[At a glance]

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PS18/6
Advising on Pension Transfers

What's it all about?

The FCA's policy statement (PS18/6) sets out the final rule changes on advice given to consumers about converting or transferring safeguarded benefits. It was published in response to CP17/16: Advising on pension transfers.

Here's a summary of the new rules and guidance:

- **Personal recommendation:** requiring all advice on pension transfers to be a personal recommendation, which must be based on an individual consumer's needs and circumstances (note the £30,000 limitation remains in place)
- **Role of the pension transfer specialist (PTS):** clarifying the role of a PTS when checking advice
- **Opt-outs:** applying a consistent approach for pension opt-outs where there are potential safeguarded benefits
- **Analysis to support advice:** replacing the current transfer value analysis (TVAS) requirement with the following: a requirement to undertake an 'appropriate pension transfer analysis' of the client's options; and an additional prescribed transfer value comparator indicating the value of the benefits being given up and the cost of purchasing the same income in a defined contribution environment

Most of the final rules and guidance come into force on 1 April 2018

"It's really good to see the FCA bring greater clarity to their expectations around DB to DC transfers, which will ultimately improve consumer protection".

Phil Brown, Head of Policy, LV=

Another important change

- Within PS18/6, the FCA have modified the rules and guidance on inducements for non-MiFID business to mirror more closely the new MiFID II inducement rules. This means that non-monetary benefits which were previously not included in the inducement rules are now included.
- This has meant the removal of free TVAS services across the market, including LV='s.

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