News & Views

Issue 7 • Autumn/Winter 2018

Reliable support to help get your business to its next destination

Senior moments
Get up to date with the latest news on the SM & CR

Now arriving at platform 2018
What can we learn from the Interim Market Report?

Turn on, tune in, kick out
Introducing our new structured product comparison partner

Dates for your diary

SIFA Conference 2019
June 6/7th Whittlebury Hall

SIFA

Welcome

...to SIFA News & Views.

David Ingram
Managing Director
SIFA

The Summer is usually a quiet time for financial services regulation but not this year! And when we added in the continued progress of the Solicitors Regulation Authority towards its new handbook (see Page 14) it is clear that 2018 was a very busy Summer indeed.

The Summer kicked-off with the busiest SIFA conference of the decade which received excellent feedback (see Page 19) and saw some heavy use of our new passion for videography. And it ended with our best attended round of Informa meetings with, again, excellent feedback - although no new videos.

We've been kept busy by the FCA as more of the detail on the SM&CR has come through. Do, please, pay particular attention to the Conduct Rules aspect of the SM&CR as detailed in Susie's article on page 4. On page 6 you can also update yourself on the FCA's interim report on the 'Investment Platform market study review' and we've also got an excellent piece on the Retirement Outcomes final report from Liz Coyle in the Simply Biz compliance policy team.

I know sometimes it seems that everything is about compliance but, thankfully, it isn't.

As well as his piece on the huge benefits of IFAs and solicitors working together (OK, there is a bit of regulation in there as well) Dave has worked with our new legal consultant, John Kirkhope, on an article introducing him to you all and providing you with his 'outsider's view' and first impressions of SIFA.

The depth of SIFA's support is perhaps best exampled by a section from Pat Seaward (the other half of our support duo – we heard from Ruth Chandler in the Spring edition) on the top 10 things that keep him busy at work.

And - yes there is more – we've articles on IHT planning, investment outsourcing, the Simply Biz Group's new Centra system and the rebuilt and rebranded replacement for 'Vision', the Operating Centre.

It may not be 'structured' but I think there is some real CPD content in the following pages.

Enjoy!

All the best,
David Ingram

SIFA
PART OF THE SIMPLYBIZ GROUP

For more information about our services, please call us on: 01372 721172
Alternatively you can email info@sifa.co.uk or visit www.sifa.co.uk

This publication is for financial adviser use only and not for use with customers.

Please note that provider led information within this publication has been pre-approved under their respective compliance approvals process and the accuracy is not therefore the responsibility of, or the opinion endorsed by, SIFA Limited.

SIFA News & Views is published by

The SimplyBiz Group Ltd,
The John Smith's Stadium,
Stadium Way, Huddersfield HD1 6PG

Registered in England No: 4590781
Registered office as above

Contents

SIFA
PART OF THE SIMPLYBIZ GROUP

By Susie Bolton
Associate Director of Compliance Services SIFA

All change - again!

As you will inevitably have been observing in the press for the last 18 months, the industry is poised for yet another change to long held traditional regulation towards the end of 2019 – that of the **Approved Persons Regime (APER)**.

We have covered the evolving rules of the **Senior Managers and Certification Regime (SM&CR)** before, including distributing a paper formulated by David Ingram to SIFA members in 2017 – so this is presumably not news to anyone reading. The various consultations, however, were somewhat protracted with delays to the Policy Statements which followed, and the near final guidance was only published in July 2018. It has therefore been understandably difficult to consider any practical interpretation until relatively recently.

The final paper we have been waiting for is **CP18/19 – Introducing the Directory**. This consultation closed on 5 October, with its subsequent Policy Statement not expected until Winter 2018.

For the time being however, there are a number of fairly significant changes to consider and apply in the lead up to commencement, which is **10th December 2019**. Without wishing to dwell on the background to SM&CR at length, it was borne out of new legislation passed in 2013, in response to the banking crisis of 2008. Parliament set up the Parliamentary Commission for Banking Standards (PCBS) to recommend how to improve standards, and a new accountability framework was constructed which focused on senior management in Banking institutions. This new framework applied to the Banking sector from 2016, and in July 2017 FCA released a consultation paper – the first of many - on its planned extension of SMCR to apply to the firms that it regulates. SM&CR will wholly replace the Approved Persons Regime (APER).

Firm classification

Exactly how SM&CR will impact upon a firm will first depend on its classification – which will be one of **Limited Scope, Core Regime, or Enhanced Regime**. There is a “Firm Checker” tool available on the FCA website, which I recommend you review for your own peace of mind, however – based on a brief look at the Checker tool (a series of eight fairly straightforward questions), I would be surprised if any SIFA member fell into the category of anything other than **Core Regime**. That applies even to Approved Professional Firms (APFs), as the nature of APF limitations are in respect of investment activities, and not the requirements of APER.

Three Pillars of SM&CR

SM&CR is formed of three main elements: the **Senior Managers regime**; the **Certification regime**; and **tier 1 and tier 2 Conduct Rules.**

One key change is that the updated Conduct Rules will apply to ALL staff of financial services. The rules previously only applied to approved persons carrying out regulated activities, but they will apply to all staff in the industry operating in roles which have the potential to cause harm to the firm or its customers; and to all activity relating to financial services, whether regulated or unregulated. Ancillary staff, such as reception, post room, security, IT etc, are not affected.

In readiness firms should be preparing employees by explaining what the Conduct Rules are, how it could impact upon them, and what a breach may look like as well as its consequences.Given that this will be new, and potentially intimidating, for staff unaccustomed to being bound by a formal structure, we are recommending that you start as soon as possible. All certified staff must be complying with the Conduct Rules prior to commencement and, therefore, training should be designed and delivered well ahead of the effective date in late 2019. You could facilitate your own internal training and testing sessions based on the information around the new Conduct Rules on the FCA website and elsewhere in the public domain. Common CPD platforms and external systems including Competent Adviser are very likely to already be compiling new learning material with associated testing, as they do for anti-money laundering training, GDPR awareness and complaint handling.

All three elements of the Senior Manager and Certification Regime are set to commence from **10th December 2019,** and Senior Managers roles are to be “grandfathered” over from the current approved persons regime. The change to controlled functions is expected to look like this;

- **Director** - SMF3 (replaces CF1)
- **Partner** - SMF27 (replaces CF4)
- **Compliance Oversight** - SMF16 (replaces CF10)
- **MLRO** - SMF17 (replaces CF11)
- **Chief Executive** - SMF1
- **Chair / Non-executive Director** - SMF9
- **CF30 Investment Adviser** – now falls under Certification Regime (not Senior Managers)

Senior Managers will have to have secured FCA approval prior to appointment – much the same way as regulated individuals do now – although it is not anticipated that re-approval will be required for those currently holding an approved function as shown above, who will go on to hold a Senior Manager function.

The responsibilities of Senior Managers have now been formalised, in the sense that as part of the approval process (and to an extent, on an ongoing basis), each Senior Manager must be allocated a **Statement of Responsibilities**. Existing approved persons being grandfathered over to the new regime, will need their statement of responsibilities established prior to December 2019.

What those responsibilities are and how they are apportioned is largely down to the business owners, although further details on what FCA expects to see can be found in the Supervision Handbook (SUP 10 C). Moreover, FCA will set out Prescribed Responsibilities at firm level – which can also be found in SUP – and it will be the allocation of these, amongst others, which will make up the SoRs for senior managers. If significant changes are made to a Statement at any stage, it must be re-submitted to FCA.

All firms must undertake an annual review and assessment of Fitness and Propriety for Senior Managers, similar to now.

Turning to the Certification regime, also due for commencement in December 2019, this is where another fundamental change is taking place. Investment Advisers, previously authorised and approved under controlled function CF30 (Customer Function), will no longer require FCA approval – instead, the responsibility for assessing, maintaining and monitoring competence in the role falls back to the Senior Managers within the business. Instead of FCA approval, these roles will become “certified”, i.e the firm follows its own procedures to ensure competence, fitness and propriety, and certifies that it has done so both on appointment, and on an annual basis – so as above with Senior Managers, firms must assess the fitness and propriety of Certified staff every year.

Another aspect to this development is that not only investment advisers will fall into this regime – it also applies to anyone in a financial services role which has the potential to “cause significant harm to the firm or its customers” (as mentioned previously). That will therefore capture mortgage and protection advisers, paraplanning and client support roles, roles requiring a qualification and even administrators who regularly process transactions and queries. Each of these individuals will need to be certified every year as being competent, fit and proper to continue carrying out their roles appropriately.

Directory

So, what will become of the current FS Register? It will remain, and it will continue to display as “active” all those in Senior Manager functions. Existing CF30 roles, however, will stay but be listed as “inactive”, as they will be moved over to the Certified regime and will become “Directory persons” instead.

The Directory will be publically accessible and hosted by FCA, and it will show all SM and CR persons. The consultation on Directory remains open at the time of writing, so the final guidance on this has yet to emerge. There is, however, a prototype interface available on the FCA website, should you wish to see what Directory may look like. Exactly what data it will be populated with is not yet fully clear, although we expect a little more to be displayed than there is on the FS Register currently. The exact content required is likely to be clarified in the next Policy Statement (anticipated Winter 2018), and firms will need to have this data ready by December 2019. Directory is not expected to go live, however, until December 2020.

Further Guidance

We are still waiting for the last element on Directory to be released, although the work on detailed interpretation of the policy statements and final rules is still being undertaken by myself and David, and of course centrally by the Regulatory Policy team at Simply Biz. The Group will be issuing an essential Guide and Gap Analysis – just as it did for MiFID II, GDPR and the IDD – in due course, and in good time prior to commencement of the regime.

There is also a **Guide for FCA solo-regulated Firms** available on the FCA website, and a short video on the SM&CR.

David and I will start discussing certain aspects and any suggested high level actions during our routine visits - should you have any queries in the meantime, please do not hesitate to contact me or David, or the Compliance Helpdesk.

David Ingram
Managing Director
SIFA

Investment platforms - Market Study interim review

Just trips off the tongue doesn't it?

It may sound boring but it could have significant ramifications for the advice profession.

This is a long awaited (interim) report which may go a long way to explaining the reference – MS17/1.2 which would normally suggest a 2017 publication.

The background to this Market Study is simple. The platform market has grown massively in a fairly short period of time and FCA wanted to find out how 'competition' has developed and how benefits, to consumers, are being delivered.

The report explains the FCA's findings and also the ways in which the FCA wants to see the market develop. Consultation on this report ended on 21st September but, if you haven't already done so, I'd recommend that you read it (it is easily found on the FCA website) so that you can see what to expect in the months and years to come.

The report states that the 'market' has more than doubled since 2013 with assets under administration (AUA) growing from £250bn to £500bn and the number of customer accounts increasing by around 2.2 million in the same period. The increase in customer accounts does not represent the same size of increase in account holders since many investors have assets on more than one platform (FCA estimates that more than 1/3rd of consumers use more than one platform and have multiple accounts). With this sort of growth, it is easy to see why the FCA is taking an interest.

The study looked at both direct to consumer offerings and platforms used by advisers.

The D2C platforms account for around £189bn of AUA. The market is highly concentrated with one provider having in excess of 40% of that market.

Adviser platforms account for the remaining £311bn of AUA with no single platform achieving 20% of the market and clear changes in the 'league table' of platforms over the 2013 to 2017 period under review.

So, at least in one respect it would seem that the advised platforms exhibit greater competitive characteristics than the D2C offerings.

In general, the FCA's view is that competition is working and that consumers are happy.. There are, however, five areas of concern in this market which apply to both D2C and Advised platforms to some extent:

- **Switching between platforms can be difficult**

  FCA research found that 7% of consumers have tried to switch platforms at some point but failed because of the time involved, the complexity of the process and exit fees. The number wishing to switch does not concern the FCA but the fact that they have been unable to do so does. Obviously this is mainly a D2C problem although there are also concerns with the Advised sector.

