, the household estate, exemptions, beneficiary circumstances and access to capital.

> **Preparing for the new process is useful now. Changing a client's plan requires an assessment of their individual circumstances.**

SOURCES [11] HMRC Technical note 2 • Supplied September technical commentary

Small pension pots and the State Pension

Small pots consolidation

The government's consultation opened on 15 September and closes on 17 November 2026. It concerns the implementation of multiple default consolidators for eligible dormant workplace pension pots, with implementation intended from 2030.

The supplied briefing describes the proposed scope as defined contribution, charge-capped default pots created since automatic enrolment began on 1 October 2012. Pots would need to be worth more than zero and no more than £1,000, with no contributions for at least 12 months. The treatment of guarantees and protections remains important.

This is a consultation on implementation, not a current instruction to transfer clients' pensions. Firms should continue to check each scheme's benefits, charges, protections and the client's circumstances before recommending consolidation.

State Pension and the triple lock

The IFS's September analysis uses earnings growth of 3.9% for May to July 2026. Subject to revisions, the relevant inflation measure and formal uprating, this points to a full new State Pension of £250.70 a week in April 2027. That is £13,036.40 on a 52-week basis, compared with £12,547.60 at the current £241.30 weekly rate. The basic State Pension would be £192.10 a week on the same provisional basis.

Money Wise UK thoughts

The useful planning conversation is about entitlement and timing. Check each client's State Pension forecast, National Insurance record and State Pension age. Do not assume that everyone will receive the full amount or start receiving it at the same age.

A couple's plan should also show the position after the first death. Two full State Pensions can provide a substantial income foundation, but that household income will change when one partner dies. The survivor's expenditure may fall by much less than half.

Use the expected uplift as a clearly labelled assumption. Long-term projections should also be tested against less favourable uprating rather than assuming today's policy continues indefinitely.

SOURCES [12] Small pots consultation • [13] IFS Triple lock analysis

MARKET UPDATE

Growth resilience and higher interest rates

Markets ended the third quarter balancing resilient economic growth and company earnings against higher bond yields, persistent inflation and geopolitical uncertainty. J.P. Morgan's latest review covers July to September; the observations below therefore describe the quarter rather than September alone.

Equities and company earnings

J.P. Morgan reports that equities advanced as earnings strength helped offset concerns about interest rates. Japan and the US were stronger areas, while European markets lagged. UK equities benefited from their exposure to financials, energy and commodities. Rising yields also influenced the pattern of returns, with value outperforming growth and smaller companies and property facing greater pressure.

Bonds and interest rates

Bond markets had a more difficult quarter. Inflation, policy tightening and increased government and corporate borrowing pushed yields higher. Longer-dated government bonds were particularly affected. This is a reminder that bonds can offer an attractive starting yield while still experiencing significant movements in capital value.

The broader economic outlook

ClearBridge's 11 September Anatomy of a Recession update remained constructive. Its US recession dashboard, based on end-August data, showed an overall expansionary signal. The manager interpreted the rise in real yields as reflecting economic resilience rather than a persistent inflation or credibility shock. That assessment is a useful perspective, but it is not a guarantee that growth will continue or markets will rise.

Money Wise UK thoughts

There is a reasonable case for cautious optimism, alongside risks that deserve attention. Stronger earnings can support equity markets, but higher borrowing costs can put pressure on businesses and consumers. Energy prices and geopolitical developments can also change the inflation outlook quickly.

For us, the useful response is to keep asking whether a portfolio remains balanced across different outcomes. A favourable economic backdrop does not mean every company or asset class will benefit equally. Nor should a strong quarter become the basis for assuming similar returns ahead.

A blended active and passive approach can remain useful. Passive investments provide low-cost market exposure, while selected active strategies may offer different holdings and sources of return. Each allocation should have a clear role, and its performance should be assessed against that role over an appropriate period.

> **The market outlook provides context for investment decisions. Diversification, costs and a clear investment process remain important whatever the next quarter brings.**

SOURCES [14] J.P. Morgan Q3 2026 review • [15] ClearBridge September AOR update

PRACTICAL ACTIONS

Priorities for financial planning firms

The following are suggested Money Wise UK actions. They should be adapted to the firm's permissions, size, clients and existing controls. Assign an owner, a completion date and a way to check that the action worked.

Priority	Action	Evidence to retain
Retirement income	Sample regular and ad hoc withdrawal cases. Check objectives, spending, risk, alternatives and sustainability.	File findings, corrective actions and follow-up results.
CRP oversight	Review cash reserves, guaranteed income, stress scenarios and triggers for reassessment.	Committee challenge and decisions linked to client needs.
Consumer Duty	Develop MI that identifies clients needing support or review.	Cohort results, interventions and outcome checks.
Fair value	Review total costs and actual service delivery across client groups.	Rationale, limitations and changes made.
ISA preparation	Identify affected cash and money market holdings; engage providers.	Client list, provider responses and communication plan.
Pension IHT	Update pension records and the bereavement process.	Provider requirements, case ownership and review timetable.
Sustainability	Assess current conversations, research and staff competence against the voluntary report.	Gap assessment and proportionate training decisions.
Scope proposals	Map actual responsibilities in tailored propositions.	Agreements and issues to revisit when final rules appear.

Suggested retirement monitoring measures

Consider withdrawal levels and changes; clients identified for reassessment; cash reserve coverage where applicable; the effect of stress scenarios on essential spending; overdue reviews; support adjustments; and the time taken to resolve withdrawal problems. Define the measures consistently and explain their limitations. A percentage withdrawal figure alone does not establish suitability.

Dates to keep in view

Date	Development
17 November 2026	Small pots consultation closes.
Q1 2027	Expected CP26/23 policy statement and MPS Consumer Duty findings.
6 April 2027	ISA reforms and pension inheritance tax changes take effect.
2030	Intended implementation of small pots consolidation.

SOURCE REGISTER

Sources and reporting basis

Primary sources were checked on 7 October 2026. The update covers developments to the end of September and uses the quarter-end market review where the supplied monthly link has rolled forward. The supplied compliance-provider material provides context for reported supervisory activity and selected technical points; it is not presented as FCA policy.

1	FCA Retirement income market data 2025/26
2	FCA TR24/1 Retirement income advice thematic review
3	FCA Retirement income advice good practice and areas for improvement
4	FCA Undertaking cashflow modelling
5	FCA Consumer Duty focus areas updated 24 September 2026
6	FCA CP26/23 Consumer Duty scope and proportionality
7	Advisers Sustainability Group report and open letter
8	FCA Climate change and sustainable finance
9	HMRC Cash ISA limit reduction
10	HM Treasury ISA anti-circumvention factsheet
11	HMRC Inheritance Tax on Pensions Technical note 2
12	DWP Small Pots a pathway for consolidation
13	IFS What do you need to know about the triple lock
14	J.P. Morgan Review of markets over the third quarter of 2026
15	ClearBridge Are Higher Rates a Real Problem

HOW WE HELP

Turning regulation into practical governance

Money Wise UK helps financial planning firms translate regulatory developments into clear processes, useful management information and evidence of delivery.

- Consumer Duty monitoring, quarterly reporting and fair-value assessments.
- Centralised Retirement Proposition CRP® frameworks and retirement income oversight.
- Centralised Investment Proposition and investment committee support.
- Ongoing service, disengagement, vulnerability and bereavement processes.
- Compliance, operations and clear client communications.

Let us talk through your compliance needs

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IMPORTANT INFORMATION

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