

**CONDUCT OF BUSINESS SOURCEBOOK (RETIREMENT OUTCOMES REVIEW)
INSTRUMENT 2019**

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137T (General supplementary powers); and
 - (3) section 139A (Power of the FCA to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 November 2019, except for Part 2 of Annex B, which comes into force on 6 April 2020.

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Conduct of Business sourcebook (COBS) is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Conduct of Business Sourcebook (Retirement Outcomes Review) Instrument 2019.

By order of the Board
24 January 2019

Annex A

Amendments to the Glossary of definitions

Comes into force on 1 November 2019

Insert the following new definition in the appropriate alphabetical position.

<i>pension</i>	has the meaning in Part 1 of Schedule 29 to the Finance Act 2004.
<i>commencement</i>	[Note: http://www.legislation.gov.uk/ukpga/2004/12/schedule/29/part/1]
<i>lump sum</i>	

Annex B

Amendments to the Conduct of Business sourcebook (COBS)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Part 1: Comes into force on 1 November 2019

19 Pensions supplementary provisions

...

19.4 Open market options

Definitions

19.4.1 R In this section:

- (1) ‘fact sheet’ means the *Money Advice Service* fact sheet ~~“Your pension: it’s time to choose”~~ available on ~~www.moneyadvice.service.org.uk~~ or a statement provided by a *firm* that gives materially the same information;
- (1A) ‘Money Advice Service fact sheet’ means the guide “Your pension: it’s time to choose”, available on www.moneyadvice.service.org.uk;
- ...
- (4) ‘open market options statement’ means the information specified in ~~COBS 19.4.6R~~ 19.4.6AR, provided in a *durable medium*, to assist the *retail client* to make an informed decision about their open market options;
- ...
- (7) ‘reminder’ is the requirement in *COBS* 19.4.9R to remind the *retail client* about the open market options ~~statement; and~~ statement and the availability of *pensions guidance*;
- (7A) ‘retirement risk warnings’ are the warnings required to be given to a *retail client* in accordance with *COBS* 19.4.8ER(2);
- (8) ‘signpost’ is the requirement in *COBS* 19.4.16R to provide a written or oral statement encouraging a *retail client* to use *pensions guidance* or to take regulated advice to understand their options at retirement; and
- (9) ‘single page summary document’ is a *document* produced by a

firm that contains the information specified in COBS 19.4.6CR.

Application

...

- 19.4.3 G This section specifies the circumstances where a *firm* must:
- ...
- (3) provide information to enable a *retail client* to make an informed decision about how to access their pension savings ~~at their intended retirement date and beyond~~; and
- (4) remind a *retail client* about their open market options; and
- (5) provide appropriate warnings about the risks generally associated with the *retail client's* options for accessing their pension savings.

Purpose

- 19.4.4 G The purpose of this section is to ensure that *firms* provide *retail clients* with timely, relevant and adequate information:
- (1) to enable them to make an informed decision about their options for accessing their pension savings ~~at their intended retirement date and beyond~~; and

...

Open market options statement

When?

- 19.4.5 R ~~(1) A *firm* must give a *retail client* an open market options statement:~~
- (a) ~~if a *client* asks a *firm* for a retirement quotation more than four months before the *client's* intended retirement date;~~
- (b) ~~if a *firm* does not receive such a request for a retirement quotation, between four and six months before the *client's* intended retirement date; or~~
- (c) ~~if a *retail client* with open market options tells a *firm* that he or she is considering, or has decided:~~
- (i) ~~to discontinue an income withdrawal arrangement;~~
~~or~~

- (ii) to take a further sum of money from his or her pension to exercise open market options;

~~unless the *firm* has given the *client* such a statement in the last 12 months.~~

- (2) ~~If after taking reasonable steps to comply with the requirement in COBS 19.4.5R(1)(b) a *firm* has been unable to provide a *retail client* with an open market options statement the *firm* must provide the statement in good time before it *sells* a pension decumulation product to the *client*. [deleted]~~

19.4.5A

R

- (1) A *firm* must give a *retail client* an open market options statement:

- (a) within two months after the *client* reaches 50 years of age; and
- (b) between four to ten weeks before the *client* reaches 55 years of age; and
- (c) at five year intervals after the open market options statement in (b) is sent until the *client's* pension fund is fully crystallised;

unless the *firm* has given the *client* such a statement in the last 12 months.

- (2) A *firm* must also give a *retail client* an open market options statement:

- (a) if the *client* asks a *firm* for a retirement quotation more than four months before the *client's* intended retirement date; or
- (b) if a *firm* does not receive such a request for a retirement quotation, between four and six months before the *client's* intended retirement date; or
- (c) if a *retail client* with open market options tells a *firm* that they are considering, or have decided:
 - (i) to discontinue an *income withdrawal* arrangement; or
 - (ii) to take a further sum of money from their pension savings to exercise open market options; or
- (d) if the *retail client* requests to access their pension savings for the first time;

unless the *firm* has given the *client* such a statement in the last 12 months.

- (3) If after taking reasonable steps to comply with the requirements in (1) or (2) a *firm* has been unable to provide a *retail client* with an open market options statement, the *firm* must provide the statement in good time before it *sells* a pension decumulation product to the *client*.