  While advisers change their lists for new investments over time, not many switch existing investments as the process is complicated and many advisers quizzed by the FCA charge a fee for the extra work thus cancelling out some of the benefit of the switch.

  FCA is looking for the switching process to be simplified.

- **Shopping around can be difficult**

  Again, mainly a D2C issue. There are, however, some interesting findings. 39% of non-advised consumers who have invested through platforms claim that they choose a platform based on the price they will be charged. However despite the importance of charges, 29% of consumers do not know what they pay or even if they pay.

  The FCA's research shows that the most price sensitive investors do not appear to be choosing the cheapest platforms more often than other consumers.

  While MIFID II cost disclosures should make it easier to understand and compare total costs, the FCA believes that further improvements can be made.

- **The risks and expected returns of model portfolios with similar risk labels are unclear**

  Some 17% of non-advised investors use model portfolios offered by their platform. Between 2011 and 2017 in-house model portfolios offered by platforms increased from £5bn to £38bn. The report claims that the information provided by platforms makes comparison difficult with similarly labelled portfolios having different asset allocations and volatility in returns.

  Better information would be of benefit to investors.

Tool/Service	Definition	Adviser use	Platform Provision
A. Charge collection	Collects adviser charges from within tax wrappers	Majority	Majority
A. Reporting and management information	Provides reports on account activity for clients and information on clients for advisers	Majority	Majority
A. Pre-funding	The platform pre-funds eg transactions before funds clear or tax relief on pension contributions	Majority	Majority
A. CGT calculator	Calculates the impact of transactions on CGT liabilities	Majority	Majority
B. CPD/education	Training for advisers on platform use, legislative/regulatory changes, business management, exam preparation	Many	Many
B. Model portfolio management	Enables a centralised investment proposition across groups of clients	Many	Many
B. Bulk rebalancing and switching	Enables a centralised investment proposition across groups of clients	Many	Many
B. White labelling	Makes the platform appear to clients under the adviser's brand	Many	Many
C. Asset allocation	Models asset allocations that accord with clients' ATR	Majority	Majority
C. Fund risk profiler	Models how much risk funds take	Majority	Majority
C. Risk profiling	Profiles clients' ATR	Majority	Majority
C. Retirement modelling	Models effect of returns and withdrawals on retirement plans (esp. for drawdown)	Majority	Majority
C. Cash flow modelling	Models how returns and withdrawals affect future cash flows	Majority	Majority
C. Research and best-buy lists	Fund research and recommended funds	Majority	Majority

- **Consumers may be missing out by holding too much cash**
  D2C platform users hold large cash balances – in 2017 they held £16bn in cash or 8.8% of AUA compared with 3.9% on Advised platforms. Even where investors make a conscious decision to hold cash, they may not be aware of the cost of holding cash in this way.
  Again, a clearer description of charges would be of benefit to investors.

- **'Orphan clients' who no longer have a financial adviser face higher charges and lower service.**
  The FCA estimates there are in excess of 400,000 orphan clients on Advised platforms (a very high number given the relatively early stage of this market). These clients do not have access to the functionality of the platform and are thus paying for services they cannot use. These clients also lose any discounts which their former adviser may have negotiated with the platform provider. Some platforms also appear to charge non-advised clients on their platform an additional fee.
  The FCA wants to make it easier for investors to be moved to a D2C platform and to address any excess charges.

Platform financial performance does not suggest widespread competition concerns in the market. The FCA states "We do not find sustained excess profitability on aggregate in this market, and many platforms are loss making" although whether the fact that platforms are loss making is positive is a debatable point.

The report also highlights an additional concern, that the platform market could be distorted by the tools and services available from the platform. The issue here being part of the FCA's long running concern with platforms – are they used for the benefit of the client or the adviser?

They have identified the 14 tools and services most widely available from platforms and broken them into 3 groups depending on their supposed potential to distort advisers' incentives.

The FCA's view is that the first category, 'A', are unlikely to impact adversely on the choice of platform by an adviser. There are clear benefits (may not be directly of benefit to the client) and given their wide availability the choice of platform will not be dictated by their availability.

The 'B' category gives rise to more concerns as they are not as widely available and their direct benefit to the client is less evident. The FCA believes that the existence of these tools/services may, in particular, influence advisers to keep clients' monies on platforms rather than switch to a cheaper option. And, of course, it is the client who pays the platform fee. The advisers involved in this research made the obvious points that these services save them time and make them appear more professional. The provision of CPD and education is highlighted as a non-monetary benefit and, except where it relates to specific platform/product it may not comply with the inducement rules.

The FCA suggests that white-labelling may also be a non-monetary benefit which may influence the choice of a platform.

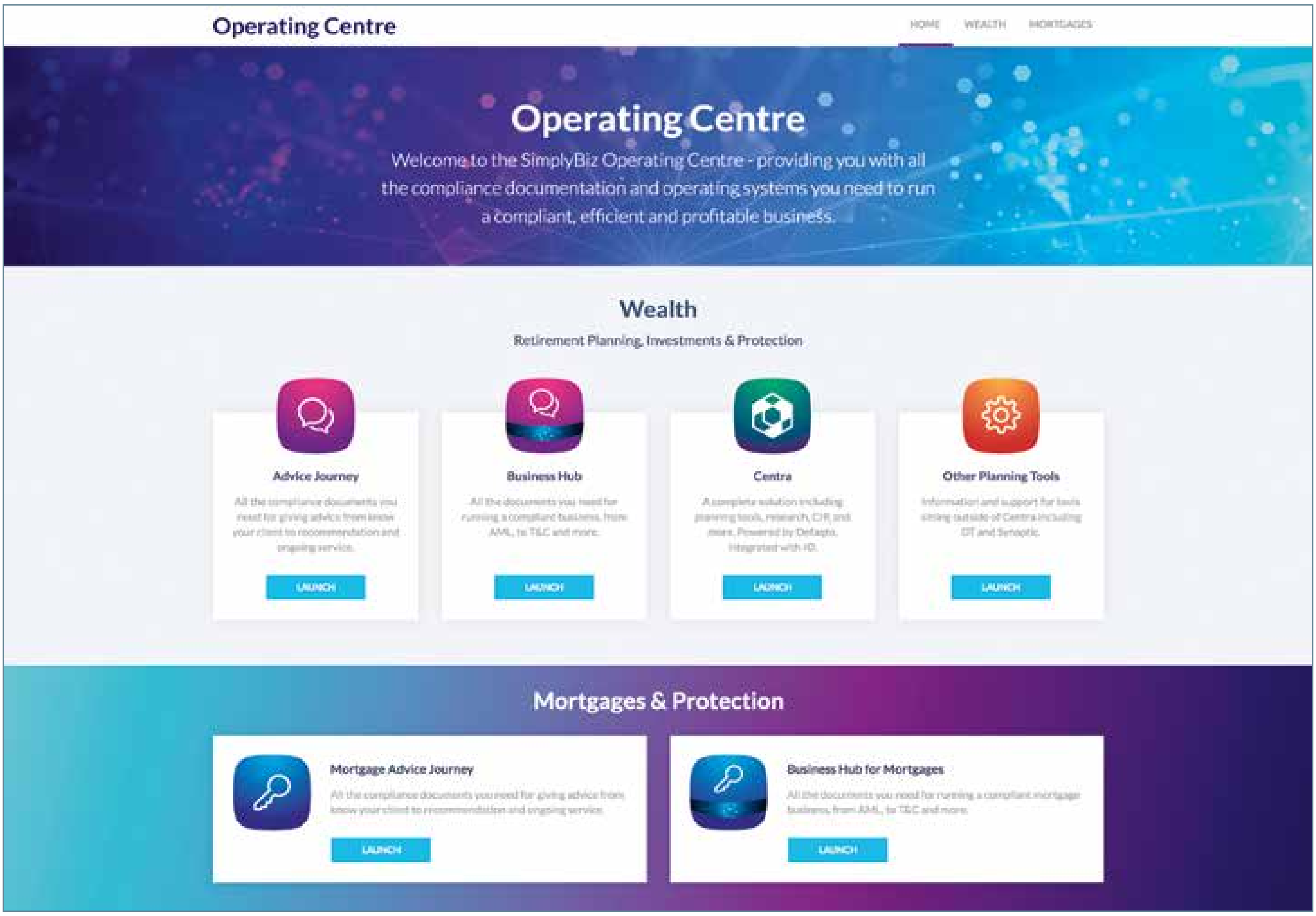
The 'C' list is both used and offered less commonly, with most advisers buying these services through third party suppliers. The FCA is, however concerned that those firms which do use these tools may be in breach of the inducement rules.

There is a great deal in this report and we will be issuing further detail in the coming months as well, of course, as providing an update as the 'interim' report morphs into a full report.

In the interim, firms using platforms and utilising the services in the FCA's 'B' and 'C' categories should review the inducement rules in COBS 2.3 (non-MIFID business) and COBS 2.3A (MiFID business). In particular, it is important that firms do not use services, provided free by the platform, that they will need to rely on in order to continue to service its clients.

By Gary Kershaw
Compliance Director
The SimplyBiz Group

Introducing... the Operating Centre

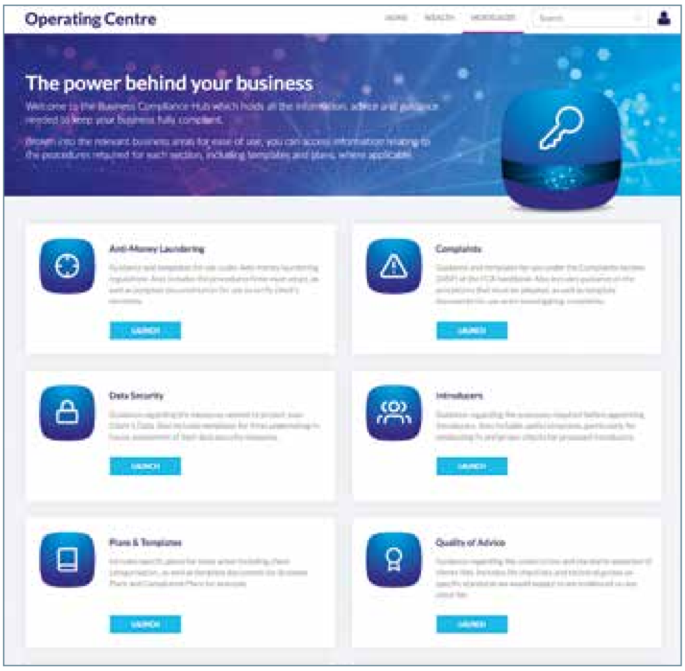


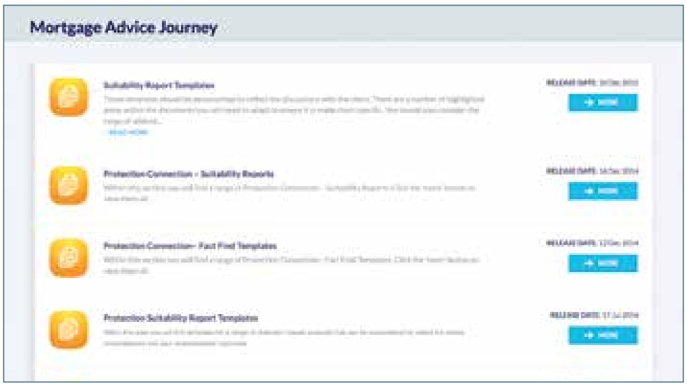
I've worked in the financial services industry for nearly three decades now and, during that time, I'm yet to meet a single adviser who chose this career path because of their love of regulation!

