



Getting ready for RDR – preparation checklists

To successfully meet the challenges of RDR, you need to take a number of key decisions about how your business will operate in the future and to have a clear plan of action. Of course, many advisory businesses are well placed for RDR because they already have an appropriate operating model or they have been moving ahead with preparation.

The following checklists can help you understand how well you and your business are placed in terms of RDR, and help you identify the main areas where you have more to do to finalise your plans.

These checklists are provided as a tool to assist advisers and adviser businesses in their preparation for RDR. They are based on Scottish Widows current understanding, but are not exhaustive and cannot fully reflect the complexity and individual nature of all businesses. Scottish Widows cannot accept responsibility for what plans advisers' need to have in place to address RDR.

The checklists and supporting information below is taken from the Scottish Widows RDR checklist tool, available from <http://www.scottishwidows.co.uk/rdr>

The tool covers the following six areas of business that could be affected by RDR, of which one section is printed here.

Section 1: **PROFESSIONALISM**

Section 2: **BUSINESS PLANNING**

Section 3: **SERVICE AND PRICING**

Section 4: **PROCESS**

Section 5: **PEOPLE**

Section 6: **CORPORATE ADVISER ISSUES**

Corporate Adviser Issues

Q. Have you confirmed the impact that RDR will have on your corporate business?

Key information you need to know

- The FSA has established a working group on consultancy charging which is expected to provide guidance to the industry regarding the structure, collection and payment of consultancy charge payments. The working group is expected to report towards the end of Q1 2011.
- Consider the range of services you'll offer to employers and employees, and how the costs of these services (including any on-going costs) will be explained and justified to both groups. Services offered could include, for employers, advice on scheme type, provider selection, the contribution basis, ongoing scheme support and periodic reviews. For employees, services could include individual advice or guidance, fund selection and/or development of bespoke investment propositions, regular reviews and 'at retirement services'
- The pensions reform legislation, due to be introduced in 2012, will have wide-ranging effects across every field of business. There is a lot to be gained by starting to prepare now: you'll have time to analyse your client bank and ensure you can help your clients through the process and your clients will also have time to consider their plans and spread any financial impact over a few years.

Checklist

You should consider and, where appropriate complete, the following tasks:

	Issue completed?	
	Yes	No
Define the menu of services you will offer, split between employer and employee-related services.	<input type="checkbox"/>	<input type="checkbox"/>
Confirm your menu of charges, and charging structures e.g. flat per member fee, or percentage of premiums, or tiered structure depending on employee contributions, timing of payments etc.	<input type="checkbox"/>	<input type="checkbox"/>
Decide whether your charges will allow payment to be made by employer fee, by deduction from employer premiums, and/or from member funds.	<input type="checkbox"/>	<input type="checkbox"/>
Decide how you will explain/justify the services you offer to employers and employees.	<input type="checkbox"/>	<input type="checkbox"/>
Consider the degree of cross-subsidy of consultancy charges you will allow between employees, including initial membership and subsequent new entrants.	<input type="checkbox"/>	<input type="checkbox"/>
Assess and confirm the impact that scheme leavers and transfers will have on your income stream.	<input type="checkbox"/>	<input type="checkbox"/>
Consider whether to introduce a consultancy charging approach before 1st January 2013.	<input type="checkbox"/>	<input type="checkbox"/>
Define your service proposition and price for existing schemes.	<input type="checkbox"/>	<input type="checkbox"/>

Further reading

- For more information on the main pensions reform changes, what they mean for employers and a step by step guide on how you can help your clients, read our Pension Reform Guide (<http://www.scottishwidows.co.uk/Extranet/Literature/Doc/49155>) or see our Adviser Extranet (<http://www.scottishwidows.co.uk/extranet/financial-planning/pension-planning/pension-reform>).



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