Contents

- 19.4.6 R An open market options statement must include:
- (1) ~~the *Money Advice Service* fact sheet “Your pension: it’s time to choose” available on www.moneyadvice.service.org.uk or a statement provided by a *firm* that gives materially the same information;~~
 - (2) ~~a summary of the *retail client’s* open market options, which is sufficient for the *client* to be able to make an informed decision about whether to exercise, or to decline to exercise, open market options;~~
 - (3) ~~information about the *retail client’s* *personal pension scheme*, *stakeholder pension scheme*, *FSAVC*, *retirement annuity contract* or *pension buy-out contract* provided by the *firm*, including:~~
 - (a) ~~the sum of money that will be available to exercise open market options;~~
 - (b) ~~whether any guarantees apply and, if so, information about how the guarantees work;~~
 - (c) ~~any other relevant special features, restrictions, or conditions that apply, such as (for *with profits funds*) any market value reduction conditions in place; and~~
 - (d) ~~any other information relevant to the exercise of the *retail client’s* open market options; and~~
 - (4) ~~a clear and prominent statement about the availability of the *pensions guidance* including:~~
 - (a) ~~how to access the *pensions guidance* and its contact details;~~
 - (b) ~~that *pensions guidance* can be accessed on the internet, telephone, or face to face;~~
 - (c) ~~that the *pensions guidance* is a free impartial service to~~

~~help consumers to understand their options at retirement;
and~~

- ~~(d) a recommendation that the *client* seeks appropriate guidance or advice to understand their options at retirement. [deleted]~~

- 19.4.6A R (1) An open market options statement given in accordance with COBS 19.4.5AR(1)(a) must include:
- (a) a single page summary document; and
- (b) appropriate retirement risk warnings.
- (2) All other open market options statements must include:
- (a) a single page summary document;
- (b) a fact sheet;
- (c) appropriate retirement risk warnings;
- (d) a statement about whether any guarantees apply and, if so, how they work; and
- (e) any other information to enable the *retail client* to be able to make an informed decision about whether to exercise, or to decline to exercise, open market options.

Single page summary document

- 19.4.6B R (1) The single page summary document must not exceed a single side of A4-sized paper when printed.
- (2) The requirement in (1) does not apply if a *retail client* asks for the information to be provided in an accessible format and the fulfilment of that request will necessitate the use of more than a single side of A4-sized paper.

- 19.4.6C R The single page summary document must include the following information:
- (1) the *retail client's* name;
- (2) the *retail client's* intended retirement date;
- (3) the *firm's* name;
- (4) if the *retail client* makes or receives employment-related contributions:
- (a) the employer's name; and

- (b) the amount that the employer and employee have contributed to the *retail client's* pension savings in the last year (if applicable);
- (5) the current value of the *retail client's* pension savings;
- (6) if relevant, a statement warning the *retail client* that the current value of their pension savings may be subject to early exit charges or other withdrawal charges when accessed;
- (7) a statement about whether any guarantees apply and, if so, where to find out further information;
- (8) any other relevant special features, restrictions, or conditions that apply, such as (for *with-profits funds*) any market value reduction conditions in place, and how to find out further information;
- (9) if the document is required to be provided up to six *months* before the *retail client's* intended retirement date, a statement asking the *retail client* to consider whether they are saving enough to meet their needs at retirement;
- (10) a clear and prominent statement about the availability of *pensions guidance* including:
 - (a) how to access the *pensions guidance* and its contact details;
 - (b) that *pensions guidance* can be accessed on the internet, telephone, or face to face;
 - (c) that *pensions guidance* is a free impartial service to help consumers to understand their options at retirement;
 - (d) a recommendation that the *client* seeks appropriate guidance or advice to understand their options at retirement; and
 - (e) the government logo and *pensions guidance* logo next to or above the statement.

- 19.4.7 G For the purpose of ~~COBS 19.4.6R(1)~~ 19.4.6AR(2)(b) where a *firm* provides its own statement as the fact sheet, it should include materially the same information in the *Money Advice Service* fact sheet about:
- ...
- 19.4.8 R An open market options statement must not include ~~an application form~~ *financial promotions* for a pension decumulation product.

Retirement risk warnings

19.4.8A G This section sets out the steps a *firm* must take to prepare and identify appropriate retirement risk warnings.

Step 1: prepare retirement risk warnings

19.4.8B R A *firm* must prepare the retirement risk warnings before providing the appropriate retirement risk warnings required by *COBS* 19.4.6AR for the first time, and must also keep the warnings up to date.

19.4.8C R To prepare retirement risk warnings a *firm* must:

- (1) identify the main risk factors relevant to *retail clients*' exercise of open market options; and
- (2) prepare appropriate retirement risk warnings in relation to each of those risk factors.

19.4.8D G (1) Examples of the risk factors relevant to *retail clients*' exercise of open market options include:

- (a) the *client's* age and intended retirement date;
- (b) the amount of the *client's* pension savings;
- (c) if there are ongoing employer contributions;
- (d) the existence of means-tested benefits;
- (e) protection under the *compensation scheme*; and
- (f) the *client's* need to review, make further decisions about, or take further actions in relation to their pension savings depending on their intended investment objectives.

- (2) *Firms* should also have regard to the examples of risk factors which relate to pension decumulation products at *COBS* 19.7.12G.

Step 2: identify which warnings to give a retail client

19.4.8E R To provide appropriate retirement risk warnings a *firm* must:

- (1) using information held about the *retail client* and their open market options, identify what risk factors are most likely to be present; and
- (2) provide appropriate retirement risk warnings to the *retail client* in relation to the risk factors identified in (1).

19.4.8F G If it is unclear whether a risk factor is present, a *firm* should assume that

the risk factor is present and give the *client* the appropriate retirement risk warning.

- 19.4.8G G COBS 19.4.8J requires a *firm* to use only one A4-sized page for a *client's* retirement risk warnings. A *firm* should prioritise those risk warnings it considers to be the most relevant to the *retail client's* exercise of open market options.
- 19.4.8H R Retirement risk warnings which are provided between:
- (1) four to ten weeks before the client reaches 55 years of age; and
- (2) seven months before the *retail client's* intended retirement date,
- must include a clear and prominent statement that accessing pension savings at this point in time may not be the best option.
- 19.4.8I R The *firm* must provide the *retail client* with the following information separately to the retirement risk warnings:
- (1) the key assumptions that were used to prepare the retirement risk warnings; and
- (2) the personal data it relied on to provide the retirement risk warnings.