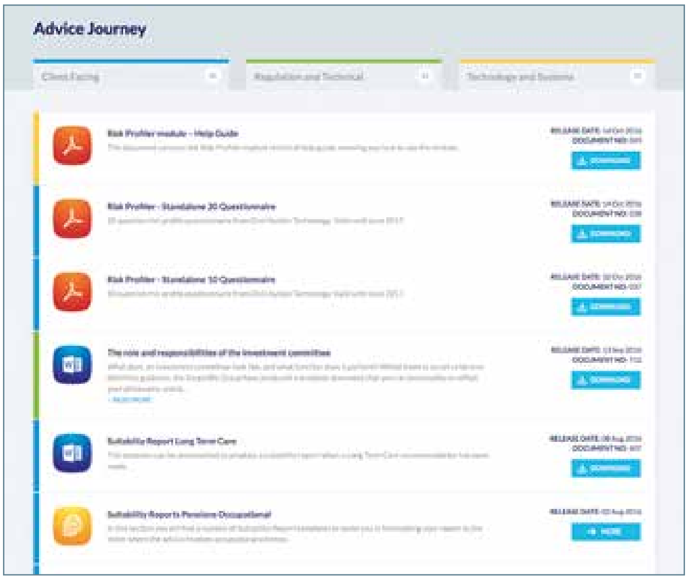
Whilst I think most advisers view regulation as a necessary evil, and wholeheartedly support the underlying objective of protecting consumers, I understand that keeping on top of regulatory requirements can become a heavy burden. Particularly because, as you are more than aware, making sure your processes and paperwork meets the policy rules put in place by the regulator is not a static task; regulation is a moveable feast, and new guidance is produced on nearly a weekly basis. Without the right support, the time you spend on the essential task of ensuing your compliance needs are covered can eat into the parts of the job that you really do love, including spending time with clients.

Luckily, here at The SimplyBiz Group, we do love compliance, and we're dedicated to making keeping up with your regulatory requirements as simple as possible for you. In 2012, we introduced our Vision compliance hub as a home for all of the material you may need to run your business, and advise clients, compliantly. However, as I mentioned above, regulation does not stand still and therefore we have been working hard to create a brand new online solution which will allow you to access all you need in one central hub, providing improved efficiency to meet the increasingly heavy regulatory burden found in today's market – **the Operating Centre.**

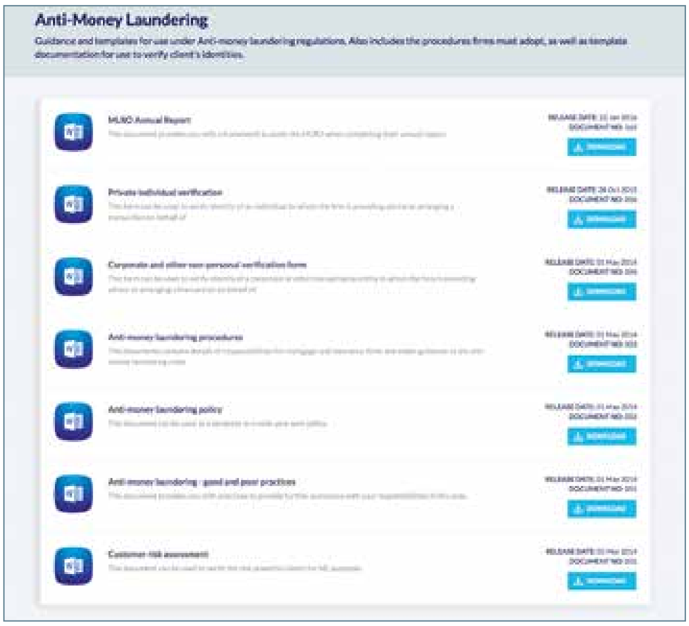
On the next page, you can see some of the enhanced features of the new Operating Centre.

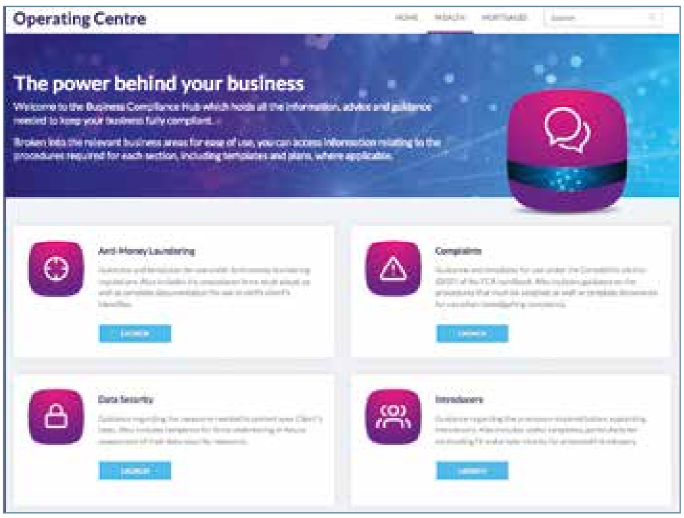






“The new user interface includes features you will be used to, such as advice journey or business hub (for both wealth and mortgage advisers), and now also contains quick links to centra and other planning tools.”





SimplyBiz Group

To take a look at the new Operating Centre login to **www.sifa.co.uk**

Dan Russell
Managing Director
SimplyBiz Investment Services

Front and Centra: celebrating the first year of Centra

We launched Centra in March 2018 after clear feedback and demand from the advisers we serve who asked us to;

- bring risk profiling, goals based planning, product research, suitability reports and client management into one system;
- help with the ongoing challenge of advice suitability;
- save time in the advice process, therefore making advice more affordable for more clients and more profitable for you.

Since then, over 700 firms and 2000 advisers and support staff have made the decision to move to Centra. However, I don't want you to take just my word for what Centra can do for your business. We have commissioned an independent review by Ian McKenna of the Financial Technology Research Centre which you can view online at ftrc.co/external-proposition-reviews/.

> "The case for Centra is clear. Regardless of your investment proposition, it will save time and make you more efficient in comparison to using standalone risk profiling, research and suitability systems such as Dynamic Planner, Synaptic and others."

The highlights to which I would like to draw your attention are:

- "Designed specifically for SimplyBiz Group Members and is platform, investment and wrapper technology agnostic."
- "It offers a complete financial planning proposition, integrated product research, the ability to create suitability reports, ready-made complete centralised investment propositions (CIP), or adviser created CIPs, within a single system."
- "It is clear close attention has been paid to meeting the requirements of the FCA's finalised guide on assessing suitability (FG11/15) and assessing suitability; replacement business and centralised investment propositions (FG12/16)."
- "The SimplyBiz Group has clearly demonstrated that it caters for all advisers and investment strategies, offering expert guidance and time-savings, no matter the chosen investment selection method."
- Finally, the analysis highlights that Centra could save advisers two hours 59 minutes per case, which is a 66.3% time saving.

Perhaps the most important aspect of the review by FTRC is the views of the advisers currently using Centra that have been canvassed as part of the independent research. They are clear about the benefits it has brought to their business:

"It is a great tool to highlight to clients your expertise and the depth of research conducted."
Bal Gill, Independent Financial Adviser, Intelligent Financial Advisory Ltd

"This has potential to be the best proposition in the market, for advisers who invest the time to understand the processes."
Gerry Towler, Principal Director and Senior FA, My Financial Services Ltd

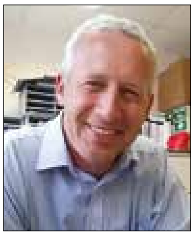
"With Centra, we feel more comfortable that our research is comprehensive and that we have more evidence to back up our recommendations."
Mark Banyard , Chartered Financial Planner, Banyard Independent Advice

The case for Centra is clear. Regardless of your investment proposition, it will save time and make you more efficient in comparison to using standalone risk profiling, research and suitability systems such as Dynamic Planner, Synaptic and others.

My commitment to you is that we will offer the support you need to adopt Centra within your business. We have training workshops around the country, a dedicated helpdesk, webinars and online training. We also have a dedicated team to help you design and implement your Centralised Investment Proposition within Centra.

SimplyBiz Group

You can contact the SimplyBiz Investment Services team on **0808 124 0000** emailing **investmentservices@simplybiz.co.uk**



By Pat Seaward
Member Support Manager
SIFA

This week's top 10...

In the last edition we profiled a week in the life of **Ruth Chandler**, SIFA's longest serving team member. This edition we have asked, Pat Seaward, the other half of SIFA head office's beating heart, to pick out the top 10 facets of his crucial role supporting **Dave Seager** in his Directorship, SIFA's strategic partners and the wider SIFA membership.

As you will soon see Pat has elected to inject his much appreciated humour as well as self-deprecating modesty to his answers. Don't let this fool you into believing his work is anything less than critical to the successful running of SIFA.

1. Website Navigation – Unsurprisingly, many members ring the office trying to 'find' something on our websites. Fortunately, you are quite a patient lot and persevere, and only when you have got to the point of throwing your PC out the window, do you call the office! It might be a document that is 'buried' in the 'Vision' Hub or just do we have such a template? We then usually work together to find what you want or confirm we sadly do not have that template!

2. Member Benefits – 'Do you have any online training facility?' This is quite a common question. The answer is yes and it is free to members. Through Competent Adviser, we can set up reading and testing material for admin or adviser staff, for topics such as AML or GDPR. This and other member benefits such as free Synaptic Research and bespoke deals for the likes of Deposit Sense, Catalyst, MICAP and TEPs are available to you - So please ensure you are aware of the numerous SIFA member offers.

3. SIFA Professional Webinars – I co-ordinate these webinars in partnership with a chosen strategic partner or a SIFA Director. As these are 'live' events that rely upon technology and I must admit that I never know it is all okay until we are actually up and running! I try to work with our partners to deliver technical or business development content that will support the dialogue between you and your solicitor connections. This benefit goes to our SIFA Professional firms on a monthly basis, and on a less regular basis to all members. This is SIFA's way of a checking each month that my heart rate can go above resting!

4. Strategic Partners – As many of you know, we work closely with several strategic partners and with that comes the desire for them to 'communicate' with our members. I co-ordinate this facility, trying not to bombard you with too many messages each day. This culminates in the weekly 'What's New' bulletin.

5. SIFA Emails – Making sure you are sent any compliance and group emails is in my area, including communications about our own Informa, Conference and Principal Discussion Events. I am sure you get many emails and it is difficult to filter, so if you have not heard from us for say 2 weeks, then please get in touch, as we may not know that emails are not getting to you! I know where you live and can check and see if you have accidentally or maybe intentionally unsubscribed (I will not be offended, honestly!)

6. 'Market Eceletica' – I write this communication. Well, when I say I write it, I research the articles published over the previous month's journals and the financial press and compile an investment type newsletter. This covers four broad areas of the market: UK, Bonds, Global and Multi-Asset. Sorry, but I will carry on producing this as it remains one of the most downloaded articles we produce each month.

7. Helplines – We get many calls to the office from members not quite knowing who to speak too. These can come my way and if I know the answer then all is fine, but if I don't, then I know if its compliance related, then our own Susie Bolton is a great source of knowledge or I can use the compliance, pension and tax & trust helpdesks at Simplybiz.

8. Vision Webinars – I run these for new members if they have not had a visit from Susie. These are a 20 minute run through of the Vision Hub, to provide some advice and guidance on navigating around the various sections. However, this is not just for new members, so if you think you might benefit from a taking a look at the Vision site with me, please do not hesitate to get in touch.

9. Website updates – Updating the SIFA websites with content from compliance communications to events from us or the group and adding Strategic Partner material onto DataBank. I also keep an eye on the 'Events and Development section on the SIFA Support website, as in the early stages, I may just have dates and venues, in particular if the events are being run by other parts of the group.

10. Member Calls – If you receive a call from me that you are not expecting, please do not think I am a 'nuisance caller' and remain in a client meeting for 2 days! I would only ever be calling to check if everything is okay or to let you know if it is not! Sometimes, speaking on the phone adds that human side to us, which will mean the robots will not take over!

