



For Financial advisers only

The changing face of retirement: Preparing clients for a 100-year life

Insert presenter name



Learning objectives

-  To analyse and identify advice challenges, and opportunities presented through current Retirement trends from an Adviser & Client perspective
-  Understand how the independent research and report findings can support adviser firms with their target market assessments, demonstrating market insight alongside their own data on clients needs and objectives
-  Remind around key aspects of legacy contracts and impacts they could have on retiring clients



Managing Lifetime Wealth report

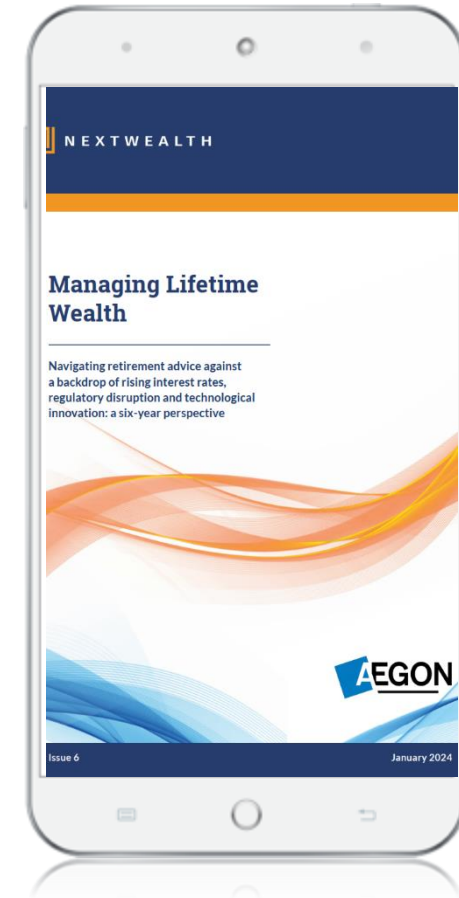


Managing Lifetime Wealth

An overview of key findings

- Produced in conjunction with NextWealth
- Following the backdrop of 2023/24 economic uncertainty and the cost-of-living crisis.
- What has that meant for retirement advice and how might that change in the future?
- Looking at some of the biggest industry trends shaping the retirement advice sector:
 - Clients' objectives, hopes and fears.
 - Retirement advice considerations
 - Adviser concerns over the short, medium and long term.

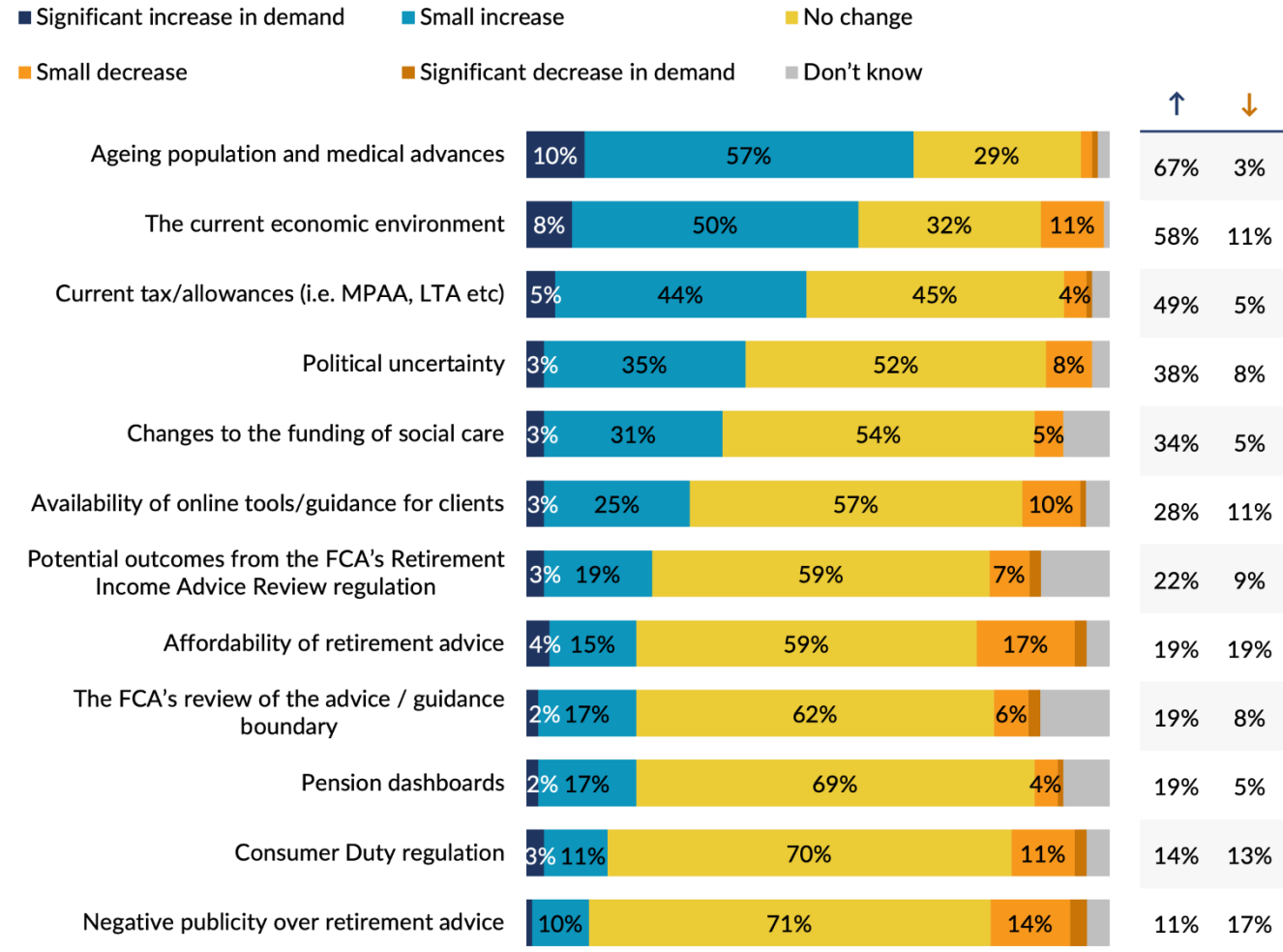
You can [view the full report on our website](#)