Presentation of retirement risk warnings

- 19.4.8J R (1) The retirement risk warnings must not exceed a single side of A4-sized paper when printed.
- (2) The requirement in (1) does not apply if a *retail client* asks for the retirement risk warnings to be provided in an accessible format and the fulfilment of that request will necessitate the use of more than a single side of A4-sized paper.
- 19.4.9 R At least six weeks before the *retail client's* intended retirement date, the *firm* must:
- ...
- (3) ~~remind the *client* about the availability of the *pensions guidance*~~ provide the *client* with a clear and prominent statement recommending that the *client* uses the *pensions guidance* and that appointments are available; and
- (4) recommend that the *client* seeks appropriate guidance or advice to understand their options at retirement.
- 19.4.10 R The reminder must not include *financial promotions* for a pension decumulation product.

...

Communications about options to access pension savings

19.4.15 G ... In particular a ~~firm~~ firm should:

...

- (3) ensure that the content, presentation or layout of any:
- (a) pension decumulation product information; or
 - (b) information provided in accordance with COBS 19.4.6AR(2)(e), including information accessed via hypertext links or online calculators,

does not ~~emphasise any potential benefits of the firm's own products and services in a way that disguises, diminishes or obscures~~ disguise, diminish or obscure important information or messages contained in the fact sheet or the single page summary document;

...

Signposting pensions guidance

19.4.16 R ...

- (2) A *firm* is not required to provide the *client* with the statement required in (1) where:

...

- (d) the *firm* is providing the *client* with an open market options statement or six-week reminder in accordance with ~~COBS 19.4.5R~~ 19.4.5AR or *COBS* 19.4.9R.

...

19.9 Pension annuity comparison information

Definitions

19.9.1 R In this section:

- (-1) an “enhanced annuity” refers to a pension annuity that pays a higher level of income due to a retail client’s health or lifestyle;

...

- (2A) an “income quote” is a guaranteed quote that offers at least the level of annual income requested by a retail client;

- (3) a “market-leading *pension annuity* quote” is a quote for a *pension annuity* that:
- ...
- (b) provides the *retail client* with either:
- (i) the highest annual income from amongst all of the quotes generated under (a); or
- (ii) (in the case of an income quote) at least the amount of annual income requested by the *retail client* at the lowest purchase price from amongst all of the quotes generated under (a).
- (4) “pension-related benefit” means one or more of the following:
- (a) ...
- (b) an entitlement to a ~~pension commencement lump sum~~ *pension commencement lump sum* that exceeds ...
- ...
- (5) “*pension annuity* comparator information” means the information the *firm* must provide under this section; and
- (6) ~~“pension commencement lump sum” has the meaning as Part 1 of Schedule 29 to the Finance Act 2004; and [deleted]~~
- ...

...

Purpose

19.9.3

G This section specifies:

- (1) when a *firm* must provide:
- (a) a *retail client* with *pension annuity* comparator information, including whether the *pension annuity* it is offering will provide:
- (i) more or less annual income than the market-leading *pension annuity* quote; ~~and~~ or
- (ii) (in the case of an income quote) at least the amount of annual income requested by the *retail client* at the lowest purchase price; and

...

...

- (3) the content and format of the *pension annuity* comparator information that must be provided in different circumstances; and
- (4) when a *firm* must ask questions about the *retail client's* eligibility for an enhanced annuity.

Content of pension annuity comparator information

19.9.4

R ...

- (4) if applicable, information about the maximum ~~pension commencement lump sum~~ *pension commencement lump sum* ...
- ...
- (6) if applicable, information about how a *retail client's* health or lifestyle may entitle the *retail client* to a *pension annuity* that pays a higher income (an enhanced annuity); and

...

...

Eligibility for enhanced annuities19.9.6A

R

- (1) When a *firm* generates a market-leading *pension annuity* quote it must ask the *retail client* questions to determine whether the *client* is eligible for an enhanced annuity.
- (2) If the *retail client* is eligible for an enhanced annuity the *firm* must generate a market-leading quote for an enhanced annuity.
- (3) *Firms* may only use the information gathered in (1) for the purposes of:
 - (a) generating a guaranteed quote and a market-leading *pension annuity* quote;
 - (b) assisting another *firm*, on request, to generate a market-leading quote (*COBS* 19.9.9R); and
 - (c) underwriting, administering, and entering into a contract for an enhanced annuity;

unless the *retail client* consents to it being used for other purposes.

19.9.6B

G

For the purpose of *COBS* 19.9.6AR, examples of the sorts of health and lifestyle circumstances which may indicate that a *retail client* is eligible

for an enhanced annuity are:

- (1) whether the *client* is or was a smoker;
- (2) the *client's* height, weight and waist size and whether these are outside normal ranges;
- (3) the number of units of alcohol the *client* consumes per week;
- (4) whether the *client* is taking medication for high blood pressure or high cholesterol;
- (5) whether the *client* is taking medication for serious health conditions.

Information comparing a guaranteed quote and a market-leading pension annuity quote

19.9.7

R A *firm* must:

...

- (2) unless (2A) applies, determine which of the following will, or is most likely to, offer a *retail client* the highest annual income:

...

- (2A) in cases where a *retail client* has requested an income quote, determine which of the following will, or is most likely to, offer a *retail client* with at least the annual income that the *retail client* has requested at the lowest purchase price:

- (a) the *pension annuity* offered by the *guaranteed quote* (“A1”);
- (b) the *pension annuity* offered by the *market-leading pension annuity quote* (“B1”); or
- (c) if applicable, the *pension* that the *retail client* is entitled to, or will be entitled to, pursuant to their entitlement to a *guaranteed annuity rate* (“C1”);

- (3) use the template in:

- (a) Part 1 of COBS 19 Annex 3R where (2) applies and B offers a *retail client* the highest level of annual income;
or
- (b) Part 2 of COBS 19 Annex 3R where (2) applies and A, C or D offers a *retail client* the highest level of annual income;