In the spotlight... Dave Seager

Whilst struggling for inspiration for what might be different to the style and content of the monthly SIFA Professional updates for my piece in News and Views, I had a lucky break; I was approached by one of our strategic partners about filming an interview for them for their media channel.

They wanted to discuss the whole area of financial advisers looking to work with solicitors, the benefits to both parties and to the client. In addition, I was asked to consider how this might change with the new SRA Handbook in 2019.

Below, I've selected some of the questions and answers from the interview that I thought might be of most interest to you.

Why do you think that financial advisers should looking to develop relationships with solicitors and is this important for both parties?

There are many aspects to this, of course, but at the core, from the adviser perspective, is the possibility of new client referrals and, more importantly potentially, good quality clients in the right areas. However, the absolute key element that many advisers miss is that they have readymade reasons to contact their own clients, and this is something most solicitors do not have. I always use the same jokes but they make the point – "Did a top notch divorce for you last year, can I do you another one?" Because there will be an investment element at the core of most referrals, whether it be a trustee investment, a BR portfolio, a transfer as a result of a divorce or even a care fees planning exercise, the adviser will be seeing their referred client regularly. This will enable the adviser to involve the solicitor in this regular client contact and strengthen the three-way relationship. In short, the financial advisers can help turn transactional solicitor customers into clients.

Do solicitors recognise the importance as you describe it?

I would love to say yes, across the board, but your viewers I know will have had different experiences. I think, however, that the times are changing for many reasons, and now is the time for advisers to try afresh with their legal colleagues. Firstly, without going into granular detail, the Legal Services Act of 2007 has opened up the industry to new entrants, innovation and therefore compelling client alternatives to the traditional high street solicitor. Consequently, the smart solicitors, recognise the reality will be looking to broaden their client proposition, as well as making it more accessible and user friendly. Offering a more joined up approach to a client's affairs, by working closely with a fellow professional colleague who can deal with the financial planning complimentary to the legal advice is an obvious way to do this. Secondly, their own regulator, the Solicitors Regulation Authority, is preaching a more holistic approach and moulding regulation to encourage it.

What you are saying seems to suggest that the client and their 'outcome', dare I say it, is central to these closer working relationships, and indeed what the SRA wants.

It is the be all and end all, yes, but whilst the client is the ultimate beneficiary of a more joined up approach, both the financial adviser and the solicitors benefit as well. The SRA's own research suggests that clients do not think in silos; when it comes to problems, they perceive they need solving. Why would a client wish to sort out their will with a solicitor, then go and find an adviser to build some IHT planning around it? Far better to combine the advice and get it right. Similarly, why as an adviser would you recommend your client goes into flexi-drawdown, tell them a lasting power of attorney is essential, and then let the client go and find their own solicitor to put this in place? These are just two examples to illustrate how the client benefits from the collaborative approach, but equally the two professional advisers will too.

You touched on competition and regulatory changes as the main threats to solicitors – how might financial advisers be able to assist?

Well, as we have touched upon, one of the main areas is the new competition, and this is only likely to grow in the coming years. We have the likes of Co-op, Virgin, The RAC, the large accountancy firms and so many others setting up legal businesses, and these are serious competitors, often with deep pockets and usually with stronger connections to their customers. To be extreme, although not wide of the mark, if you need a basic legal service, do not have a relationship with a solicitor but are a customer of say the Co-op or The AA, why would not use the firms you know? You may even get Co-op club points!

On the regulatory front, the SRA's current rulebook is heavily 'outcomes based' and does endeavour to encourage a structure and process to when solicitors refer work to third parties. However, the message in a 440 page SRA Handbook and within it the individual 'Solicitor's Code of Conduct' is lost and not being adhered to. The Compliance Officer Legal Practice is, in theory, responsible for embedding the handbook's guidance into the culture of the firm but, in truth, this has not been occurring. The new approach, to come in 2019, aims to simplify the rules and ensure that solicitors take them seriously.

You have hinted at the new SRA rules for 2019, but can you elaborate how the changes will affect adviser/solicitor relationships. Is this positive news?

The SRA had taken a drastic approach and is hugely simplifying the SRA Handbook and, for the first time, the handbook has not only a Solicitor Code of Conduct, but also a code for the firm. This is massively significant in my view. The new rulebook has been reduced from 440 pages of outcomes and indicative behaviours to 130 pages of core principles.

The expressed intention of the regulator is to make it easier for solicitors to maintain higher standards, and therefore provide a better service to clients. As Crispin Passmore, an Executive Director, said to me last October, "We are taking out everything that was unnecessary and leaving in only what was necessary". A powerful quote that emphasises the expectation that the new rules and guidance by which a practice should be run, are adhered to next year. The new handbook is with the Legal Services Board for sign off and the SRA hopes to give solicitors a six-month lead in to embed it before going live in April next year.

So, where in the new approach is the positive news for our financial advisers?

Yes, the exciting section is in the Solicitors Code of Conduct section 5, which sets the rules on solicitors referred to external third parties for the benefit of the client.

The regulator is seeking more structure around the decision making for referrals and, in particular, the evidencing of that process. It requires the referrer to demonstrate to the client why the referral is in their best interests and then have confirmation that the client understands and has given 'informed consent'. In SIFA's view, the best way for a solicitor to evidence why the referral to a particular IFA is in their best interests is to have conducted proper due diligence on the firms with which they intend to refer, and to do this centrally at a firm level. Best practice would be to make this research available to the client and have then sign to show their consent.

This guidance, however, will be considerably strengthened for 2019 in two ways. Firstly, this section advises that it expects to see 'firm to firm' agreements, where regular referrals are being made. Secondly, and of most significance, is the new firm code of conduct, which the senior management and COLPs should ensure mirrors the rules set out in the individual code within their own policy. This means the firm SHOULD put in place centralised referral policy, perhaps a short panel based on due diligence and ensure all solicitors are on board and accept this. We hope this will put an end to referral by individual solicitor choice and favouritism.

This all sound incredibly positive, but what should advisers be doing now ahead of 2019?

The advisory firm that is serious about forging better links with local solicitors is the one that can empathise with solicitors, and understand the challenges they are facing, and show how they can lessen the burden and assist them to face the future.

This can take many forms, and will differ from firm to firm, but some of the key aspects always revolve around helping them communicate with clients. Newsletters and seminars for the clients of the law firm in areas of mutual interest are positive. As an advisory firm, ensure you have properly considered your values and strengths, and incorporate this in a 'due diligence' document, which they can understand, personalise and use with clients.

Make sure your own processes will highlight overlapping legal needs your clients have and make your solicitor partners aware what and how often you feel you will be able to refer to them. Do not over promise and do not promise the same to two firms. Tell them about how you want them to be a part of your processes and, in turn, you part of theirs – it is all about reciprocal benefit not just the solicitor and advisory business but for the mutual client.

If you have not already done so, consider the relevant accreditations available to you that are run by legal professionals such as STEP, Resolution and SOLLA. Take a step into their world and they will respect you for it.

Thanks so much for all this valuable insight. Can I finish by asking you what you feel should be included in a due diligence document, as it will clearly be so important in 2019?

I would not wish to instruct advisory firms on an exact structure and we at SIFA have three examples for our members but I would ensure the following areas are addressed:

Your status - independent or, if restricted, the nature and why. Your qualifications and accreditations within the business. Your experience, longevity and local reputation is relevant. How your fee structure operates. How regularly you review clients and how you would iodate the solicitor. Your disciplinary record with your own regulator. Perhaps any award or relevant testimonials. How you work with other professionals. How you manage money or how you outsource and to whom. Any quality standards you have in place for clients. This list is not exhaustive but I think I have covered most aspects one might include.

SIFA
PART OF THE SIMPLYBIZ GROUP

Picking the best kick-out plan

SIFA recently surveyed the membership asking whether the ability to thoroughly and professionally research the range of offerings in the structured product space would be of interest. The response indicated that a tool to genuinely compare current offerings would be welcome and in addition access to impartial training in this sector as well. **Levendi Capital** were the company that inspired the survey and can deliver on the above…

With between 50 and 70 Retail Structured Product Plans available at any time, picking the best one for your client is a tough task. Not only do you have to review the market to select the best product, but also your recommendation must comply with FCA and MIFID II regulations. Levendi Research has been chosen by SIFA as their research partner. The independent analysis we provide at www.levendiresearch.com makes it easy for SIFA advisers to identify the products that may be suitable and appropriate for your clients and to demonstrate that this is the case.

To show how our website can make selecting the best product simple and compliant, we look at how we would select a product for a typical client; John Humphries. Mr Humphries has a cautious to balanced attitude to risk and has a portfolio that is about 60% equities and 40% bonds. He has recently received a lump sum and wants to invest this in his pension. He wants an investment that offers a decent return (better than deposit rates) with a high chance of a positive return and where there is a low risk that he will lose money.

The regulatory framework

The FCA and now MIFID II have created a prescriptive framework for advice. Structured products are no different from any other product; all advisers must use the target market criteria as a checklist when making a recommendation. These may be summarised as:

- Risk / return profile
- Capacity to bear losses
- Investment objective
- Complexity
- Outlook / Special needs.

The Levendi Research site has been designed to allow advisers to pick the best product within this regulatory framework.

Objective

Within the world of structured products, we divide products into 3 types: Return, Participation and Income. Enhanced Return (or Bond like) products are the sort of products that offer the return that Mr Humphries is after. This is the most popular product type. They offer a good return that does not depend on rising markets. The investor's capital is at risk but there is a degree of protection if markets fall.

Step 1: Screening and Filtering

The first stage of the product selection process is to create a short list of products that may be suitable.

- **Objective:** We have decided to look at Enhanced Return. We may want to narrow this down to Kick-Out Plans
- Given Mr Humphries attitude to risk, we want to eliminate products that are too risky, and so will only look at products where the forecast volatility of returns is less than 10%. Because Levendi Research calculates the volatility of returns, we don't need to use product features as a proxy for risk
- Exclude products issued by banks that are insufficiently credit worthy or from promoters that do not meet minimum criteria. We would exclude issuers that were not "investment grade"
- We would exclude products that don't have enough time to allow us to complete the application process before the plan closes.

The table on the next page shows the list of products that meet our criteria. From the long list of 36 Kick-out Plans, we now have a short list of five Plans. We have ranked these plans by Excess Return. This is a measure of the difference between the average return that that plan offers (adjusting for the credit risk of the issuer). We also show the metrics we use to map products against the other Target Market criteria.

Step 2: Product Selection

The Levendi Research site allows advisers to refine the short list using a range of filters and then rank the short list using multiple criteria. This short list provides the basis for product selection. The best product for Mr Humphries may well be the product with the highest Excess Return within the risk limit that we have set. However, other considerations may be important:

- **Outlook:** If Mr Humphries is confident about the growth in markets, he may prefer a product that offers the highest "best" return.
- **Complexity:** Some products are more complicated than others are. The more complicated products may contain more "features" or us unconventional indices. We need to consider if Mr Humphries can understand these features.
- **Capacity for loss:** Mr Humphries may be particularly keen to avoid losses and so may prefer the product that has the lowest chance of loss.

Name	Expected Return	Volatility	Excess Return	Risk Score (1-10)	Complexity
Meteor FTSE Defensive Kick Out Plan August 2018	4.3%	5.0%	0.7%	2	Medium
Investec FTSE 100 Defensive Step Down Kick Out Plan 13	4.8%	5.4%	0.6%	2	High
Investec FTSE 100 Defensive Step Down Kick Out Plan 13 UK Four Option	4.8%	5.7%	0.6%	2	High
Meteor FTSE SP500 Super Step Down Kick Out Plan August 2018	4.8%	6.3%	0.5%	2	Medium
Investec FTSE SP500 Defensive Step Down Kick Out Plan 9	5.5%	7.4%	0.4%	3	High

Step 3: Advice and Documentation

The Levendi Research website allows users to access more detailed analysis of each product, which allows the user to pick the best product.