Drivers of demand for retirement advice

Figure 4: Drivers of demand for retirement advice

- The greatest demand on retirement advice, is due to our ageing population and medical advances (67%)
- Compliments the findings in Aegon's [Second 50 report](#)
- 58% of advisers citing that the impact of the economic environment will prompt clients to seek financial advice.
- Pension complexities and Tax features strongly as a driver for advice at 44%



The report findings are based on a quantitative survey of 200 financial advisers in November 2023. Comparisons are offered to earlier versions of the report. Quantitative survey results in the report had the following number of participants. 221 in 2023 report, 212 in the 2022 report, 212 in 2021 report and 227 in 2020 report

Key report findings

Demand for retirement advice



Advisers estimate that 53% of assets they advise on are for clients receiving retirement advice.



37% of advised clients are fully retired and a further 21% are phasing into retirement.



Growing awareness of longevity risk 67% of advisers citing ageing population and medical advances as drivers.



Nearly half of retired clients (44%) are taking regular withdrawals from their retirement savings.

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Key report findings

Looking ahead – biggest concerns facing the retirement industry



Next two years

- Market challenges
- Regulatory influence
- Political instability

Three year and five year

- Market challenges
- Regulatory influence
- Business growth and succession planning



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Key report findings

Retirement advice and Consumer Duty



42% of advisers are very confident in their ability to demonstrate value for money and a further 52% are somewhat confident.



Inflation reducing spending power during retirement was the top anticipated foreseeable harm facing clients in retirement according to 57% of advisers.



Advisers said that about 1 in 6 of their retirement clients are vulnerable.



Just over half (54%) of advisers segment their client base with a further 10% saying they expect to start this in 2024.

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Key report findings

Client objectives and concerns



Most common client aspirations

- Hope to maintain the same standard of living in retirement as before retirement (76%)
- Assisting the next generations (children/grandchildren) with financial commitments (65%)

Most common client concerns

- Running out of money before they die (71%)
- Inflation / cost of living (64%)



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Questions and answers

Find out more

Our Second 50 hub contains useful tools to help you explore the Second 50 with clients.

Additionally, it provides further support with exploring adviser retirement trends with NextWealth, Consumer Duty and Financial Wellbeing materials.