- (c) Part 4 of COBS 19 Annex 3R where (2A) applies and B1 offers a *retail client* at least the annual income that the *retail client* has requested at the lowest purchase price; or
 - (d) Part 5 of COBS 19 Annex 3R where (2A) applies and A1 or C1 offers a *retail client* at least the annual income that the *retail client* has requested at the lowest purchase price;
- (4) where (2) applies and B offers the highest annual income:
- ...
- (4A) where (2A) applies and B1 offers at least the requested annual income at the lowest purchase price:
- (a) calculate as a single sum in pounds sterling the difference in purchase price between A1 and B1;
 - (b) include that amount in the relevant place in the template; and
 - (c) include a statement making it clear that the *retail client* could obtain at least the requested annual income at a lower purchase price by searching the open market for a *pension annuity*;
- (5) where (2) applies and A offers the highest annual income, include a statement that A will provide the *retail client* with the highest annual income;
- (5A) where (2A) applies and A1 offers at least the requested annual income at the lowest purchase price, include a statement that A1 will provide the *retail client* with at least the requested annual income at the lowest purchase price;
- (6) if applicable, where (2) applies and C or D will, or is likely to, provide the highest level of annual income:
- ...
- (7) where (2A) applies and C1 will, or is likely to, provide at least the requested annual income at the lowest purchase price:
- (a) calculate as a single sum in pounds sterling the difference in purchase price between A1 and C1;
 - (b) include the amount in (a) in the relevant place in the template; and

- ...
- (c) warn the retail client that:
- (i) the entitlement to C1 will be extinguished if the retail client accepts A1; and
- (ii) accepting A1 will result in the retail client paying a higher purchase price than that payable if the retail client exercises their entitlement to C1;
- (8) where (2A) applies and either A1 or B1 offers the retail client at least the requested annual income at the lowest purchase price, a firm must determine whether the retail client's entitlement to a guaranteed annuity rate can be applied to offer a better value annuity compared to the lowest purchase price annuity on offer and, if so, warn the retail client accordingly.

19.9.7A G An example of where a firm may need to provide a warning of the kind referred to in COBS 19.9.7R(8) is where a retail client ('R') is seeking an annuity of £5,000 and the lowest purchase price for such an annuity is £100,000. If R's entitlement to a guaranteed annuity rate can be used to provide R with an annuity of £15,000, albeit at a cost of £200,000, the firm should warn R of this possibility. Where applicable, such a warning should be included in the relevant template and may also be given orally.

...

Pension commencement lump sum

- 19.9.11 R (1) This rule applies if a retail client is entitled to a ~~pension commencement lump sum~~ pension commencement lump sum that ...
- (2) A firm must warn the retail client if the pension annuity offered by...
- ...
- will, if accepted, reduce the ~~pension commencement lump sum~~ pension commencement lump sum that a retail client would otherwise be entitled to receive.

Information about pension-related benefits

- 19.9.12 R ...
- (4) If, despite taking reasonable steps under (3), it remains unclear whether a retail client:
- ...

- (d) is entitled to a ~~pension commencement lump sum~~
pension commencement lump sum, ...

...

- 19.9.15 R (1) This rule applies to a *firm* where the *firm*:
- (a) asks the *retail client* questions to determine whether the *client* is eligible for an enhanced annuity, and the *retail client* refuses to answer the *firm's* questions; or
- (b) requires the *retail client's* consent to the *firm* generating, on behalf of the *retail client*, a market-leading *pension annuity* quote and that consent is not obtained.
- (2) A *firm* must take reasonable steps to obtain from a *retail client's* the answers and/or consent referred to in paragraph (1).
- (3) Where this rule applies:
- (a) ...
- (b) a *firm* must include information, as applicable, warning the *retail client* that: ~~a higher annual income might be obtained by searching the open market for a *pension annuity*; and~~
- (i) a higher annual income might be obtained; or
- (ii) at least the requested annual income might be obtained for a lower purchase price;
- by searching the open market for a *pension annuity*; and
- (c) a *firm* must, as applicable, use the template in ~~either~~ Part 3 or Part 6 of COBS 19 Annex 3R to provide the applicable *pension annuity* comparator information.

...

**19 Annex
2G** **Communications about options to access pension savings**

This annex belongs to COBS 19.4.

The definitions in COBS 19.4.1R are applied to these tables.

Table 1: Communications required to be made by the firm at specified times

Handbook	Matters to be	Contents of	When
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reference	communicated	communication	
19.4.5R <u>19.4.5AR</u>	Open market options statement	A statement satisfying the requirements of COBS 19.4.6R , <u>COBS 19.4.6AR</u> , <u>COBS 19.4.8R</u> and <u>COBS 19.4.10R</u>	Trigger events specified at COBS 19.4.5R <u>19.4.5AR</u>
...			

Table 2: Requirements for other communications

Handbook reference	Subject of communication	Contents of communication	Trigger
...			
19.4.15G	Communications about options to access pension savings	<p>A <i>firm</i> should refer to the guidance in <i>COBS 19.4.15G</i> when communicating with a <i>client</i> about their options to access pension savings.</p> <p><i>Firms</i> may also be required to signpost <i>pensions guidance (COBS 19.4.16R)</i> and <u>in some circumstances provide an open market options statement (COBS 19.4.5AR(2)(d))</u>.</p>	Any communication with a <i>client</i> about their options to access their pension savings
19.4.18R	<i>Client</i> applies to access pension savings	<p>A <i>firm</i> must provide a description of the tax implications unless it is provided in accordance with <i>COBS 14.2.1R</i>.</p> <p><i>Firms</i> may be required to provide retirement risk warnings (<i>COBS</i></p>	<i>Firm</i> receives an application from a <i>client</i> to access pension savings

		<p>19.7.7R).</p> <p><i>Firms</i> may also be required to signpost <i>pensions guidance</i> (COBS 19.4.16R).</p> <p><u>If the <i>client</i> asks to access their pension savings for the first time the <i>firm</i> must provide an open market options statement (COBS 19.4.5AR(2)(d)).</u></p>	
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19 Annex Format for annuity information 3R

This annex belongs to COBS 19.9.7R(3) and COBS 19.9.15R(3)(c).