Once we have selected the best product we can use the analysis from the website to ensure that Mr Humphries understands the risk/return profile of the plans we are recommending. Specifically, the website allows adviser to ensure that clients understand the following points:

- The chance and scale of possible gains
- The chance of no return
- The chance and scale of losses
- The risk that the issuer may default. The website shows the chance of default calculated by Bloomberg.

This kind of disclosure is now not just best practice, it is a regulatory requirement and it is an important step to ensure that advisers can demonstrate that they explained the risk of the investment to the client. This is the sort of disclosure that is likely to ensure that clients do not complain in the future,

Users can download the product brochure and a PDF that summarises our analysis of each product from the Levendi Research website for their files.

Step 4: Monitoring

The Levendi Research website allows advisers to review plans after the start date. The analysis of each product is refreshed weekly to consider the current value of the investment and the levels of the underlying assets. Advisers can use this analysis to keep clients informed about the nature of their investment.

- Has the chance and scale of possible losses increased or decreased?
- What return does the product offer if held to maturity?
- What chance is there that the product will kick-out early?

Conclusion

SIFA has selected the Levendi Research Platform because we offer you access to the analysis you need to select and monitor structured products. We cover the whole market and work with adviser firms to create product governance and selection processes, and to help with monitoring and education.

SimplyProtect
FROM THE SIMPLYBIZ GROUP

It's not rocket science!

There's really nothing difficult to understand about SimplyProtect.

SimplyProtect is an 'opt in club' that gives the users of the service access to enhanced commission from leading protection providers that can significantly increase your protection income.

The five principles of SimplyProtect:

Simply Protect

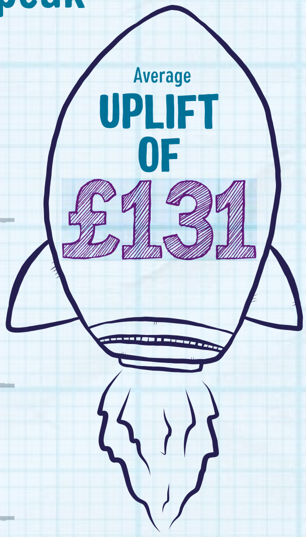
1. **NO COST** to become a SimplyProtect user
2. **ENHANCED COMMISSION** on all business placed with the eight partners
3. **NO CHANGE** to your current selection processes
4. **REMAIN INDEPENDENT** as you are still free to place business elsewhere
5. **FREE ACCESS** to Synaptic's Webline quotation portal

Let the numbers speak for themselves...

Here's a simple example based on the average commission earned for a £50 per month policy:

WOM rates return commission of
£1,093

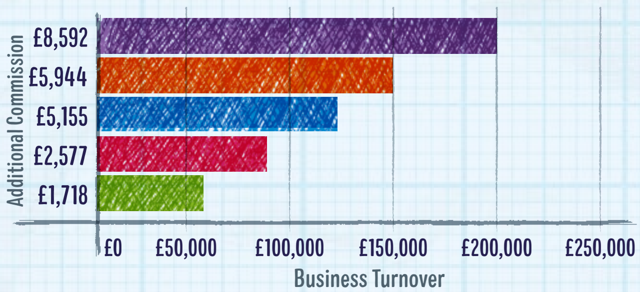
SimplyProtect rates return
£1,224



That's an uplift on commission of £131 on just one case with no additional work!

So ask yourself – how many do you or could you place in a year – and how much better off would you be?

To put it another way, even if protection is a small percentage of your business turnover – take a look at the additional income you could earn with SimplyProtect.



The graph above shows the additional commission that is achievable for businesses that write between 20% and 30% protection business.

As a representative example, a straightforward £50 per month policy could return an average commission to you of £1,093 using the WOM route.
Using SimplyProtect as your channel to the provider, your return would increase to £1224, whilst sourcing and placing the business in the same way you would previously.

If you have any queries or questions, want help signing up as a SimplyProtect user or need to upgrade, feel free to contact one of the team on 01484 439160.

SimplyProtect – why wouldn't you?

AIG · AVIVA · Legal & General · LV= LIVERPOOL VICTORIA · ROYAL LONDON · SCOTTISH WIDOWS · Vitality Health·Life · ZURICH

By Dave Seager
Development Director
SIFA

The SIFA conference

I wanted to take this opportunity to look back briefly at the SIFA Conference, which was held at Whittlebury Hall in Northamptonshire for the third year running on the 7/8th June. The theme this year, largely driven regulatory changes, in both the legal and financial sector, was one of 'Future Proofing your Business'.

It is the sixth conference I have organised since taking over from Ian Muirhead for the 2013 event and the consensus from delegates, strategic partners, business partners and SIFA staff was that the 2018 was the best of the modern era.

> "I thought this conference was one of the best. Good to see it was well attended, very good atmosphere. I enjoyed it very much, this year's conference appeared to go very quickly which means it was very good…"

I think the success which saw 34 SIFA firms represented and over 90 individual IFA delegates is down to a number of factors; the format, the 7 plus hours CPD available and the opportunity to network with peers are all contributory. However, this year I genuinely believe that we had the best blend of platform speakers and workshop presenters covering virtually all the issues and factors that are affecting you in your businesses, the decisions you are making and the processes you are hoping or are required to put in place.

> "Well organised and worth taking two days out of my busy diary to attend… Great balance of speakers this year…"

Across the 2 days, we managed to explore and cover most of the favourite themes for the FCA from vulnerable client to behavioural economics and from central retirement propositions to DB transfers. We were able to look at how the platform world might evolve and assist firms with improved client propositions; how the Patient Capital Review may impact the increasingly popular tax-efficient space; how lifetime mortgages can assist the 'Silver Divorcers' and even had time to look at the alternative income producers to conventional bond funds and so much more….

For me as the organiser, whilst I must stress it is a SIFA team effort, I was particularly delighted to have the Executive Director of the Solicitors Regulation Authority, Crispin Passmore, as our headline speaker before lunch on the first day. All SIFA members work, or are keen to work, more effectively work more effectively with their solicitor connections so it was wonderful to hear, from the horse's mouth, how keen the regulator is for their firms to work more closely with the financial planning community. In addition to understand how the new SRA Handbook and Codes of Conduct will encourage that and add more structure to the relationships.

> "Great conference well done to Dave and the team… Thanks so much and well done, it is a lot of work! It was worthwhile and I enjoyed it."

Because of the success of 2018 and based on the majority of the delegate and partner feedback, we have re-booked Whittlebury Hall for the 6/7th June 2019, so please block these dates out in your diary now. I am always keen to hear from you, our membership, about themes and topics, you would like us to explore, so please drop me a line. We are always aiming to improve the event and will never rest on our laurels, as I hope this year's event has demonstrated. However for those who could not make it in 2018, I will leave you with some feedback from your peers and overleaf some pictures of the fun! I hope this will whet your appetite for next year.

Turn over to see some photographs of this year's event and for details of next year's.

SIFA
PART OF THE SIMPLYBIZ GROUP

The SIFA conference

1.

2.

Save the date

SIFA Conference 2019

Whittlebury Hall

6/7 June 2019

3.

1. SIFA MD, David Ingram opens the conference
2. Mike Hogg from Standard Life considers IFA future use of technology
3. Delegates and Strategic Partners enjoy a glass of bubbly pre-dinner
4. Vijay and David from annual conference supporters Blackstone Moregate
5. Mike Currie from Foresight predicts the tax efficient future, post Patient Capital
6. Crispin Passmore from the SRA updates us on how the future regulation of solicitors will assist them to work with IFAs
7. Alastair Mundy from Investec scares and entertain the delegates with his market insights
8. Dave Seager and David Ingram – One last toast to a successful first day

4.

5.

6.

7.

8.

SIFA
PART OF THE SIMPLYBIZ GROUP

By Dr John Kirkhope
Legal Consultant, Notary Public, Retired Solicitor, Chartered Indsurer

The SIFA conference A humbling experience

You may recall, that with **Ian Muirhead** retiring we enlisted the services of **John Kirkhope** as a consultant to the business. Whist I have had 10 years at **SIFA** and have been entrusted with taking up the reins on **SIFA Professional** it is still useful to have an experienced sounding board and counsel.

The following article serves two purposes; it allows John to introduce himself and his relevant experience but equally demonstrates the value he can bring.

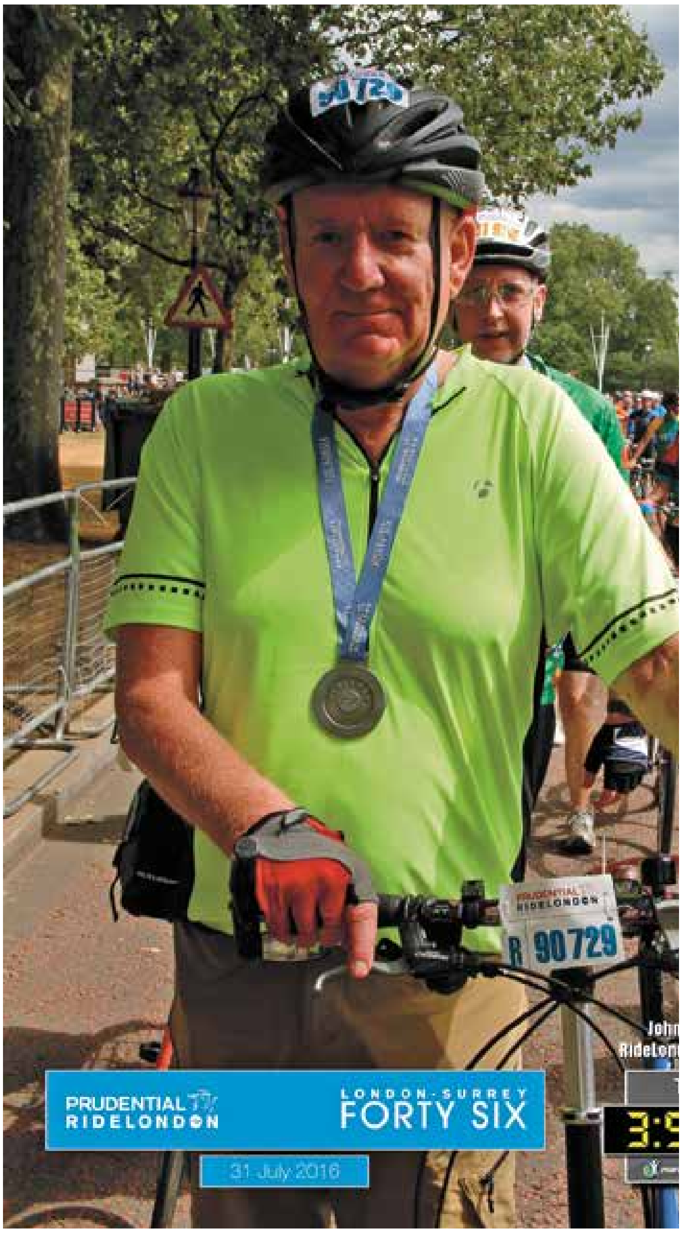
Dave Seager
Development Director, SIFA

Biography

I would like to begin by introducing myself. I started my working life with a period serving in the Fleet Air Arm in the Royal Navy. I then joined Sun Life. I was, what was then referred to as, an "Inspector", then a "Technical Manager. This was followed as a period as a "Marketing Manager" and subsequently a "Legal Manager" for Sun Life International.

Having spent some twenty plus years in the Financial Services Industry I decided on a change of career. I qualified as a solicitor and subsequently as a Notary Public*. When I established my own practice I utilised everything I had learnt in my previous careers and used all the marketing techniques which I had acquired. I did not understand that solicitors did not market in the way that I did. (It has to be said many law firms have now caught up but it is fair to say I was in advance of the game at the time.) The consequence was, frankly, that I was successful and indeed somewhat overwhelmed. I worked seven days a week just to keep ahead of the demand.

