GUIDANCE FOR
FINANCIAL PLANNING FIRMS

Money Wise UK®

A Money Wise UK Compliance Paper

Compliance Summary
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RETIREMENT REGULATION CONTINUES TO MOVE UP THE AGENDA

CENTRALISED RETIREMENT PROPOSITION · CRP® · MONEY-WISE.UK

EXECUTIVE SUMMARY

Retirement regulation keeps moving

June's regulatory developments continue to reinforce the direction of travel identified over recent months. While the individual publications cover different areas of financial services, several common themes emerge.

The FCA continues to promote innovation, growth and simplification. However, this is balanced by an increasing expectation that firms demonstrate good governance, strong consumer understanding and better retirement outcomes.

Perhaps most notably, retirement continues to move further up the regulatory agenda. Whether considering later life lending, guided retirement solutions, retirement living standards or the ongoing evolution of pension regulation, the message is increasingly clear.

> ***Retirement planning is no longer simply about accumulating assets. It is about helping clients make informed decisions throughout what could be a retirement lasting twenty five years or more.***

KEY THEME 1

Retirement Planning Continues To Evolve

This month's publications continue to reinforce the growing importance of retirement planning. Key developments include:

- FCA speech on Later Life Lending
- Guided Retirement Solutions report
- Retirement Living Standards
- Ongoing pensions reform

Collectively these demonstrate that retirement advice is becoming broader than investment management. Increasingly firms need to consider:

- Retirement income sustainability
- Housing wealth
- Flexibility
- Behavioural decision making
- Family support
- Estate planning
- Vulnerability

Money Wise UK thoughts

This strongly supports the move towards dedicated retirement propositions. Retirement should not simply be viewed as accumulation with withdrawals attached. It increasingly requires its own governance, investment philosophy, cashflow modelling, review process and client communications.

KEY THEME 2

Consumer Understanding Remains Central

Whether discussing guided retirement, later life lending or retirement living standards, a common message emerges. Consumers need support making complex decisions. Not simply more disclosure.

Money Wise UK thoughts

The FCA continues to move towards helping consumers make informed choices rather than simply providing technical information. This aligns closely with Consumer Duty.

Sources: FCA Later Life Lending speech; Pensions Policy Institute; Retirement Living Standards

KEY THEME 3

AI Continues To Move Into Mainstream Regulation

The FCA's latest speech, Rethinking Regulation for the Age of AI, suggests AI is no longer viewed as an emerging technology. Instead, regulators are increasingly asking how regulation should evolve.

Money Wise UK thoughts

Many firms remain focused on whether they can use AI. The FCA increasingly appears to be asking whether firms understand governance, accountability, transparency and resilience. This reinforces the importance of documented AI governance frameworks.

KEY THEME 4

Strong Governance Remains Fundamental

The proposed SIPP reforms and Listing Rule consultation continue the FCA's wider move towards stronger governance and clearer responsibilities. While different sectors are affected, the underlying regulatory philosophy remains remarkably consistent. The FCA continues to favour:

- Clearer governance
- Stronger oversight
- Improved consumer outcomes
- Proportionate regulation

PRACTICAL ACTIONS

What financial planning firms should consider

- Reviewing retirement propositions
- Assessing retirement communications
- Reviewing AI governance
- Monitoring SIPP developments where relevant
- Continuing Consumer Duty implementation

FINAL THOUGHTS

Retirement is becoming increasingly personalised.

The profession is gradually moving away from asking what product a client should buy, towards asking what support a client needs throughout retirement. That represents a significant shift in financial planning.

Supporting Strong and Consistent Standards in the SIPP Market

Background

The Self-Invested Personal Pension (SIPP) market has expanded significantly over recent years. Alongside traditional adviser-led SIPPs, there has been substantial growth in direct-to-consumer providers, platform-based propositions and increasingly diverse investment options.

The FCA considers that standards across the market have become inconsistent. CP26/20 therefore proposes a more consistent framework designed to improve consumer protection whilst maintaining innovation and competition.

Why has the FCA published this consultation?

The FCA has identified several recurring themes through supervision. These include:

- Differing due diligence standards
- Inconsistent investment governance
- Varying approaches to high-risk investments
- Inconsistent customer support
- Different interpretations of operator responsibilities

The consultation therefore aims to create greater consistency across the market.

What CP26/20 proposes

Consumer outcomes

Greater emphasis on Consumer Duty outcomes throughout the SIPP lifecycle. Operators should be able to demonstrate that their propositions continue delivering good outcomes.

Due diligence

Clearer expectations around investment acceptance, ongoing monitoring, operational governance and higher-risk assets. The FCA is not proposing that operators assess investment suitability. However, they are expected to understand the investments they allow onto their platforms and identify where additional controls may be appropriate.

Governance

Operators should have stronger governance arrangements covering product governance, oversight, operational resilience, third-party relationships and escalation procedures.

Consumer communications

Greater emphasis on clearer communications, helping consumers understand risks, and improved support throughout the customer journey. This aligns closely with Consumer Duty's Consumer Understanding outcome.

Financial crime

The consultation also reinforces expectations around fraud prevention, scams, financial crime and operational controls.

What this means beyond the SIPP market

Although this consultation is aimed specifically at SIPP operators, the wider themes extend beyond the SIPP market. The proposals reinforce several messages that have appeared repeatedly throughout the FCA's recent publications:

- Consumer Duty continues to shape regulatory expectations.
- Governance should be proportionate but robust.
- Firms should understand the products and investments within their propositions.
- Consumer understanding remains just as important as consumer disclosure.

