



Adviser Forum

Adviser and Life & Pension Provider meeting

Executive Summary

Meeting held on 23 September 2009

IAMC International Centre, 12 Bloomsbury Square, London WC1A 2LP

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Competition Act reminder

- The role of this Forum is to facilitate business efficiencies in the personal finance sector for the benefit of advisers, providers and most importantly consumers.
- All present are reminded of the requirements of the Competition Act and members' attention is drawn to the guidelines, which are available.
- In essence, all Members shall refrain from any conduct or participation in any activities which could lead to a restriction of competition between the Members or any third party who is a competitor of a Member or Product Provider or which could in any other way lead to an infringement of UK and/or EC rules on competition law.
- Output of the meeting must be complete, we will pause before each new section to agree and summarise the issues covered.
- Role of the chairman is to steer the group clear of conversations that may impinge on the act.
- If the chairman fails to do this, delegates should point this out in the meeting and if the situation does not change should leave the meeting.

Agenda

- This pack contains the slides presented at the Adviser L&P meeting held on 23 September 2009.
- Slides with **purple banner** represent the meeting presentation; slides with **gold banner** represent additional views and conclusions from the meeting. Members' comments, additional text and actions are shown in **purple text**.

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Adviser members	
AIFA	Origen
2plan	Positive Solutions
Bankhall	Sesame
Bluefin Group	Sesame
Blueprint IFA	Three Sixty Services
National Australia Bank	True Potential
National Australia Bank	
Provider members	
Aviva	MetLife
Friends Provident	Scottish Widows
Friends Provident	Scottish Widows
Legal & General	Scottish Life
LV=	Skandia
LV=	Standard Life
	Zurich
FTRC	
Ian McKenna, Poppy Morgan, Helen Clark & Pete Bainbridge	

Apologies			
Skipton	AEGON Scottish Equitable	Prudential	Clairville York
Lighthouse Group	Scottish Provident	Royal Bank of Scotland	Axa

Executive Summary

<p><i>Future of RDR</i></p>	<ul style="list-style-type: none"> • Meeting concluded that there is little doubt now RDR will come into force. • Firms should now press ahead understanding what is needed to support this new environment. • All parties at the meeting recognised that RDR would have a significant impact on their businesses as well as other firms who make up the value chain between the consumer and product manufacturer e.g. software vendors, research systems etc.
<p><i>Researching client solutions</i></p>	<ul style="list-style-type: none"> • The current market is seeing a significant move away from “provider defined products” to “adviser defined solutions”. • The advice model is changing so that product and price are no longer the key issues advisers and clients consider first. • Advisers are now spending more time trying to decipher which Providers are capable of supporting their pre-defined model portfolios. • Parties agreed that tools to support the changing model did not exist today and that action was needed to investigate how advisers needs could be met.
<p><i>Deducting client fees from products</i></p>	<ul style="list-style-type: none"> • Portals are still far too “commission centric”, even today they cannot adequately support Adviser Charging style contracts. • In future, advisers who plan to deduct their charges from products will need to ensure that where a portal was being used to generate a quote (that needs to include their charges) this will be capable of supporting their requirements. • Some providers confirmed that they would not be able to support “stepped charging” models at all, e.g. depending upon size of portfolio, the fee paid by client will either increase or decrease.

Executive Summary

Adviser servicing models

- Providers were unable to commit to a timescale for delivering against the information requirements put forward by advisers.
- Advisers reconfirmed that efficient servicing capabilities would be a selection criteria in future.
- F&TRC confirmed that many of the gaps highlighted in the assessment were being addressed by Providers and CMS vendors via the Wider Stakeholder Group.

Objectives

Objectives	Achieved
<ul style="list-style-type: none"> Identify further areas of clarification concerning RDIP proposals and where this needs to come from. 	✓
<ul style="list-style-type: none"> Agree what next steps are needed to progress key issues highlighted by advisers concerning RDIP 	✓
<ul style="list-style-type: none"> Product Providers to confirm what next steps they will need to take in order to deliver against adviser asset servicing requirements 	To be addressed offline

Actions

Date of meeting	No	Task name	Resource name	Deadline	Notes
25/05/2009	385	Prudential have agreed to deliver a further update changes to the changes being made to CELF in June.	Prudential	01/07/2009	F&TRC drafting a statement confirming that Product Providers who offer a Contract Enquiry service have no objection to advisers passing on that data data to platforms.
20/05/2009	386	F&TRC to set up calls with advisers to discuss impacts of FSA Retail Distribution Consultation Paper (CP) on subject of adviser remuneration.	Helen	12/06/2009	Complete.
20/05/2009	387	F&TRC to contact FSA RDR implementation team to invite them to attend the L&P session on 23rd September.	PMG	29/05/2009	FSA have been contacted by F&TRC though no representative has been found. Significant change at FSA has impacted RDIP team, F&TRC to expand upon this at meeting.
20/05/2009	388	F&TRC to work with Advisers to define the minimum level of information they need from Providers in an electronic format to support their client servicing propositions.	F&TRC & Advisers	31/07/2009	Complete
20/05/2009	389	F&TRC to contact Product Providers to understand what changes they are making to their Income Protection contracts to reflect the increase in state retirement age.	PMG	31/07/2009	Owing to other priorities this action has been put on hold though F&TRC plan contact Providers following this meeting.

- **Action 387 update:** AIFA confirmed reasons why FSA were unable to field a representative at the meeting. RDR team has undergone restructure and consequently individuals whom we would seek to invite to Forum are not yet in place.

New actions

Date of meeting	Action no.	Task name	Resource name	Deadline
23/09/2009	410	Liaise with AIFA to obtain clarification from FSA whether product comparisons need to include all adviser charges or, just product charges. Comment made at meeting that the FSA's stance on this will be dependant upon the outcome of discussions taking place	PMG,AIFA	13/11/2009
23/09/2009	411	Set up a workshop with advisers to determine their collective product/solution research requirements. This will need to consider the impact of segmentation as different clients will have different requirements.	FTRC,Advisers	06/11/2009
23/09/2009	412	AIFA to seek clarification on issue of charging VAT on fees.	PMG,AIFA	06/11/2009
23/09/2009	413	Advisers to consider how portals/research systems will need to respond to their needs to deduct charges from products and how the impact of this will need to be shown within any quotes/product illustrations. This action will be addressed at the same as ac	FTRC,Advisers	13/11/2009
23/09/2009	414	Liaise with AIFA to clarify FSA proposals concerning disclosure: What is the definition of manufacturing and administration costs? What is the adviser expected to disclose?	PMG,AIFA	06/11/2009
23/09/2009	415	Liaise with AIFA to understand FSA comments in CP concerning "free provision of software" and seek clarification as to what is meant by this	PMG,AIFA	06/11/2009
23/09/2009	416	F&TRC to re-issue July Forum meeting notes to all attendees post the meeting as it contains update on fund codes and adviser charging.	PMG	09/10/2009

2009 dates

- **Adviser, Wrap & Wealth Management meeting dates:**
 - **21 October**

- **Adviser and L&P meeting dates:**
 - **18 November**

Adviser Forum meeting calendar 2009

Key	Meeting Type	Who Attends
	No meeting	Dates to be avoided e.g. bank holidays and school holidays
	Adviser and Life & Pension Provider	Adviser Firms and Product Providers
	Adviser, Wrap & Wealth Management	Adviser Firms, Platforms, Fund Managers and TPA's
	Wider Stakeholder (L&P)	Client Management Systems, Portals, Product Providers, Platforms and TPA's