It is a small claim to fame but as far as I know I am the only individual who was a solicitor, notary public, Associate of the Chartered Insurance Institute and a Chartered Insurer.



The Conference

I was privileged to be invited to the last SIFA conference by Messrs Ingram and Seager. I have to say it was a humbling experience. Let me explain. Without being immodest I could claim, way back in the day, that I would be regarded as something as an expert in Pensions and Pensions Law. Indeed I wrote a booklet on a particular aspect on pensions law which was well regarded. I went to a presentation on pensions at the conference given by a gentleman from the Pru whose name, to my shame, I cannot remember, and came away convinced a little knowledge is a dangerous thing. I would, I decided, be well advised to avoid any semblance of knowledge in the area of pensions. (Whatever happened to pension's simplification I wonder?)

Maybe more significantly it struck me, powerfully, if I was an IFA I would approach every solicitor dealing with family law stating, bluntly, that the complexity of this topic is such that you need to seek detailed expert advice. I am the person to provide that advice and if I don't know the answer I have access to a panel of experts who can provide that information. I would offer seminars not with the intention of educating the solicitors in the current developments in pension's law but with the purpose of convincing them they need to seek advice. Gosh if I was a lawyer dealing with family law, if I understood the present complexity of the pension's rules, I would determine this is not a lagoon in which I would seek to dip my well-manicured toes.

There are also the opportunities offered by disentangling the complexities of Transferrable and Residential Nil Rate Bands.

There was a talk on charities which provided interested insights and I wish I had more space to develop the opportunities for IFAs in this area.

My most enduring impression was, if you like, the mismatch between the drivers for an IFA and that of a solicitor. I have not worked in the Financial Services Industry for quite a long time so bear with me. When I joined Sun Life it really was a matter of finding someone who would buy your product and having sold move on to the next. In other words the process was transactional. Having talked to the IFAs who attended the conference that is obviously no longer the case. The cost of regulation is such that the purpose is to acquire a client and then to retain the client. By contrast a lawyer having completed a case has to find a new matter. For example, as a lawyer, you cannot phone a client and say you know you divorced your first wife five years ago do you fancy divorcing your next wife, or why don't you sell the house you bought three years ago and buy a new property or why not write a new will having updated your last will two years ago.

In simple terms I am saying that an IFA has a potential of two approaches to solicitors. The first, if you will, is I can help you with pensions law, the complexities of "Gift and Loan Schemes" or "Discounted Gift Values" etc but, maybe, more importantly an IFA can offer insights into marketing which will enable solicitors to acquire new clients and retain them. In other words an IFA can offer advice about how to "SELL" legal services. I will explore this in more detail in the next section but I can give one example, provided to me by a colleague, which, I guarantee, will challenge most solicitors. So:

In most solicitors waiting room you will find a selection of newspapers and magazines. Get rid of them all. If a client is waiting I want him or her to have available only material which explains the services offered by the firm. This not only saves money but markets the firm to a captive audience. So why would you not do it? Try making the suggestion and see the reaction you obtain and the excuses for not implementing the idea.

Some Marketing Ideas for Solicitors

There is a non-practising solicitor who now provides a marketing service to solicitors to enable them to get more clients and retain the ones they have. He, from time to time, sends me a list of ideas a selection of which I will now share with you so you can share with your solicitor contacts:

- Send an e mail to clients old and new (anything relating to your legal services just to start a conversation.)
- Add a PS to all of your client letters over the next few weeks or months making an offer to use your services (This works!)
- Keep doing 2 above but change the offer every month or so.
- Check every page of your web site to ensure it finishes by telling your prospects exactly what you would like them to do.
- Send a letter to old clients who have not used you for a while making an offer if they come back to you within a set period of time
- Rewrite that advert you have been running in your local paper for years focusing on one aspect of your services and include an offer if the service is used within a set period of time.
- Send out those brochures which are sitting under the desk at reception with every client and referrer letter leaving your premises.
- E Mail all your clients asking them to help improve your website.

There are more but that's enough to be getting on with I think.

Just as a brief aside do not assume solicitors understand trusts as well as you do!!

In summary

Do contact every family law solicitor and organise a seminar with the aim of ensuring this is an area in which they need to seek expert advice.

With regard to any solicitor contacts take an hour to review their web site leaflets marketing material always bearing in mind 'selling' is not a dirty word in the Financial Services Industry but does not sit comfortably with many solicitors.

Do not make assumptions about the level of knowledge of the lawyers with whom you are dealing. I remember a very embarrassing conversation with a lawyer until a realised she was confusing Capital Gains with Chargeable Gains.

SIFA

PART OF THE SIMPLYBIZ GROUP

*Notary Publics have been appointed by the Archbishop of Canterbury since the 13th Century. There are about 760 of us. We are the oldest branch of the legal profession in England and Wales and probably the best qualified. It took six years for me to qualify as a solicitor and another two years after that to qualify as a Notary.

By Nick Dixon
Investment Director
Aegon

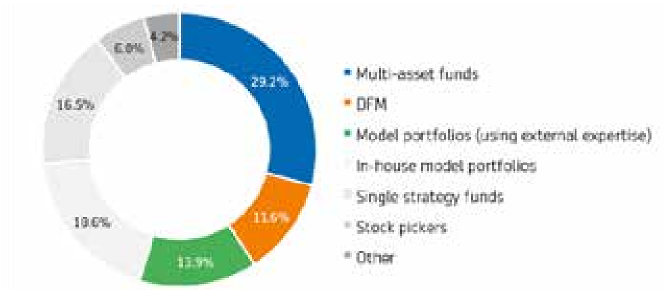
Investment outsourcing trend still on the rise

Following the implementation of the Retail Distribution Review in 2012, it was widely expected that more adviser firms would look to outsource management of client portfolios.

Outsourcing, many commentators agreed, would help advisers reduce their business costs in a fee-focused world and – amidst greater regulatory scrutiny – help manage risks inherent in investment selection.

Outsourcing demand has indeed matched predictions. In May 2013 according to market analysts Platforum, just 18% of advised assets were outsourced, rising to 26% in April 2017. Today, our own figures from the latest Aegon Adviser Attitudes Report, Investment strategies and portfolio building, show that around 55% of new assets are being outsourced to external portfolio managers in some form or another.

% of assets in each investment strategy



Source: Aegon – Adviser Attitude Report 2018: Investment strategies and portfolio building

The growth of DFMs

DFMs have seen substantial growth in assets. But as the graph shows, portfolios created by external DFMs still account for a modest 12% of advised assets with the greatest penetration among mid-sized firms and larger clients with assets of more than £200,000.

Demand for model portfolios

Model portfolios have seen greater take-up than more bespoke portfolio management services. Outsourced model portfolios managed by an external expert account for almost 14% of advised assets, according to our research, and are used across a range of clients from those with less than £100,000 in savings to those with £200,000 and upwards.

That said, model portfolios managed in-house account for an even larger proportion of assets (19%). Among larger adviser firms (those with total advised assets of £50 million or more) in-house model portfolios are used to manage 27% or more of client assets, on average. This indicates that, where firms have the resources, they're keen to offer proprietary portfolio management expertise – especially to larger clients – retaining value internally rather than sharing it with an external partner.

The rise of multi-asset

Multi-asset funds are a third means of outsourcing investment portfolio management. On average, they now account for 29% of advised assets – a substantial jump from 18% in 2016.

Again, from our latest research, there's a strong correlation between multi-asset fund take-up and the size of an advisory firm. Firms with less than £4 million in assets under advice (AUA) use multi-asset funds to outsource 41% of client assets; firms with AUA of £100 million or more use them for 21%. This is down to greater use of in-house propositions by the bigger firms who have the resources and skills to manage proprietary model portfolios.

Our research also shows that multi-asset is by far the most popular investment strategy for clients with assets of less than £100,000, with just under 38% of these clients' assets placed in multi-asset solutions.

The rising popularity of multi-asset funds is driven by their simplicity, competitive fees, and ability to drive predictable levels of relative return which reduce advisers' compliance risks.

Greater breadth of outsourcing options

While we expect to see continued strong growth in multi-asset strategies as an outsourcing solution, perhaps what's most notable about our research is the breadth of instruments and services firms are using to delegate investment management.

Many adviser firms will, of course, continue to promote portfolio construction and fund selection as a core part of their service. However, the need to maximise efficiency and manage regulatory risks while still giving clients access to a comprehensive range of asset classes and markets means that the trend for outsourcing of investment services is likely to continue.

Looking forward, the interesting question is what impact the Markets in Financial Instruments Directive (MiFID) II and the FCA's Asset Management Market Study will have on this trend.

By Alastair Mundy
Head of Value
Investec Asset Management

A view from the other side

'Simple, but not easy'

Investing, and particularly contrarian investing, is often described as being 'simple, but not easy'. The simple part is straightforward. One waits for a share price to fall, carries out some due diligence to check for any hidden nasties, checks the stock is cheap on some sensible assumptions and then buys the share. And if everything goes to plan, the shares, as they recover, will attract the attention of other investors and provide the investor with a handsome profit.

The 'not easy' part is where the sweating begins. A stock only tends to fall if investors have some concerns about a company's future. There may be issues over a company's indebtedness, accounting, industry exposure or some purely idiosyncratic issue and virtually all of the time it is perfectly rational to hold these concerns. And in many cases history tells us it is correct to have such concerns as worst-case scenarios can often play out (of which a recent example is Carillion).

But a more dispassionate assessment of history tells us that on the whole these worst-case scenarios are a fairly rare species. They just tend to stick more in investors' minds than those stocks which do recover.

What can often be worse than the embarrassment of holding one stock that does very badly is holding a portfolio of stocks which, in general, are doing reasonably badly. This typically happens in markets which are influenced by a significant and prolonged theme – such as the technology, media and telecoms bubble in the late 90s and the mining bubble in the mid-noughties. At such times equity markets can become bifurcated with a group of stocks heavily in-favour and the rest unloved.

We have been in one of these times over recent years.

So what to do?

Option one is to simply capitulate – admit that the world has changed, that the old rules do not work and to embrace the dark side. Option two is to sit tight, accept one's portfolio is significantly different from the market and trust that eventually themes will reverse. Option three is to break the first law of digging holes made famous by Dennis Healey, the Labour politician, who opined that, "if you find yourself in a hole, stop digging". If the bifurcated market throws up increasingly attractive opportunities it is surely right to keep buying?

For a contrarian investor the typical response is somewhere between options 2 and 3. Continue to analyse the opportunity set and as it becomes ever more attractive to do so, skew the portfolio more towards the cheapest stocks.

Underperformance is never nice, but for investors with high conviction portfolios and/or distinct investment styles it is unfortunately an almost inevitable price to pay for subsequently experiencing the good times.

By Liz Coyle
Compliance Policy Manager
The SimplyBiz Group

Retirement outcomes: Final report

In June this year, the FCA released its Retirement Outcomes Review Final Report, following a year long consultation into how the retirement income market was functioning in the post pension freedom world.

It identified a number of concerns and presented a number of remedies to meet those concerns. Firstly though, a summary of the regulator's headline findings:

- As you will know from your day-to-day interactions with clients, the market is still developing and there is an ongoing period of adjustment for both advisers and clients. Again, as you will have experienced yourselves, the regulator found that the freedom and choice introduced by pensions freedom have been popular, but have also required people to make more complicated decisions about retirement than previously.
- It found that Defined Contribution (DC) pots are still relatively small for most retirees and are often not their main source of retirement income. However, with the decline of Defined Benefit (DB) schemes, many consumers will rely increasingly on DC pots as a major source of retirement income over the medium and long term.