For financial planning firms using third-party SIPP providers, this consultation also provides a useful reminder that due diligence should extend beyond investment performance, to the provider's governance framework, operational resilience, investment acceptance policies, fraud prevention arrangements, Consumer Duty implementation, complaints history and financial strength.

Where firms operate Centralised Investment Propositions or Centralised Retirement Propositions, this consultation reinforces the importance of ongoing provider due diligence rather than relying solely on historic selection decisions.

Practical actions

- Review existing SIPP due diligence.
- Consider whether current provider research remains appropriate.
- Review governance around higher-risk investments.
- Monitor the outcome of CP26/20 before implementation.
- Consider whether Consumer Duty assessments require updating following publication of the final rules.

Source: FCA Consultation CP26/20, https://www.fca.org.uk/publication/consultation/cp26-20.pdf

Designing Guided Retirement Solutions

Background

The Pensions Policy Institute has published a report examining how Guided Retirement Solutions (GRS) could help pension scheme members make better retirement decisions.

Increasing numbers of people are reaching retirement with defined contribution pension arrangements, greater flexibility and more responsibility for making their own decisions. At the same time, recent FCA publications, the Pensions Commission and Consumer Duty continue to highlight the importance of supporting consumers through increasingly complex retirement choices.

What are Guided Retirement Solutions?

The report describes Guided Retirement Solutions as structured retirement pathways designed to help members navigate retirement decisions without requiring full regulated financial advice, bridging the gap between doing nothing and receiving full financial advice. The emphasis is on helping consumers make better informed decisions throughout retirement.

Why is this important?

The report recognises several challenges facing retirees: increasing longevity, inflation, sequencing risk, investment uncertainty, tax complexity, changing spending patterns, housing wealth, later life care and behavioural decision making. Perhaps most importantly, retirement is increasingly viewed as a journey rather than a single event.

Retirement is becoming behavioural

Many of the report's themes mirror work already emerging from the FCA Retirement Income Review, Consumer Duty, the Pensions Commission, Retirement Living Standards and the FCA Advice Market Survey. Collectively they point towards one conclusion. Retirement cannot simply be viewed as an investment problem.

One of the strongest messages throughout the report is that retirement decisions are rarely purely financial. Individuals may spend too quickly, spend too cautiously, hold excessive cash, fear market falls, underestimate longevity or struggle with changing expenditure. These are behavioural challenges, not simply investment challenges. This aligns closely with recent FCA work around Consumer Understanding and supporting customers through complex financial decisions.

Beyond investment performance

Historically many retirement propositions have focused primarily on investment returns, volatility and withdrawal rates. Whilst these remain important, the report suggests successful retirement solutions should also consider flexibility, sustainability, simplicity, consumer confidence, changing objectives and ongoing support.

Money Wise UK thoughts

This strongly reinforces the rationale behind developing dedicated retirement propositions. A retirement proposition should not simply be an accumulation portfolio with withdrawals attached.

Guided support, Consumer Duty and housing wealth

The report also reflects wider discussions around targeted support and simplified advice. Not every consumer requires full regulated financial advice. However, many consumers require significantly more support than currently exists. This continues to be one of the major policy challenges facing the UK retirement market.

Links to Consumer Duty

The report aligns closely with the four Consumer Duty outcomes. Products and Services: solutions should meet retirement needs rather than simply providing investment access. Consumer Understanding: consumers should understand how income works, risks, flexibility and sustainability. Consumer Support: support should continue throughout retirement rather than ending once benefits are accessed. Fair Value: solutions should demonstrate ongoing value throughout retirement.

The role of housing wealth

One area receiving increasing attention is housing wealth, aligning closely with the FCA's June speech, Later Life Lending: Building the Fourth Retirement Pillar. Increasingly retirement planning may involve considering pensions, investments, the State Pension and housing wealth together, rather than viewing each independently.

> ***The conversation is gradually moving away from which investment fund should I choose, towards how do I create a sustainable retirement lifestyle. Those are fundamentally different questions.***

Practical considerations and overall view

Practical considerations for financial planning firms

> *Does our retirement proposition extend beyond investment management?*

> *Do advisers understand behavioural retirement risks?*

> *Are retirement reviews different from accumulation reviews?*

> *Is cashflow modelling used consistently?*

> *How do we support vulnerable retirees?*

> *Have we documented retirement governance?*

> *Can we demonstrate good retirement outcomes under Consumer Duty?*

Source: Pensions Policy Institute, Designing Guided Retirement Solutions, Meeting Member Needs, https://www.pensionspolicyinstitute.org.uk/media/rmrbkey4/20260608-designing-guided-retirement.pdf

OVERALL MONEY WISE UK VIEW

The future will be defined by planning, not products

This report is significant because it reinforces a message that has been building across numerous FCA publications. Retirement is no longer simply about accumulating wealth. It is about helping individuals navigate one of the longest and most complex financial journeys of their lives.

For many firms, this may require moving beyond traditional investment propositions towards dedicated retirement propositions that integrate behavioural coaching, sustainable income planning, vulnerability, tax, estate planning and ongoing support.

In many respects, this report supports the direction of travel already emerging from the FCA, the Pensions Commission and wider industry research.

> ***The future of retirement advice is unlikely to be defined by products. It will be defined by the quality of planning, governance and support delivered throughout retirement.***

How Money Wise UK can help

We help financial planning firms turn regulatory change into an evidenced, repeatable retirement proposition, built for Consumer Duty and ongoing supervisory expectations.

> 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.
> Consultancy across compliance, client communication and proposition design.

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Let's talk through your compliance needs.

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Consultancy, insight and practical tools for financial planners.

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