[Visit aegon.co.uk/navigating-second50](https://aegon.co.uk/navigating-second50)





Introducing our
Second 50 research and
how to help your clients
prepare

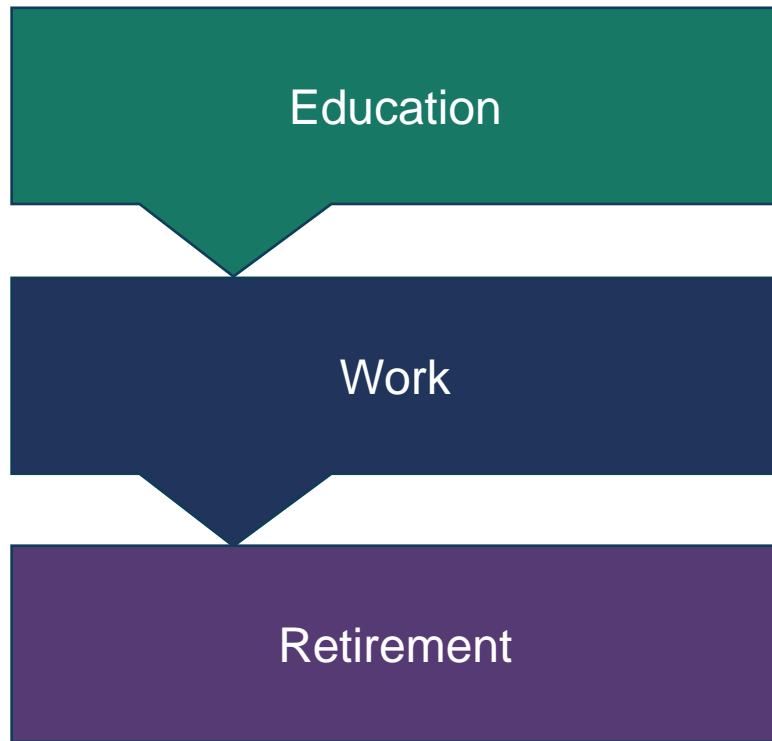
The Second 50

- Exploring the changing nature of later life and its many possibilities.
- Changing expectations around education, work, and retirement.
- Thinking differently about the future, goals, and finding meaning in their lives.
- Increased understanding of your relationship with money
- Are clients ready for the opportunities their Second 50 years can bring?

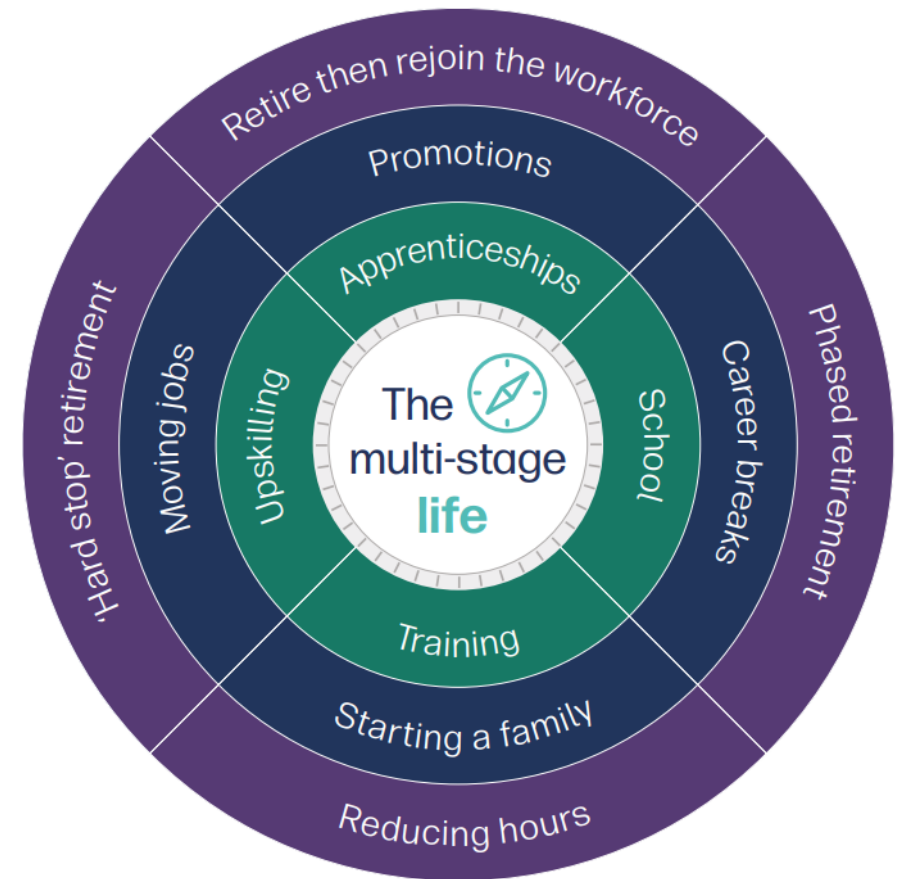
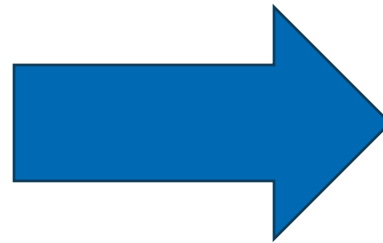


The transition to a multi-stage life

Traditional three stage life where people tended to follow a linear path starting with education, then work and retirement.



