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## **Budget brings massive opportunities and major challenges for the financial services industry**

**Bruce Moss, strategy director at eValue, warns that industry will need to rethink its approach to communicating risk to consumers**

Bruce Moss, eValue's Strategy Director, believes the Chancellor has opened up a veritable Pandora's box by removing virtually all constraints on how people can access their pensions savings from 2015.

He says: "Allowing retirees the ability to satisfy their various and individual diverse needs and aspirations is clearly a good thing - but there is a big 'but'. There is a considerable risk that some very unwise decisions will be made which will come back to bite later in retirement. Many people with little knowledge of pensions will make decisions that will negatively impact the rest of their lives. Retirees are vulnerable, often without the know-how to repair the damage created by earlier bad decisions".

From April 2015, the over 55s can purchase an annuity – the norm for most people with defined contribution plans – or they can withdraw the whole of their defined contribution fund in one go if they wish (25% tax free with the excess subject to income tax) or invest it in an unconstrained drawdown product. All defined contribution retirees will be required to take compulsory free impartial face-to-face guidance.

Bruce Moss is concerned that there is insufficient time for the industry to undertake such a radical change and that it will need urgently to change how it communicates risk to consumers.

He said: "Annuity providers may well be adversely affected, but these changes are a massive opportunity for the financial services industry as a whole. However, a year is very little time to prepare for such a massive change. The industry will need to rethink its whole approach to communicating risk to consumers. The risks associated with sustaining an income in retirement are entirely different to those that confront an investor looking to accumulate wealth.

"New products and communication tools will be needed to cater for consumers with different risk appetites and income requirements. It is likely that the Financial Conduct Authority has had little advance warning to prepare guidance. With a

three month consultation period and a summer parliamentary recess, we are unlikely to see much detail before the autumn.

“A daunting and potentially rewarding challenge has been set for industry and I would not be in the least surprised if implementation is delayed until April 2016”.

**-ends-**

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**Note to editors:**

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