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opportunities to add real value



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Nick Bladen, Head of Pensions and Bonds Marketing, summarises the pensions landscape for 2008.

Last year was a really encouraging year for pensions. Regulatory developments have continued and business for financial advisers was strong, with all the signs that growth will continue in 2008. Crucially, the baby boomer generation are approaching the 'at retirement' phase. Research shows that most people are looking forward to their retirement, but careful financial planning is more important than ever to make sure they have a fighting chance of their retirement goals and aspirations becoming reality. As a result, the pensions market presents numerous opportunities.

The second half of 2007 saw notable volatility in the stock markets and a few strong jitters. The confidence of some investors may have been affected and advisers will need to keep abreast of changes. With New Year's resolutions in people's thoughts, a frosty January is an opportune moment for review. Are clients' portfolios achieving their objectives? Is the risk profile of the client still the same? Have their personal circumstances changed? No-one can predict the future with certainty, but having a totally robust and fully

documented risk assessment and investment process will set advisers in good stead. Explaining the benefits of asset allocation tailored to the individual client's risk profile will be time well spent.

pensions milestone

Meanwhile, it is never too soon to start planning for tax-year end. This year in particular marks a milestone for pensions. Along with the fall in the basic rate of income tax, the pensions relief at source for personal pensions will fall from 22% to 20%. The difference between paying into a pension on 5 April and 6 April will be notable for all and significant for some. Awareness among clients is likely to be variable, so advisers should start raising the issue early. As the last chance to use this year's annual allowance approaches, the old adage of 'use it or lose it' will apply more than ever.

Whichever type of personal pension you recommend to specific clients, from a selection of MultiManager Personal Pensions, SIPP's or Stakeholder Pensions, appropriately documenting and communicating the relative suitability and

risk of the product recommendation remains absolutely critical. I believe this is true not just for a new product recommendation, but importantly for any incremental business.

effective advice

For many clients the immediate need is to consolidate multiple pension pots, enabling tight control and management of assets to ensure plans remain on track. All the signs are that the focus and appetite for pension and asset consolidation will continue to evolve in 2008. The opportunity to bring multiple pensions together, to improve efficiency and to create a personalised and effective investment strategy is a real way of demonstrating the value added by advice.

A new year always brings some uncertainties and some fantastic opportunities. Many clients will continue to significantly benefit from consolidation and furthermore by taking advantage of the very generous tax relief on pension contributions currently available. •

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