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James Ridgwell and Philip Diamond
Strategy and Competition Division
Financial Conduct Authority
25 The North Colonnade
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Dear Mr Ridgwell and Mr Diamond,

SECONDARY ANNUITY MARKET – PROPOSED RULES AND GUIDANCE

We are the Pensions and Lifetime Savings Association; the national association with a ninety year history of helping pension professionals run better pension schemes. With the support of over 1,300 pension schemes and over 400 supporting businesses, we are the voice for pensions and lifetime savings in Westminster, Whitehall and Brussels. We also represent public service pension schemes and have 71 LGPS funds in membership.

Our purpose is simple: to help everyone to achieve a better income in retirement. We work to get more money into retirement savings, to get more value out of those savings and to build the confidence and understanding of savers.

THE SECONDARY ANNUITY MARKET

The PLSA supported the previous Government's proposals for greater freedom and choice in how people access their money at retirement. We feel they have the ability to increase the attractiveness of retirement saving and give individuals greater flexibility to tailor their retirement savings to their needs.

The proposals to create a secondary annuity market by changing the tax treatment of assigned annuities can be seen as an extension of these freedoms. However, these proposals do mark a critical shift, with existing beneficiaries of a retirement income now being allowed access to the pension freedoms.

There will be circumstances in which it would be appropriate for a member to 'sell' their annuity, for example where an annuity was the only option open to them under the previous regulations but the income stream is not needed to support the household income.

However in our [response to the Government's consultation on the Secondary Annuity Market](#) we stated our belief that value would be hard to find in the market and specific regulation will be required to protect savers.

This consultation sets out some of the new rules and guidance the FCA proposes to protect savers. These proposals include providing risk warnings, recommending advice, clearly stating charges, having regard to existing requirements on dealing with customers who may have diminished mental capacity.

All the proposals in the document appear sensible in terms of providing consumers with the right information upon which to base the important decision of selling a guaranteed income for life, in particular the risks they face and the charges they will incur. In particular the PLSA proposed that individuals 'selling' annuities above a certain value should be required to take advice and we are pleased that these proposals are being taken forward. The proposals also provide some level of protection from inappropriate charges.

However we do believe there are additional actions that could be taken to maximise the success of this market. In particular we believe the FCA should consider what further action it would take to ensure what is likely to be a small market functions efficiently for both the buyer and the seller. For example rather than encouraging people to shop around the FCA should be actively looking to create one online portal for annuity quotes. Whilst we recognise that the FCA has a requirement to promote effective competition, in the case of the secondary annuity market where the number of buyers and sellers are likely to be small this feels inefficient and adds to the burden placed on advisers to assess fair value.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Helen Forrest Hall', with a horizontal line underneath the name.

Helen Forrest Hall
Policy Lead: Defined Benefit

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