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FOR IMMEDIATE RELEASE

UK retirement advice sector adapts – addressing shifting product preferences and new Consumer Duty compliance

- **Adviser confidence dips as retirement needs evolve:** Some advisers struggle to align with the evolving needs of pre-retirees and retirees, despite the importance of retirement guidance in their services.
- **Rising demand for annuities:** Pension advisers increase annuity allocations amid growing demand for guaranteed income products, yet flexibility remains a concern.
- **Consumer duty compliance challenges:** Newly imposed Consumer Duty regulations burden financial advisers, impacting efficiency. Industry support is needed for easier 'fair value' assessments.

21st March 2024, London – Leading financial services industry research firm *Investment Trends* releases its latest edition of the **2023 UK Adviser Pensions and Product Report**, shedding light on the dynamic pension advisory sector. The comprehensive survey, conducted in late 2023, offers a rich analysis of industry trends, adviser confidence, product demand, and regulatory impacts.

The latest research findings underscore the critical value of retirement advice, with 79% of advisers considering it a key service they offer to clients. Furthermore, the data reveals a significant shift in the advisers' perspective, with nearly half (47%) now recognising their essential role in maintaining client investments during market volatility—a notable increase from 35% last year.

Findings from the report identify a key segment of pension advisers grappling to align with the shifting requirements of pre-retirees and retirees, despite the crucial role of retirement guidance in their service offering.

"We're observing that a small, yet significant fraction of off-platform pension advisers are struggling to maintain confidence in their ability to meet evolving client needs," noted Lorenzo Vignati, Associate Research Director at Investment Trends.

This concern is compounded by advisers reporting a decrease in their self-rated expertise in advising pre-retirees and retirees.

The report also highlights that annuities have seen a pronounced increase in allocations, with advisers citing a 38% allocation to annuity or guaranteed products, up from 27% in the previous year.

"The landscape is clearly shifting, with growing demand for income guaranteed products," explained Vignati. "However, advisers express concerns about the inflexibility of these products, which can be a hurdle to recommending them."

In terms of the recently implemented Consumer Duty regulations, advisers communicate this has introduced a significant compliance burden, disrupting the operational efficiency

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of their practices. The research highlights the industry's call for enhanced support to facilitate 'fair value' assessments.

"The increased administration and compliance demands are undeniable, with advisers seeking platform support to navigate these changes," stated Vignati.

In conclusion, as the UK pension advisory sector faces these multifaceted challenges, findings from the report underscore the need for the industry to adapt and evolve to maintain service quality and regulatory compliance.

"The report findings clearly illustrate the need for proactive measures to support advisers through these transitions, ensuring the sustainability of retirement guidance and the incorporation of desired financial products," concludes Vignati.

Notes to the editor

About the report: The *2023 UK Adviser Pension & Products Report* is based on a quantitative online survey of financial advisers in the UK, and was conducted by Investment Trends between 31 October and 2 December 2023. It is the fourth annual edition of this report. Investment Trends personnel have been researching platforms and related technology usage since 2003. Total responses after data cleaning and validation: n=389 financial advisers.

About Investment Trends: Investment Trends is the leading researcher in the retail online share dealing and leveraged trading markets globally. We combine our analytical rigour and strategic thinking with the most advanced research and statistical techniques to help our clients gain competitive advantage. We have over 20 years' experience in researching the retail wealth management and global broking markets from which we provide new insights and decision-making support to over 130 leading financial service businesses globally. Investment Trends' clients include several global banking organisations, all major online brokers and CFD providers as well as industry regulators, advice providers, fund managers, super funds, investment platform providers, and industry associations.