1	Format of bar graph in the Part 1 template	
1.1	Format of bar graph (<u>where annual income is depicted</u>)	
1.1.1	When a <i>firm</i> is creating the two bar graphs as set out in Part 1, the <i>firm</i> must ensure:	
	...	
	(2)	The <u>the</u> y-axis must:
		...
1.2	<u>Format of bar graph in Part 4 (where the purchase price of the pension annuity is depicted)</u>	
1.2.1	<u>When a <i>firm</i> is creating the two bar graphs as set out in Part 4, it must ensure:</u>	
	(1)	<u>the lowest purchase price of the <i>pension annuity</i> offered by the market-leading quote is presented on the left-hand side of the two bar graphs with the higher purchase price in the <i>firm's</i> guaranteed quote appearing on the right-hand side;</u>
	(2)	<u>the y-axis must:</u>
	(a)	<u>start with a monetary value which is £20 below the purchase price of the lowest <i>pension annuity</i> quote;</u>
	(b)	<u>use a scale which clearly and fairly depicts the difference in the purchase price of the <i>pension annuity</i> offered by the market-</u>


			<u>leading quote and the <i>firm's</i> guaranteed quote; and</u>
		<u>(c)</u>	<u>only include numbers or details which are required by the <i>rules</i> in <i>COBS</i> 19.9 or the provisions of this annex.</u>
...			

The following Part 1 and Part 2 templates are amended as shown. The title of the Part 3 template is amended as shown but the template itself remains unchanged. The Part 4, 5 and 6 templates are new.

Part 1: Template for cases where the guaranteed quote does not provide highest annual income

Where the guaranteed quote does not provide the highest annual income

Firm Logo



Annuity features	
Purchase price £XX,XXX	No guarantee period
Paid quarterly in advance	Payments increase by 2% per year
Dependents income	[Other key features of annuity]

If relevant, include key information here such as:

You are entitled to a [guaranteed annuity rate][minimum level of guaranteed pension] from [date/customer's age] paying an [estimated] annual income of £X,XXX.

You are entitled to tax free cash greater than 25% of your pension pot. You may lose this right if you switch provider. Your existing pension provider will be able to provide more information about this.

For arranging this policy, your intermediary will receive £ZZZ commission from your provider.

You have agreed with your adviser that the cost of their services will be taken from this policy as follows [provide details here].

Our quote

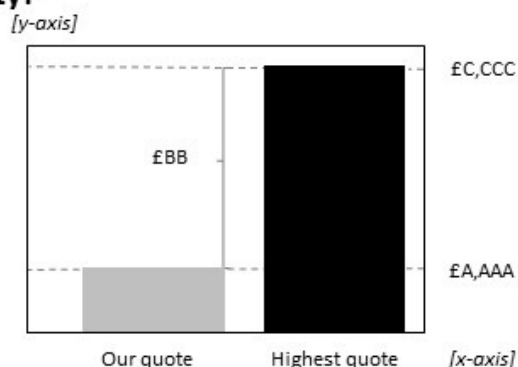
This annuity will provide you with an annual income of:

£A,AAA

Can you get a better income from your annuity?

Based on your key information, there are quotes available from other providers offering higher rates. If you select our product, you would be **losing out on £BB per year**.

And, if applicable: You are entitled to a [guaranteed annuity rate from your current pension provider][minimum level of guaranteed pension] from [date/customer's age] paying an [estimated] annual income of £X,XXX. If you select our product, you could be **losing out on £DD per year**.



The Financial Conduct Authority is a financial services regulator. It requires us to inform you that you can shop around if you want to. If you want to see what other options are available from other providers please visit moneyadvice.service.org.uk/annuitiesquotes or call 0800 138 7777.

Did you know?

If you've not already been asked questions about your health or lifestyle, answering these could get you even more income.

For example - if you've smoked tobacco, been advised by a medical professional to adjust your lifestyle to improve your health or had a medical condition requiring prescribed medication or hospital treatment - you may be entitled to more income than is quoted above.

Visit moneyadvice.service.org.uk/annuitiesquotes or call 0800 138 7777 to find out more.

Company contact details and other key information

Part 2: Template for cases where the guaranteed quote, the guaranteed annuity rate, a guaranteed minimum pension or section 9(2B) rights offer the highest annual income

Where a guaranteed quote, a guaranteed annuity rate, a guaranteed minimum pension or section 9(2B) rights offer the highest annual income

<i>Firm Logo</i>	keyfacts [®]
Annuity features	
Purchase price £XX,XXX	No guarantee period
Paid quarterly in advance	Payments increase by 2% per year
Dependents income	<i>[Other key features of annuity]</i>

If relevant, include key information here such as:

You are entitled to a [guaranteed annuity rate][minimum level of guaranteed pension] from [date/customer's age] paying an [estimated] annual income of £X,XXX.

You are entitled to tax free cash greater than 25% of your pension pot. You may lose this right if you switch provider. Your existing pension provider will be able to provide more information about this.

For arranging this policy, your intermediary will receive £ZZZ commission.

You have agreed with your adviser that the cost of their services will be taken from this policy as follows [provide details here].

Our quote

This annuity would provide you with an annual income of:

£A,AAA

Can you get a better income from your annuity?

Based on your key information, our quote is the highest available to you.

Or in the event that the consumer is entitled to a guaranteed annuity rate or minimum level of guaranteed pension which is higher:

You are entitled to a [guaranteed annuity rate from your current pension provider] [minimum level of guaranteed pension] from [date/customer's age] paying an [estimated] annual income of £X,XXX. If you select our product, you could be **losing out on £DD per year.**

The Financial Conduct Authority is a financial services regulator. It requires us to inform you that you can shop around if you want to. If you want to see what other options are available from other providers please visit moneyadvice.service.org.uk/annuitiesquotes or call 0800 138 7777.