The regulator's review focused upon those consumers who do not take advice and, in news that will not be even slightly surprising to you, its evidence shows that these consumers are at a risk of harm.

"The regulator is also working closely with the money advice service (MAS) and the association of british insurers (ABI) to develop a drawdown comparator tool."

The FCA surmised that:

- There were weak competitive pressures and low levels of switching. Most consumers chose the 'path of least resistance', accepting drawdown from their current pension provider without shopping around.
- One in three consumers who had gone into drawdown recently were unaware of where their money was invested.
- Some providers were 'defaulting' consumers into cash or cashlike assets, but the regulator found that holding cash is highly unlikely to be suitable for someone planning to draw-down their pot over a longer period.
- There is a possibility that consumers might pay too much in charges. The FCA found that charges for non-advised consumers varied considerably from 0.4% to 1.6% between providers, and are, on average, higher than in accumulation (where in some cases they are capped at 0.75%).
- For consumers proceeding without advice, drawdown charges could be complex, opaque and hard to compare.
- The regulator also stated that, to date, it had not seen significant product innovation for mass-market consumers.

The FCA then went on to set out a series of remedies that it posed could tackle the areas of concern set out above. The discussion and consultation points were opened up for your comments until August and September, respectively (and, as with any period of consultation, I very much hope you made your voice heard!) Finalised Guidance will be produced and issued in January 2019.

To give you a bit of clarity around what the FCA is aiming to achieve through these remedies, it describes its objective as follows: "Our remedy package aims to address the harms and emerging issues we have identified, and to put the market on a good footing for the future. It balances the need to protect consumers and improve competition in the market, with allowing the market to further develop and innovate.

“We are taking steps to protect customers and help them make better choices – before accessing their pension savings, at the point of making a decision, and throughout their retirement.”

So, what will this mean in practicality? Well, the regulator will be focussing on the following:

Before consumers access their pension savings – better communications, support and guidance

The FCA wants to improve the effectiveness of consumer communications, and ensure consumers understand and can access the support or guidance they need.

Amendments to the ‘wake-up packs’, to ensure they reach consumers at the right time to inform their decision, and are truly valuable.

The FCA is consulting on proposals to require that ‘wake-up’ packs:

- incorporate a one-page ‘headline’ document, in clear and accessible language
- are sent earlier in the process, from age 50, and every five years thereafter until the pot is accessed
- include risk warnings, from age 50 onwards.

When entering drawdown or buying an annuity

The regulator is seeking feedback from you on proposals that:

- providers should offer ready-made drawdown investment solutions, within a simple choice architecture, which reflects standardised consumer objectives.
- new consumers accessing drawdown will have to make an active choice to be in cash. Firms will also be expected to demonstrate a strategy for dealing with consumers who have already been defaulted into cash, and who are unlikely to be best served by this investment strategy.

In addition, it is also consulting on the proposal that firms should provide a summary showing key information at the front of the Key Features Illustration (KFI) received by clients, including a one-year charge figure in pounds and pence which is comparable across KFIs, and that advisers must make consumers aware of their eligibility for an enhanced annuity.

The regulator is also working closely with the Money Advice Service (MAS), soon to be the new single financial advice body, and the Association of British Insurers (ABI) to develop a drawdown comparator tool.

Once a consumer has entered drawdown

Once a consumer has entered drawdown, the FCA is aware that they still need information and support. It is therefore consulting on a proposal that all providers should send information to their customers in drawdown annually, whether or not they are currently drawing an income from their pot.

It is currently amassing feedback on whether it should be mandatory for firms to remind their customers annually of their chosen investment pathway and their ability to switch.

As always, The SimplyBiz Group compliance and policy team will keep you updated as we know more.

SimplyBiz Group

To contact the compliance team to discuss retirement outcomes, or any other matters of regulation and policy, please email **compliance@simplybiz.co.uk** or call on **01484 439120.**

By Steven Andrew
Fund Manager
M&G

An introduction to the M&G Episode Income Fund

Everyone needs income...

As more governments attempt to pass responsibility for their citizens' retirement back to the individual, it becomes even more vital to make some plans for future requirements. This is particularly so in an environment where people are living longer, so likely to have to fund a longer time without a regular salary. Even before retirement, people will have other uses for their savings, such as holidays, children's education or even a deposit for a home.

...though good returns are not easy to find

The yields on most traditional sources of income have fallen to historically low levels in recent years as governments and central banks have attempted to suppress interest rates in support of their economies. In particular, the returns from many government bonds have fallen so far that holding them will result in either a minimal return or even a loss. What is more, investors have been increasingly concerned about the potential return of inflation and volatility.

A multi-asset approach

A multi-asset solution could be the answer – an approach that invests across a variety of assets, geographies and sectors gives the flexibility to benefit from opportunities wherever they may arise in order to potentially generate both income and capital return.

Income as an outcome – the M&G Episode Income Fund

The M&G Episode Income Fund is a potential solution to investors' requirements for income at a time when the returns from most asset classes have fallen to historically low levels. The Fund is designed to generate income and capital growth over the medium term through a global multi asset approach involving dynamic and diversified investment across and within asset classes. Please note that there is not guarantee the fund will achieve its objective.

Fund Manager Steven Andrew seeks to invest in different types of assets, including equities and bonds issued by governments and companies from anywhere in the world. The ability to invest across a variety of assets, geographies and sectors gives the flexibility to benefit from opportunities wherever they may arise.

In Steven's view, asset allocation is the main driver of returns over time. Steven believes that financial markets often move irrationally because investors allow their emotions to affect their decision-making. Using a robust valuation framework, he assesses the economic environment, seeking to identify occasions – 'episodes' – where investor behaviour has moved asset prices away from what he would consider their long term fair value, or 'neutrality'. He seeks to take advantage of emotionally driven misalignments by positioning the portfolio to benefit from prices gravitating back towards neutrality.

The fund allows for the extensive use of derivatives.

Past performance is not a guide to future performance. There is no guarantee that the Fund will achieve its objective over this, or any other period. The income distributions and the value of your investment may rise and fall and investors may not recoup the original amount invested.

By Mike Currie
Partner and Head of Retail Sales Foresight Group

The return of an immediate IHT solution

In the month that a new study from the Office of National Statistics has shown that rates of life expectancy are slowing down in the UK, and in some regions actually declining for reasons as diverse as austerity and obesity, another study proclaimed that inheritance tax receipts for the first 4 months of the current tax year had soared to £1.9bn.

By chance, and back by popular demand, Foresight this same month has launched an inheritance tax mitigation product that helps in part to address both.

Two years ago we found an insurer who was prepared to provide an optional group life insurance policy stapled to a standard business property relief product ("BPR" or "BR"). As launches go, it was pretty unremarkable – the tax break is 42 years old, and insurance for many will be an essential part of an overarching inheritance tax planning strategy anyway.

But what made this product different was the simplicity of the insurance cover – no medical questionnaires, just two tick boxes; you had to be within a certain age range, and as long as you had not been given a life expectancy from a medical professional for less than 12 months, regardless of what illness you had, whether terminal or not, you could invest and get immediate insurance coverage. Coverage that would pay out 40% of the net invested amount – in essence, the tax bill that would become due should the investor die within the two years before BPR kicks in.

The impact was profound. Inflows increased 5 fold, allowing advisers not only to build new relationships with professional connections on the basis that it provided an immediate IHT solution, but by linking generations allowing the professional adviser to follow the money from the investor to the generation below.

Because whilst an appalling statistic shows that up to c.67% of money passed from one generation to the next falls to the adviser associated with the beneficiary and not the adviser who often writes the business, the product allowed the investor's adviser to talk to the beneficiary in the knowledge that, subject to performance, the full value of the investment should cascade down the line, with any tax bill associated covered by the insurance. And that's important, because HMRC get paid. This is not a fancy way of avoiding paying IHT, it simply provides a pathway to pay it without eroding the original investment.

> "linking generations allows the professional adviser to follow the money from the investor to the generation below."

And not only that but it was investing in companies investing in infrastructure – backing British business at a time arguably when we may need it most.

To the beneficiary, an opportunity to plan for an inheritance that is scant recompense for the personal trauma that precedes it, but one made in the knowledge that allows them to look forward before the event occurs and plan for what the investor wishes to achieve when that day comes.

A pain-free transfer of wealth and an opportunity for the adviser who has often worked with Mum and Dad for years building their wealth, to follow that money when death occurs and provide the same service to the generation below.

The original two year policy lapsed in May of this year, with a 100% payout record. The latest version, created with two years' worth of claims experienced was launched two weeks ago.

By Andy Woollon
Wealth Specialist
Zurich

Pension planning for millenials could be a family affair

The press has been awash with articles in recent months on the importance of early engagement and education on pensions following reports by the Financial Conduct Authority and Investment Association.

The UK regulator has proposed a number of reforms to protect consumers' pension pots

However, one important group of individuals has been left out of the discussions – millennials, who account for one-quarter of the UK population.

Millennials are often regarded as not financially viable customers to discuss retirement planning with due to their lack of disposable incomes as well as their younger age.

While workplace pension minimum contributions of 5% (increasing to 8% next year) of qualifying earnings is a start, many millennials often do not earn enough to be auto-enrolled and don't ask to join or opt into their scheme, which leaves them at best with inadequate pension provision for the future.

So how can we help those who have little or no money and can't afford advice? The answer could be to focus on their parents and grandparents.

> "many millennials often do not earn enough to be auto-enrolled and don't ask to join or opt into their scheme."

Wall of wealth

According to research by Royal London, there is a 'cascading wall of wealth' of around £400 billion due to move between the generations in the coming years. This will primarily move from grandparents to parents and then to kids and grandkids. However, there's a problem. We are already seeing grandparents die, leaving behind them rising inheritance tax (IHT) liabilities and their residual estate to the parents – simply passing the problem on to be repeated again.

Funding a millennial's pension

As you will be aware, every child is eligible for a pension from the day they are born.

A maximum of £3,600 per year can be invested and with 20% tax relief this only costs £2,880. If this contribution was from an estate liable to IHT, by using the annual IHT exemption or normal expenditure out of income, there would in essence be 60% overall tax relief (20% at source and 40% on death).

By making this gift during a lifetime, Freddie's £3,600 pension is worth 67% more than had he just been left £2,160 on death (£3,600 less 40% IHT) plus any growth.

Potential value after 50 years' growth

Contribution plus tax relief	Net growth of 4% pa accrued monthly
One-off £2,880 = **£3,600 gross**	£26,512
£3,600 per annum for 3 years = **£10,800 gross**	£76,463
£250pm for 25 years = **£312.50pm gross**	£436,008
£1,000 pm for 18 years = **£1,250pm gross**	£1,132,658

Junior and lifetime ISA's

For a complete approach to retirement, clients could also invest in a junior ISA for Freddie until age 18 when the proceeds could subsequently be invested in a pension and he could have a cash ISA himself from age 16.

Finally, each client could gift Freddie up to £4,000 per year to put into his own lifetime ISA, on which he would receive a 25% government bonus. This would again be tax efficient and provide control.

Advisor benefits

Aside from the additional business this will generate through your existing clients, it will also enable you to start building a relationship with the next generations of their family.

The not-so-little Freddie may need advice on university fees/loans, workplace pensions, mortgage protection and the pension you advised his parents to start for him all those years ago.

But it will potentially be of greatest value when his parents die and he inherits their wealth, as you are far more likely to keep those assets under your advice. Additionally, the value of a business that encompasses multiple generations will be much higher than one where the core client bank is in retirement and decumulating assets.

By Alistair McQueen
Head of Savings and Retirement
Aviva PLC

The cost of our ageing society is... TERRIFYING

A £172bn price tag: Do we want an army or a state pension?

Increasing life expectancy is a good news story, but it comes with a BIG price tag. The OBR estimate that the 65+ year old population will grow from 18% today to 26% by 2067. The associated increase in costs – health, state pensions and care – will contribute towards an increase in our public spending bill of £172bn every year by 2067, if no action is taken. This is more than we currently spend on defence, policing, housing, transport, agriculture and the environment ... combined.

