

BNY Investments survey finds: Advisers play a crucial role in future-proofing retirement, amid changing regulatory landscape and client needs

- Over four fifths (**86%**) of advised clients state that receiving advice from a financial adviser increases their confidence in achieving their retirement goals
- Clients are clear on both the practical and emotional value of their financial adviser partnership:
 - **77%** feel they are getting value for money from their financial adviser, whilst **85%** say their financial adviser provides peace of mind
- Advisers are making progress on evolving advice approaches in line with regulatory requirements

London, 22 November: New research from BNY Investments and NextWealth – titled “*Retirement advice in the UK: time for change?*” – reveals the value of client adviser relationships and how advice firms are responding to the FCA’s thematic review of retirement income advice [“RIAR”].*

The survey of 208 financial advisers and 254 advised consumers identifies areas where financial advice firms need to focus efforts to adapt retirement advice for today’s market environment.

UK Budget accentuates challenging backdrop for retirement income advice

Ahead of the UK Budget, (**73%**) of financial advisers said that changes to tax rates and allowances would increase demand for retirement income advice. The research found that the treatment of pensions on death will have wide-sweeping impacts, with (**61%**) of advisers stating that this would impact all or most of their clients. Nearly three quarters of advisers (**72%**) said they typically recommend clients draw down other assets before pensions, to limit the impact of inheritance tax.

Advised clients are also concerned about income and outgoings in retirement. Outside of pensions, the top sources individuals expect to draw upon include primary property (**80%**), inheritance (**32%**), buying to let (**22%**) and second homes (**18%**). The top three concerns financial advisers hear from retirement clients are that they are running out of money (**50% of financial advisers cite this**); inflation and cost of living (**48% cite this**); and long-term care costs (**42% cite this**).

Financial advisers are central to securing retirement futures and client confidence

Client confidence in financial adviser relationships is evident from the research. The majority (**92%**) of advised clients feel on track to achieve the retirement they envisaged. Four fifths (**81%**) receive peace of mind from entrusting their finances to an expert. **85%** believe their financial advice fees provide value – key aspects of the Consumer Duty regulation.

How advisers are evolving their retirement offering

Financial advisers anticipate that assets held by their retirement clients will increase to (**61%**) of their total business in the next three years. Yet almost half (**48%**) of financial advisers expect the impact of regulation to limit the time they can take to deliver financial advice and constrain their ability to meet demand.

BNY Investments and NextWealth research identified several areas where financial advice firms are still focusing efforts to adapt their businesses in response to recent regulation, including RIAR:

- **Withdrawal rates:** The regulator says withdrawal rates need to reflect individual client circumstances and findings show that use of cashflow planning to do this is increasing. However, over a quarter of financial advisers (**27%**) always or often use a fixed rate or range to set withdrawals where clients are using drawdown to create an income for life, suggesting further change is needed.
- **Retirement advice models:** Over a quarter (**28%**) of financial advice firms currently have no plans to introduce a common and consistent decumulation advice model (sometimes called a Centralised Retirement Proposition). Firms are finding the balance between a preference to tailor financial advice to individual clients with the expectation that financial advice is delivered consistently.
- **Client understanding of financial advice received:** The regulator is keen to ensure firms can show that clients understand the advice they are given. **89%** of advised clients scored their financial advisers 7 out of 10 or higher when ranking satisfaction with the understandability of advice, but the ongoing challenge remains to demonstrate that understanding in practice.
- **Record keeping:** Improving record keeping is the area firms expect to have to do most in. Over half (**59%**) of financial advisers surveyed have made, or expect to make, changes to record keeping for retirement income client advice and interactions.

"These findings show that financial advisers play a central role in helping individuals achieve the retirement they envisage despite operating in an increasingly complex environment," said **Richard Parkin, Head of Retirement at BNY Investments**. "We are committed to helping financial advisers both understand and navigate changes, to enable them to focus on their roles in delivering client service and retirement income outcomes to the UK population."

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Methodology:

The report findings are based on quantitative and qualitative fieldwork conducted over the following periods:

- An online survey of 208 financial advisers and 253 consumers of retirement advice (aged 55+ with a minimum of £100k of investable assets) was conducted September 2024
- The results also included in-depth qualitative interviews with ten financial advice professionals conducted October-November 2024.

Footnotes:

* March 2024: <https://www.fca.org.uk/publications/thematic-reviews/thematic-review-retirement-income-advice>

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We offer research, consultancy, thought leadership content and we also host events. Our interests include financial adviser business models, the changes in technology powering wealth management and the investment proposition and factors influencing investment choice among financial advice firms.

We track assets in discretionary MPS, adoption and functionality of wealth tech, approaches to retirement advice, and the evolution of platform models.

At NextWealth, we are able to draw on insights from across the market to help our clients thrive amid disruption.