Did you know?

If you've not already been asked questions about your health or lifestyle, answering these could get you even more income.

For example if you've smoked tobacco, been advised by a medical professional to adjust your lifestyle to improve your health or had a medical condition requiring prescribed medication or hospital treatment you may be entitled to more income than is quoted above.

Visit moneyadvice.service.org.uk/annuitiesquotes or call 0800 1387777 to find out more.

Company contact details and other key information

Part 3: Template for cases where the retail client refuses to answer questions to determine whether the client is eligible for an enhanced annuity, or does not consent to a market-leading quote being generated

Where the retail client refuses to answer questions to determine whether the client is eligible for an enhanced annuity, or appropriate consent has not been given to allow a firm to generate a market-leading quote

<i>Firm Logo</i>	keyfacts [®]
Annuity features	
Purchase price £XX,XXX	No guarantee period
Paid quarterly in advance	Payments increase by 2% per year
Dependants income	<i>[Other key features of annuity]</i>

If relevant, include key information here such as:

You are entitled to a [guaranteed annuity rate][minimum level of guaranteed pension] from [date/customer's age] paying an [estimated] annual income of £X,XXX.

You are entitled to tax free cash greater than 25% of your pension pot. You may lose this right if you switch provider. Your existing pension provider will be able to provide more information about this.

For arranging this policy, your intermediary will receive £ZZZ commission from your provider.

You have agreed with your adviser that the cost of their services will be taken from this policy as follows [provide details here].

Our quote

This annuity would provide you with an annual income of:

£A,AAA

Can you get a better income from your annuity?

You may be able to get a higher income by shopping around.

If you want to see what other options are available from other providers please visit moneyadvice.service.org.uk/annuitiesquotes or call 0800 138 7777.

Did you know?

If you've not already been asked questions about your health or lifestyle, answering these could get you even more income.

For example - if you've smoked tobacco, been advised by a medical professional to adjust your lifestyle to improve your health or had a medical condition requiring prescribed medication or hospital treatment - you may be entitled to more income than is quoted above.


Visit moneyadvice.service.org.uk/annuitiesquotes or call 0800 1387777 to find out more.

Company contact details and other key information

Part 4: Template for cases where the market-leading quote offers the lowest purchase price pension annuity

Where the market-leading quote offers the lowest purchase price

Firm Logo



Annuity features	
Annual income £XX,XXX	No guarantee period
Paid quarterly in advance	Payments increase by 2% per year
Dependents income	[Other key features of annuity]

If relevant, include key information here such as:

You are entitled to a guaranteed annuity rate from [date/customer's age] paying an [estimated] annual income of £X,XXX [when applied to the total value of your pension pot (£X,XXX)].

You are entitled to tax free cash greater than 25% of your pension pot. You may lose this right if you switch provider. Your existing pension provider will be able to provide more information about this.

For arranging this policy, your intermediary will receive £ZZZ commission from your provider.

You have agreed with your adviser that the cost of their services will be taken from this policy as follows [provide details here].

Our quote

Buying this annuity from us will cost you:

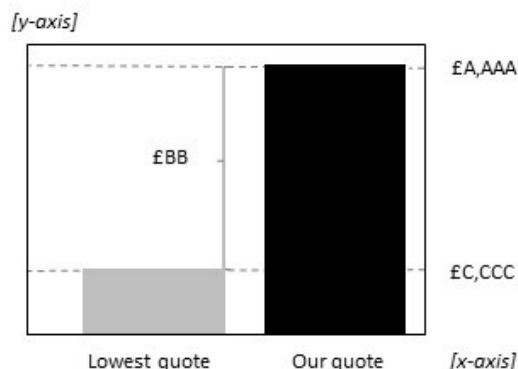
£A,AAA

Can you pay less for your annuity?

Based on your key information, there are quotes available from other providers offering a lower purchase price. If you select our product, you would be **paying £BB too much to purchase your annuity.**

[if applicable] Based on your key information, the lowest quote offers you the lowest purchase price for the requested income of £xx,xxx. However, you are entitled to a guaranteed annuity rate from your current provider paying an [estimated] annual income of £X,XXX on your pension pot of £XX,XXX, offering a better value annuity than the lowest purchase price quote. You also risk losing your entitlement to the guaranteed annuity rate if you proceed with the lowest purchase price quote.

[if applicable] You are entitled to a guaranteed annuity rate from your current pension provider from [date/customer's age] paying an [estimated] annual income of £X,XXX. [when applied to the total value of your pension pot (£X,XXX)].



The Financial Conduct Authority is a financial services regulator. It requires us to inform you that you can shop around if you want to. If you want to see what other options are available from other providers please visit moneyadviceservice.org.uk/annuitiesquotes or call 0800 138 7777.

Company contact details and other key information

Part 5: Template for cases where the income quote or the application of a retail client's guaranteed annuity rate offers the lowest purchase price pension annuity

Where the income quote or a guaranteed annuity rate offers the lowest price pension annuity

<i>Firm Logo</i>	keyfacts [®]
Annuity features	
Annual income £XX,XXX	No guarantee period
Paid quarterly in advance	Payments increase by 2% per year
Dependents income	[Other key features of annuity]

If relevant, include key information here such as:

You are entitled to a guaranteed annuity rate from [date/customer's age] paying an [estimated] annual income of £X,XXX [when applied to the total value of your pension pot (£X,XXX)].

You are entitled to tax free cash greater than 25% of your pension pot. You may lose this right if you switch provider. Your existing pension provider will be able to provide more information about this.

For arranging this policy, your intermediary will receive £ZZZ commission.

You have agreed with your adviser that the cost of their services will be taken from this policy as follows [provide details here].

Our quote

Buying this annuity from us will cost you:

£A,AAA

Can you pay less for your annuity?

Based on your key information, our quote offers you the lowest purchase price.

