

Aon 2020 Member Options Survey

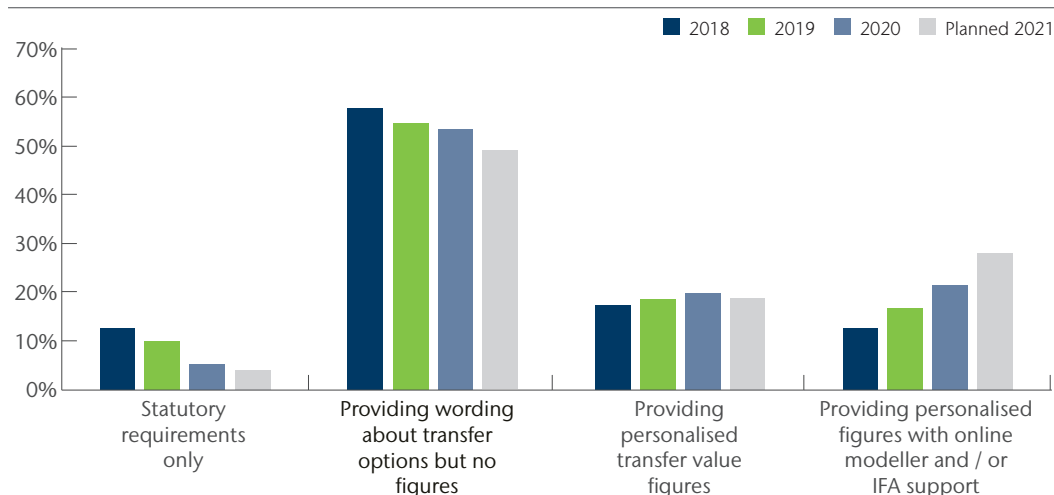
Aon's third annual Member Options Survey canvassed the views of over 310 pension schemes. It focused on the actions taken since 2018 and the changes that schemes plan to make over the next year to the level of support available to members at retirement.

Leading industry experts are increasingly of the view that trustees should be helping members access good quality advice. This was highlighted at our Autumn 2019 seminar, where guest speakers from the pensions industry discussed the risk to schemes associated with members falling into the hands of unscrupulous advisers, as well as the need for it to be a conscious decision by trustees or sponsors when schemes do not provide support.

The trend for more support

Consistent with trends from previous surveys and views from the industry, schemes are continuing to provide members with more support with their retirement decisions – particularly the provision of independent financial adviser (IFA) support and online modellers to help members make informed decisions.

Proportion of schemes offering different levels of support at retirement



The graph above shows us that:

- Half of the schemes surveyed quote (or shortly plan to quote) transfer values in retirement packs.
- Fewer schemes are providing wording about the option to transfer without also providing transfer value figures.
- Schemes that follow statutory requirements only are now very much in the minority and these schemes should make a conscious decision about whether they remain comfortable with this approach.

If you would like to find out more or discuss further, please contact your usual Aon contact, email us at memberoptions@aon.com or speak to one of our Member Options specialists below.



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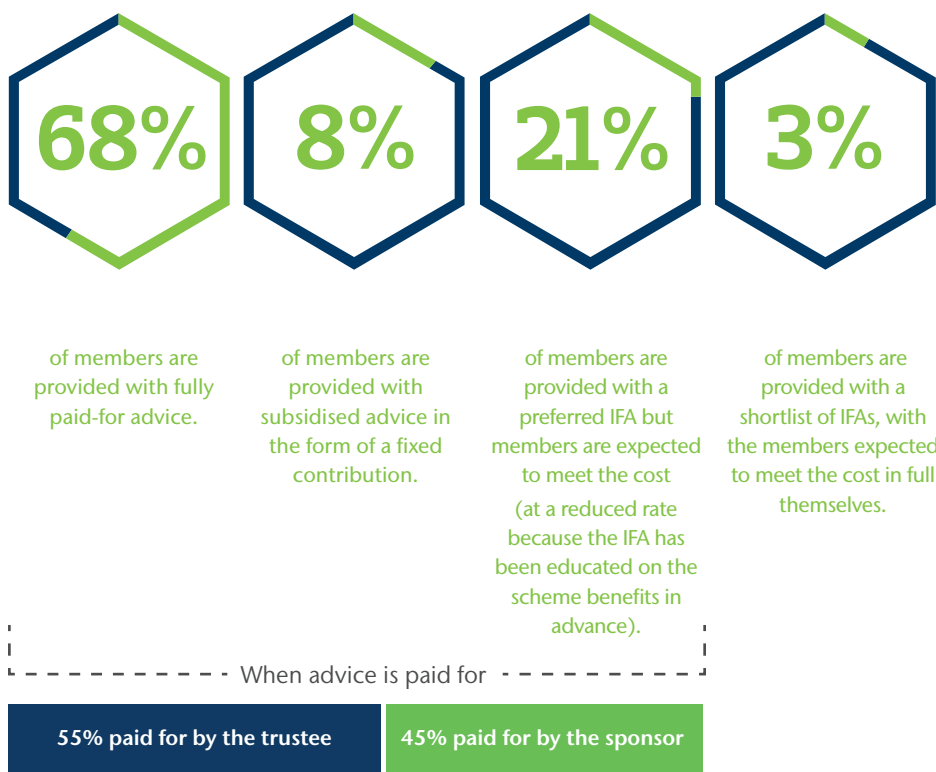


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IFA support

Our view is that it is good for members to discuss one of their most important financial decisions with a qualified financial adviser – regardless of whether they choose to retire in the scheme, or transfer elsewhere. This is also the best way to protect members from pension scams.

But, when IFA support is provided, who pays for it?



of members are provided with fully paid-for advice.

of members are provided with subsidised advice in the form of a fixed contribution.

of members are provided with a preferred IFA but members are expected to meet the cost (at a reduced rate because the IFA has been educated on the scheme benefits in advance).

of members are provided with a shortlist of IFAs, with the members expected to meet the cost in full themselves.

When advice is paid for

55% paid for by the trustee

45% paid for by the sponsor

Unsurprisingly, data from schemes that offer IFA support shows that the highest levels of engagement with an IFA occur when fully paid for advice is provided.

What about monitoring IFA advice?

With numerous schemes having already taken the step to appoint an IFA firm, attention is now turning to the correct approach for ongoing governance.

Schemes should have procedures in place to monitor and annually review key metrics related to their appointed IFA. This gives both trustees and sponsors comfort that the IFA firm remains a suitable partner for them and their members. We are increasingly supporting schemes in this area by carrying out an annual governance review of their appointed IFA.

About Aon

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