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SPEED READ

- Pensions will change dramatically
- Greater freedoms are good news
- Driving a need for information
- Public waking up to value of advice

THE YEAR OF ADVICE

It's the opportunity of a lifetime – in fact, it's the opportunity of half a million lifetimes. The first wave of people reaching retirement is approaching the unknown territory of pensions freedom. Who are they gonna call? NICK GREEN of unbiased.co.uk thinks this will be a year to remember.



Picture this. We've booked a family holiday at Center Parcs. Two days before we're due to drive out, my car (fresh from its MOT and service) starts to die on its wheels. I take it back to the garage and demand that they fix whatever fault they (I presume) have caused. Next morning, the phonecall: "Sorry, mate. Ain't got a clue what's wrong. By the way, that's another fifty quid."

Panic stations. I'm all on my own (for obvious reasons, I don't tell my wife any of this). I ring round garage after garage and finally find a specialist in my unfashionable make of car. He says he can't do anything before the weekend. I plead. Well, he says, bring it round and I'll see what we can do. To fast-forward a bit...he fixes it in time and my family have a lovely short break. Why am I boring you with this? Because that mechanic is now guaranteed to get my custom for as long as I have a driving licence.

If you want a satisfied customer, just do a decent job. But that's the least they expect. If, on the other hand, you want a delighted customer who comes back again and again, and tells all their

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friends about how great you are, then it really helps if you can catch them at a crisis point when they really need you to deliver, and you do. Of course those circumstances may not come along that often. But as luck would have it, an absolute doozy is happening this very year in the world of financial advice.

THERE WHEN THEY NEED YOU MOST

2015 is the year in which UK pensions change almost beyond recognition. The general consensus is that the greater freedoms are good news all round. At the same time, you can also sense that the entire industry is on tenterhooks. No-one knows for sure how the changes will pan out across the population in the years to come. Those in financial services can make educated judgements, but the couple who have saved all their lives towards a goal they presumed was inevitable, are suddenly being asked to make one of their biggest-ever decisions. This could affect not only the rest of their lives but also the lives of their children and grandchildren, and they have to make this decision based on zero past experience. Meanwhile, retirement comes closer day by day.

Right now well over half a million people are reaching the age of 65 each year. That's a lot of people facing this approaching crisis. Pension freedom is double-edged: for many it could well seem like a godsend, but those who rush into making the wrong choices may live to regret it bitterly. The government is sufficiently conscious of this to have set up a free guidance service, Pension Wise, but no-one is pretending this can be anything other than a useful first port of call. Those half a million retiring each year are going to need to call someone – and far more urgently than a man with a booked holiday and a broken-down car.

So it isn't just a flood of new clients that is about to break upon the financial advice

industry. These could end up being clients of the very best kind, the kind with a pressing need and a lot at stake, who will be not just satisfied but delighted if you come through for them. Bear in mind that this kind of person is also a prime target for fraudsters and aggressive marketing, so the regulated financial adviser can perform yet another vital service by offering protection from such exploitation and opportunism. It could add up to a lot of grateful new customers ready to spread the word.

THE PENSION PIONEERS

There's an additional reason why this Year of Advice will be so pivotal. Financial commentators are bandying around phrases like 'brave new world', 'all bets are off' and 'now what?'. Pensions are suddenly a vast stretch of uncharted territory, and though financial advisers are undoubtedly the best guides in this undiscovered country, they will be learning along with everyone else. In many ways it is a very exciting time, a time for pioneers to stake out new areas of opportunity and claim them as their own specialist expertise. There will be a race to innovate, a frenzy of new ideas and approaches, the evolution of new retirement products competing in the newly open market, and the chance for the most ingenious advisers to take their business to a whole new level.

The advice industry has hit something of a bump recently, following the Retail Distribution Review (RDR).

The requirement for transparent pricing ironically seemed to

put many consumers off (some people are apparently willing to pay more so long as they can turn a blind eye to it). This may have resulted in smaller numbers seeking advice, and a narrower demographic too. But pension freedom promises to be an even greater upheaval, in the other direction. Taking advice at retirement, and in the years leading up to it, has always been recommended practice.

As of this year, it will no longer be 'recommended' – it'll be, for most people, something they can't do without. This urgent message may take a while to sink in, so the experience of those in the first wave of 'freedom' pensioners will be crucial. Hundreds of thousands of satisfied, delighted and very relieved clients will pave the way for a new era of pension advice as the norm.

START YOUR ENGINES...

It goes wider still. The pension reforms are driving a need for information on both the consumer front and the business front, with feverish activity around auto-enrolment and tax planning too. Everything is connected – will there be a surge in buy-to-lets as people get their hands on their pension pots? Will pensioners need to actively manage investments into their 90s? At unbiased.co.uk we are already dealing with a much higher volume of enquiries from consumers, and this is increasing all the time. Many individuals are for the first time in their lives waking up to the value of advice, and need to know whom to turn to in a world of information-overload. Those who can offer clear explanations and a steady guiding hand could be the ones who look back on 2015 as the year that changed everything. ■

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