

14 May 2014

## **Survey of 4,500 advisers reveals 97% use Centralised Investment Propositions (CIPs) as risk rated solutions for wealth accumulation, however risk rated CIPs will not be “fit for purpose” as a decumulation alternative to annuities says eValue**

- *eValue’s recent survey of over 4,500 advisers found that post RDR only 3% are producing bespoke investment solutions for clients, the rest are using CIPs.*
- *New pension freedoms from 2015 will dramatically expose this as a failing in relation to post income retirement planning.*

Widespread adoption of Centralised Investment Propositions (CIPs) is being used by advisers as suitable investment solutions for their clients according to eValue’s recent survey of 4,500 advisers. The survey took place 2 April – 2 May 2014.

This practice has grown dramatically as a result of RDR and the FSA’s 2011 Guidance on risk assessment and investment suitability.

The purpose of the research was to understand the approach taken by adviser firms when selecting suitable investments for their clients. The resulting insights highlight the concentration on CIPs - with 97% of participants using risk-rated CIPs which could be either model portfolios, risk rated funds or target risk funds.

“However”, warns Bruce Moss, Strategy Director, eValue, “while CIPs can be a very good investment option, they are a “one size fits all” solution which do not cater for the wide range of consumer investment objectives”.

The new pension freedoms created from 2015 by the Budget will dramatically expose this failing. Sustainability of income will be the objective of many retirees and this will depend largely on the income to be drawn relative to the size of the pension pot.

Says Bruce Moss: “The risk-free option will be to buy an annuity and the risk rating of CIP is almost irrelevant as a relative risk benchmark.

“A high level of income drawn from a low risk CIP is, in fact, high risk as capital is eroded leaving clients exposed to lower income levels based on reduced capital. /...

.../2

“Risk rated CIPs are not fit for purpose for post-retirement income planning. Unless the industry’s approach changes within the next 11 months, advice on the new options created by the Budget could result in considerable consumer detriment”.

“Post Budget, the industry needs to raise its game by adopting a more suitable approach for the ‘at and post-retirement’ markets in order to achieve better outcomes for all.

**-ends-**

**For further information:**

|                |         |               |
|----------------|---------|---------------|
| Elizabeth Holt | Holt PR | 020 8334 8354 |
| Bruce Moss     | eValue  | 07989 337 170 |
| Joanna Hall    | eValue  | 07903 819 077 |

**Note to editors:**

**eValue Adviser survey**

eValue’s national survey comprised a wide variety of adviser firms. Coverage ranged from organisations with less than 10 Registered Individuals through to firms with more than 250 Registered Individuals.

**About eValue**

eValue ([www.eValueIS.com](http://www.eValueIS.com)) provides market leading financial planning tools that enable advisers and consumers to understand the potential risk and return from different investment choices. Our tools and solutions are designed on a single piece of software. This means that they can be used either as a standalone or an integrated as part of a multi-channel offering to enhance the consumer/adviser experience. Over 80 per cent of all UK financial services institutions and more than half of the adviser market have access to eValue’s tools and solutions. Our heritage originates from Towers Watson, a leading global risk management and HR consulting group. The business now operates as an associate company of FE (Financial Express Holdings).

Advisa Centa is a subsidiary of eValue and comprises a powerful suite of easy-to-

use and intuitive tools designed to support the financial advisory process, from engaging consumers on the need for advice to analysing individual portfolios and products with a view to enabling full optimisation of existing assets. Regular upgrading of tools on the basis of emerging trends and customer feedback, means that they are continually refreshed. Through its highly configurable offering, Advisa Centa also enables advisers to quantify and demonstrate their added value to clients.

Moneybee ([www.moneybeeonline.com](http://www.moneybeeonline.com)) is a subsidiary of eValue and comprises a powerful suite of easy-to-use and intuitive solutions designed to support the investor decision making process in a practical way. Our dynamically engaging solutions illustrate the potential outcomes from using different investment strategies, from engaging consumers on the need for advice to analysing individual portfolios and products with a view to enabling full optimisation of existing assets. Regular upgrading of the solutions on the basis of emerging trends and customer feedback, means that they are continually refreshed. Through its highly configurable offering, Moneybee can be used to help consumers understand the associated financial risks and ramifications related to major financial decisions that affect their futures.