OR

Based on your key information, our quote offers you the lowest purchase price for the requested income of £xx,xxx. However, you are entitled to a guaranteed annuity rate from your current provider paying an [estimated] annual income of £X,XXX on your pension pot of £XX,XXX, offering a better value annuity than our quote. You also risk losing your entitlement to the guaranteed annuity rate if you proceed with our quote.

OR

Based on your key information, you are entitled to a guaranteed annuity rate from your current provider that would pay the annual income requested of £X,XXX for a [an estimated] purchase price of £XX,XXX. If you select our product you would be **paying £BB too much to purchase your annuity**. You also risk losing your entitlement to the guaranteed annuity rate if you proceed with our quote.

The Financial Conduct Authority is a financial services regulator. It requires us to inform you that you can shop around if you want to. If you want to see what other options are available from other providers please visit moneyadvice.service.org.uk/annuitiesquotes or call 0800 138 7777.

Company contact details and other key information

Part 6: Template for cases where the retail client refuses to answer questions to determine whether the client is eligible for an enhanced annuity, or does not consent to a market-leading quote being generated

Where the retail client refuses to answer questions to determine whether the client is eligible for an enhanced annuity, or appropriate consent has not been given to allow a firm to generate a market-leading quote

<i>Firm Logo</i>	keyfacts [®]
Annuity features	
Annual income £XX,XXX	No guarantee period
Paid quarterly in advance	Payments increase by 2% per year
Dependants income	<i>[Other key features of annuity]</i>

If relevant, include key information here such as:

You are entitled to a guaranteed annuity rate from [date/customer's age] paying an [estimated] annual income of £X,XXX [when applied to the total value of your pension pot (£X,XXX)].

You are entitled to tax free cash greater than 25% of your pension pot. You may lose this right if you switch provider. Your existing pension provider will be able to provide more information about this.

For arranging this policy, your intermediary will receive £ZZZ commission from your provider.

You have agreed with your adviser that the cost of their services will be taken from this policy as follows [provide details here].

Our quote

Buying this annuity from us will cost you:

£A,AAA

Can you pay less for your annuity?

You may be able to pay less for an annuity providing £XX,XXX a year by shopping around.

If you want to see what other options are available from other providers please visit moneyadvice.service.gov.uk/annuitiesquotes or call 0800 138 7777.

Did you know?

If you've not already been asked questions about your health or lifestyle, answering these could get you even more income.

For example - if you've smoked tobacco, been advised by a medical professional to adjust your lifestyle to improve your health or had a medical condition requiring prescribed medication or hospital treatment - you may be entitled to more income than is quoted above.

Visit moneyadvice.service.gov.uk/annuitiesquotes or call 0800 1387777 to find out more.

Company contact details and other key information

Part 2: Comes into force on 6 April 2020

13 Preparing product information

...

13.1 The obligation to prepare product information

...

Exceptions

13.1.3 R A *firm* is not required to prepare:

...

(3) a *key features illustration*:

...

(c) if it includes ~~the information from the~~ *key features illustration* in a *key features document*:

(i) the information from the *key features illustration*
and

(ii) the summary key information required by COBS 13.4.1AR; or

...

...

...

13.4 Contents of a key features illustration

13.4.1 R A *key features illustration*:

(1) must include *appropriate charges information*;

(2) must include information about any interest that will be paid to *clients* on money held within a *personal pension scheme bank account* ~~and~~, account; and

(3) if it is prepared for a *non-PRIP packaged product* which is not a *financial instrument*:

(+) must include a *standardised deterministic projection*;

(a)

- (2) the ~~projection~~ projection and charges information must be consistent with each other so that:
- (a) the same intermediate growth rate and
 - (i) assumptions about regular contributions are used;
 - (b) a *projection* in nominal terms is accompanied by an effect of charges table and reduction in yield information in nominal terms; and
 - (c) a *projection* in real terms is accompanied by an effect of charges table and reduction in yield information in real terms; and
- (3) it may also include *stochastic projections* if there are reasonable grounds for believing that a *retail client* will be able to understand the *stochastic projection* except that the most prominent *projection* must be a *standardised deterministic projection*.

- 13.4.1A R (1) If COBS 14.2.1R(3B), (3C) or (3D) applies, a *key features illustration* must also include the summary key information in COBS 13.4.7R.
- (2) There is no requirement to provide the summary key information in COBS 13.4.7R if the *retail client* proposes to withdraw their pension scheme funds in full reducing the value of their rights to zero.
- (3) Where (2) applies and a *retail client* subsequently does not withdraw their pension scheme funds in full reducing the value of their rights to zero, the *firm* must provide the *client* with the summary key information in COBS 13.4.7R.

...

Summary key information for income withdrawal or lump sum withdrawal

- 13.4.6 G The purpose of the summary key information is to present the main information from the *key features illustration* to assist a *retail client* to understand and engage with their chosen *income withdrawal or uncrystallised funds pension lump sum* arrangement.
- 13.4.7 R (1) The summary key information is:
- (a) the value of the crystallised and uncrystallised funds in the *retail client's personal pension scheme*;
 - (b) the value of the *pension commencement lump sum*, if applicable;

- (c) the projected value of the *retail client's personal pension scheme* or *stakeholder pension scheme* 5 and 10 years after the date of withdrawal;
- (d) reduction in yield information prepared in real terms in accordance with *COBS 13 Annex 3 3R* or *COBS 13 Annex 4 3R* and presented as A% or D% accordingly;
- (e) the *retail client's* age when their funds are projected to reduce to zero (if relevant);
- (f) first year charges expressed in cash terms and determined in accordance with (2);
- (g) if applicable, the following information about the *income withdrawal* or *uncrystallised funds pension lump sum* arrangement offered:
 - (i) an assumed start date;
 - (ii) for one-off payments, the withdrawal figure and date of withdrawal; and
 - (iii) if the *retail client* has chosen to take regular withdrawals or *uncrystallised funds pension lump sum* payments, the value of those withdrawals on an annual basis.