Get ready to work until (at least) 70

Within the detail, the OBR accept that our state pension age will probably have to keep rising, in some bid to control costs. This year, the state pension age will reach 65 for men and women. For anyone under the age of twenty, the OBR signal that you should expect a state pension age of at least 70.

Consider Brexit with care: Net migration of "the tens of thousands"?

The OBR also estimate a long-term net migration figure of +165,000 every year, through to 2067. Migration is assumed to provide a supply of younger workers. This boost of workers can help support our growing ageing population. If Brexit is to result in net migration being reduced to the "tens of thousands", it is accepted that the cost of our ageing population would be heavier.

Skyrocketing levels of debt – never seen outside of major wars

The OBR estimate that the pressure will cause "the deficit to move above 10 per cent of GDP by the late 2040s and 20 per cent by the late 2060s." It goes on to warn that "Outside of major wars, the UK has never run a deficit in excess of 10 per cent of GDP. In reality, no government could run such large deficits over a sustained period – policy would have to change to ensure that the deficit was financeable."

That's the deficit – our annual spending minus our annual revenue. Meanwhile our total book of debt is projected to rise from 90% of GDP today to a WHOPPING 246% of GDP by 2067-68. This level of debt would place the UK at the top of today's world's debt league. This is not a league we want to win.

Cut spending or increase taxes by £4,000 per household?

The OBR estimate that to return the UK's debt-to-GDP ratio to its pre-financial-crisis level of around 40% by 2067-68 would require a permanent increase in taxes and/or cut in spending of 5.2% of GDP (£111 billion in today's terms) in 2023-24. £111bn would be more than £4,000 per household. Do you want your taxes to rise by £4,000 or your government spending (e.g. healthcare, education, state pension) to be cut by £4,000?

The OBR accept that it is very unlikely that any government would try to offset decades worth of future cost pressures via a single one-off adjustment. A "more realistic" approach would be a "gradual progress", which would require a series of tax increases or spending cuts worth an additional 1.9% of GDP (£39 billion) each decade through to 2067-68. That's a tax increase of about £1,500 per household or a cut in government spending for every household, every decade through to 2067-68.

We're nearer 2067 than 1966

These are beginnings. More must be done.

[1] http://cdn.obr.uk/FSR-July-2018-1.pdf

By Iain McGowan
Head of Fund Proposition
Scottish Widows

The retirement wave? A growing opportunity

The opportunities for advisers giving retirement advice in the UK are huge, and are set to keep growing, with the value of savings in defined contributions estimated to hit £871 billion by 2026.[1]

There has been a significant amount of research into how retirement is changing. Much of this has looked at the way people are accessing their savings, but not why they're changing their habits.

A growing opportunity

- Over £2 trillion is currently held in UK pension schemes.[1]
- DC assets will grow from £338bn to £871bn by 2026.[1]
- The value of UK housing stock reached over £6 trillion in 2017, according to Halifax. Almost 85% of that stock is owned by people aged over 45.[2]

For many, retirement is a journey or a gradual transition, rather than a moment in time. As working patterns change, clients need and value the flexibility to choose how and when they access their pension savings and what they spend it on.

Helping clients manage their income and finances on their journey through retirement is both an on-going opportunity and a commitment for today's advisers.

Phasing in retirement

Although everybody's different – with their own unique needs and priorities – in general, we're living longer and fuller lives in retirement. For clients looking to phase in their retirement, popular options include: moving to part-time work before retiring; taking contract roles for a few months a year; or having an extended break before returning to part-time work.

"Unretirement"

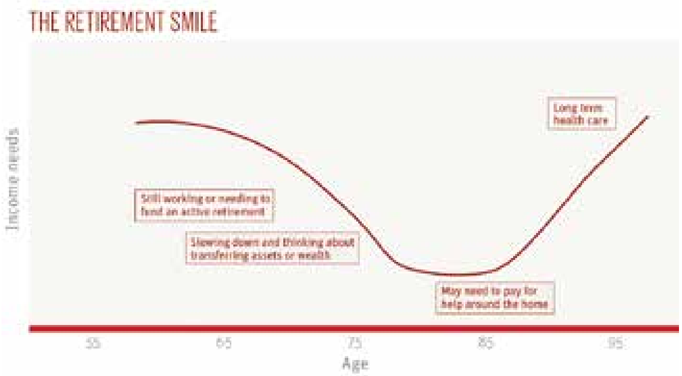
A growing trend for people who've retired is to "unretire" and return to work; usually for social or financial reasons. The financial affairs of many of these are likely to be complicated, with a need for on-going advice.

"Unretirement was more common for participants who were male, more educated, in better health, owned a house with a mortgage (compared to owning it outright) and whose partner was in paid work."[3]

Income needs: several theories

Changing attitudes to later-life work and retirement mean that many clients need a high degree of flexibility in their retirement income. There are now several theories about the shape of income needs in retirement. These include:

1. The retirement smile: This states that income needs will decrease as clients become less active. But increase again as they move to long-term care. This was probably the most widely-accepted theory until recently.



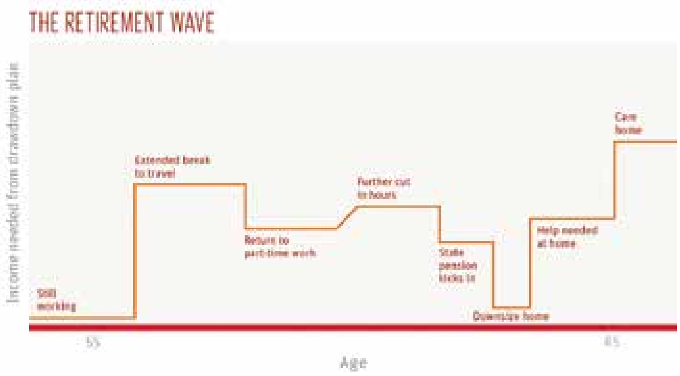
Source: Scottish Widows, 2018.

2. The downward curve: This is similar to the retirement smile, but without an upward spike, as not everyone will need long-term care. According to Age UK:

- Only 14.8% of people aged 85+ in the UK live in care homes.
- The median period between admission to a care home and death is 462 days (or 15 months).
- Around 27% of people live in care homes for more than three years.
- People have a 55% chance of living for the first year after a care-home admission, increasing to nearly 70% for the second year and declining in subsequent years.
- Approximately 30% of people use some form of local-authority-funded social care in the last year of life.[4]

Source: Scottish Widows, 2018.

3. The wave: As unretirement becomes more popular – with people moving in and out of work and receiving inheritances – clients' income needs will vary considerably over the course of their retirement.



Source: Scottish Widows, 2018.

What does this mean for you and your clients?

Regardless of where your clients might fit on an income-needs graph or curve, it's important that:

- The vehicle chosen to facilitate a client's retirement income should be flexible enough to adapt to their changing needs and tax circumstances, and offer the full range of retirement-freedoms flexibility.
- The vehicle should offer death benefits and beneficiary's drawdown – including nominee and successor drawdown – to give clients maximum flexibility around the cascade of pension assets on death.
- The recommended investment funds should offer a balance of volatility control and equity exposure, at a cost acceptable to the client, covering advice over a lengthy period.
- You should enjoy the peace of mind that comes from recommending a provider with a solid reputation and a commitment to the market.

Propositions for your clients should be built to last and account for longevity risk, inflation, volatility, sequence risk and pound-cost ravaging. They should also be readily understandable and offer potential for investment growth. All of these factors will help you to satisfy your regulatory and client requirements, with a focus on transparency, simplicity, suitability, appetite for risk and good outcomes.

SCOTTISH WIDOWS

For articles, films, and case studies which provide insight and expert guidance into the retirement planning market, please visit **scottishwidows.co.uk/builttolast**

Sources
1. Spence Johnson, Market Intelligence Report, 2017.
2. Halifax, press release, November 2017
3. Returns to Work After Retirement: A Prospective Study of Unretirement in the United Kingdom. Ageing and Society.
4. Age UK, Later Life in the UK, March 2018.

By Gregor Sked
Marketing Consultant
Royal London

Life with Type 1 diabetes

When I turned 18 I expected the months that followed to be filled with the stress of exams, what was I going to do after high school, and of course, most importantly for any 18 year old, enjoying reaching the legal drinking age. I never imagined they would actually be spent adjusting to being diagnosed with a lifelong condition.

I can still remember the day the doctor told me. I knew I was being told something life changing, I was just not expecting how life changing. "You've got type 1 diabetes and it'll be with you for the rest of your life". The doctor had just done a glucose test to see how much sugar was in my bloodstream and it showed a reading of 27mmol (a non-diabetic's would typically range between 4mmol and 8mmol).

My newly acquired driving licence was put to the test with weekly trips to the diabetic clinic for training classes on adjusting to the condition. I was surprised how many people my age were there. After a couple of months of training I was thrown into the deep end to manage the condition myself, if I'm being honest there were times when it was quite lonely.

Eight years on, I have to hold my hands up. I've became a bit complacent with my condition. It's not something I'm proud to admit, but new jobs, travelling, house moves and all the other twists and turns that life throws at you has meant things like regular glucose checks and visits to my diabetes nurse have become less of a priority.

The other week I was hit with the reality that my ignorance had a consequence. During my half yearly diabetes M.O.T, my doctor told me the results from my HBA1C test (an annual test to identify your average glucose levels) had increased.

In the past I probably would have turned a blind eye to an increased HBA1C but having recently experienced some of life's most expensive delights – I purchased my first house, I got engaged and I started a new job - I've become more aware of the importance of ensuring my health and finances are in order. In other words adult responsibility has hit me in the face.

I never thought I'd be 25 and spending my evenings with a cup of herbal tea looking for a financial adviser, but here I am. I joined Royal London in April so my knowledge of protection is growing fast but it still seems like protection products change nearly as much as our wedding plans. And the terminology used by providers differs so much that for your average Jo it can be pretty confusing.

For someone like me with a lifelong condition, there's an added benefit of speaking with a financial adviser. And that's not just because of their expertise of the market, but also because through them, I'll get access to specialised products that sometimes aren't available without advice, like our recently launched Diabetes Life Cover.

SIFA

PART OF THE SIMPLYBIZ GROUP

SPECIAL OFFER on printed materials!

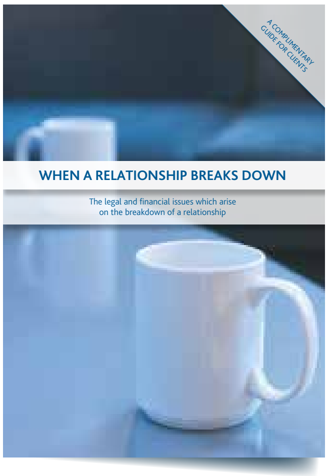
PERSONALISED SIFA PRO LITERATURE

The SimplyMarketing Store offers access to a range of materials for you to use with your professional connections. Designed exclusively for members of SIFA Professional, these materials can be branded with your logo and contact details.

Visit simplymarketingsolutions.co.uk to find out more.

SPECIAL OFFER

We are offering FREE DELIVERY on all print orders placed before the end of December 2018 for the following documents:



EXAMPLE PRINT COSTS (No VAT to pay on print prices)	50 copies	100 copies
When A Relationship Breaks Down	£126.00	£177.80
Estate Planning	£145.00	£205.00
Planning For Later Life	£126.00	£177.80
*10 Clients in Need of Financial Advice	£50.40	£63.00

Please contact us if you'd like a quote for alternative quantities.
Delivery is two to three working days after placing your order.
*(English version and Scottish versions available)

For more information, please call the Simply Marketing team on **01279 882519** or email **simplymarketing@tomd.co.uk**