- (2) The first-year *charges* must be determined on the basis of the level of *charges* that the *retail client* would be expected to pay in the first year in accordance with the *firm's* charging structure before any promotional discount or reduction is applied, and:
 - (a) where the effect of charges table has been prepared in accordance with *COBS 13 Annex 3 2.2R(2)*, using the amount representing the “effect of deductions to date” for the first year of the projection; or
 - (b) where the effect of charges table has been prepared in accordance with *COBS 13 Annex 4 2.2R*, using the amount representing the difference between the values of “before charges are taken” and “after all charges are taken from this plan” for the first year of the projection.

13.4.8 G Charges information should be presented as prominently as any other information in the summary key information.

Presentation of summary key information

13.4.9 R (1) The summary key information must:

- (a) be on the front page of the *key features illustration* or *key features document* (where COBS 13.1.3R(3)(c) applies);
- (b) not exceed a single side of A4-sized paper when printed; and
- (c) include the ‘Key facts’ logo in a prominent position at the top of the document.
- (2) The requirement in (1)(b) does not apply if a *retail client* asks for summary key information to be provided in an accessible format and the fulfilment of that request will necessitate the use of more than a single side of A4-sized paper.

13 Annex 2 Projections

...

G	
1.2A	A firm is not prevented from providing <u>may provide</u> a <i>retail client</i> with a <i>projection of the fund or pension commencement lump sum</i> in nominal terms;
	(1) <u>of their fund or <i>pension commencement lump sum</i> for planning purposes (for example for a pension mortgage); or</u>
	(2) <u>of a <i>pension commencement lump sum</i> or <i>income withdrawal</i> or <i>uncrystallised funds pension lump sum</i> if the <i>retail client</i> requests it,</u>
	if <u>the <i>projection</i> is prepared in a way which is consistent with the <i>standardised deterministic projection</i>.</u>

...

R	
Drawdown Pension: Exception	
2.10	A standardised deterministic projection can be prepared in nominal terms, rather than real terms for a:
	(1) <i>drawdown pension</i>; or
	(2) <i>personal pension scheme</i> or <i>stakeholder pension scheme</i> from which there has been an election to take regular, ad hoc or one-off <i>uncrystallised funds pension lump sum payments</i>. [deleted]

...

14 Providing product information to clients

...

14.2 Providing product information to clients

...

The provision rules for products other than PRIIPs

14.2.1 R A *firm* that sells, or (where relevant) gives effect to:

...

(3B) ~~the variation of a *personal pension scheme* to a *retail client*, which involves an election by the *client* a *retail client's* request to make *income withdrawals* or a purchase of a *short term annuity*, from their *personal pension scheme* or *stakeholder pension scheme* for the first time must provide that *retail client* with:~~

(a) a *key features illustration*; and

(b) such other information as is necessary for the *client* to understand the consequences of the ~~variation, including where relevant, the information required by COBS 13 Annex 2.2.9R (Additional requirements: drawdown pensions and regular *uncrystallised funds pension lump sum* payments)~~ request;

(3C) ~~the variation of a *personal pension scheme* to a *retail client*, which involves a *retail client's* request to make one-off, ad hoc or regular *uncrystallised funds pension lump sum* payments, from their *personal pension scheme* or *stakeholder pension scheme* for the first time must provide that *client* with:~~

(a) a *key features illustration*; and

(b) such other information as is necessary for the *client* to understand the consequences of the ~~variation, including (where relevant) the information required by COBS 13 Annex 2.2.9 R(Additional requirements: drawdown pensions and regular *uncrystallised funds pension lump sum* payments)~~ request;

(3D) a *retail client's* request to designate *personal pension scheme* or *stakeholder pension scheme* funds to enable the *retail client* to make *income withdrawals* must provide that *client* with:

(a) a *key features illustration*; and

(b) such other information as is necessary for the *retail client* to understand the consequences of the request;

- (3E) a retail client's request to make an income withdrawal subsequent to (3B) or uncrystallised funds pension lump sum payment subsequent to (3C) must provide:
- (a) such information as is necessary for the client to understand the consequences of the request; and
 - (b) where relevant, the information required by COBS 13 Annex 2.2.9R (Additional requirements: drawdown pensions and regular uncrystallised funds pension lump sum payments);
- (3F) a retail client's request for a short-term annuity must provide:
- (a) a key features illustration; and
 - (b) such other information as is necessary for the client to understand the consequences of the request;

...

...

16 Reporting information to client (non-MiFID provisions)

...

16.6 Communications to clients – life insurance, long term care insurance and income withdrawals

...

~~Income withdrawals~~ Annual statements

- 16.6.8 R At intervals no longer than 12 months from the date of an election by a retail client to ~~take a pension commencement lump sum, make or makes income withdrawals~~ or one-off, ad-hoc or regular uncrystallised funds pension lump sum payments, the relevant operator of a personal pension scheme or stakeholder pension scheme must:
- (1) provide the retail client with such information as is necessary for the retail client to review the ~~election decision~~, including where relevant the information required by COBS 13 Annex 2 2.9R; and
 - (2) inform the retail client ~~how to obtain a personal recommendation relating to advice on investments (except P2P agreements) in respect of the client's income withdrawals, and that it would be in the client's best interests to do so that if their circumstances or retirement objectives have changed it may be in their best interests to:~~

- (a) review their choice of pension product;
- (b) review their investment choices;
- (c) take regulated advice to understand their options at retirement; and
- (d) seek out guidance.

16.6.9 G The information provided to the *retail client* in COBS 16.6.8R(1) is likely to be sufficient for the *client* to review the ~~election~~ decision if it contains at least one of the following:

...

- (3) (where regular income is being taken) information about the sustainability of the *client's* income over time, which may refer to:

...

- (c) the rate of withdrawals or payments relative to a sustainable rate; or

- (4) (if a *client* has only taken a *pension commencement lump sum*) information about their investment, fund choices, fund value and charges.

...