Multi-stage life where here people might have multiple careers, periods of learning and re-training, and a longer transition from work to retirement.



Transition into later life



27%

Hard Stop retirement



37%

Change the way of work, until fully retiring



17%

Change the way of work, and continue



10%

Continue to work as I am today

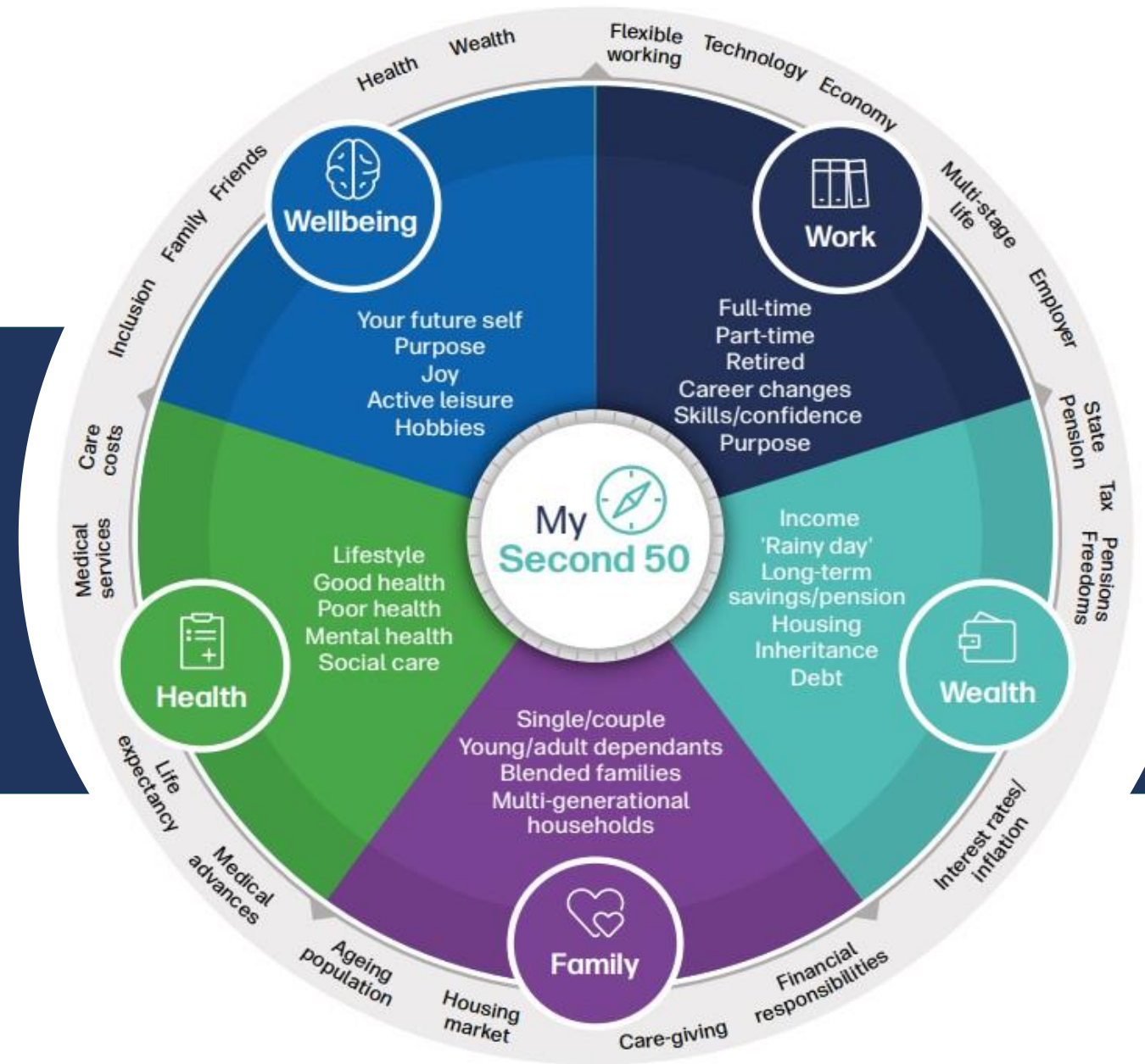
57% Enjoy Working

54% want to keep mentally engaged

29% cannot afford to

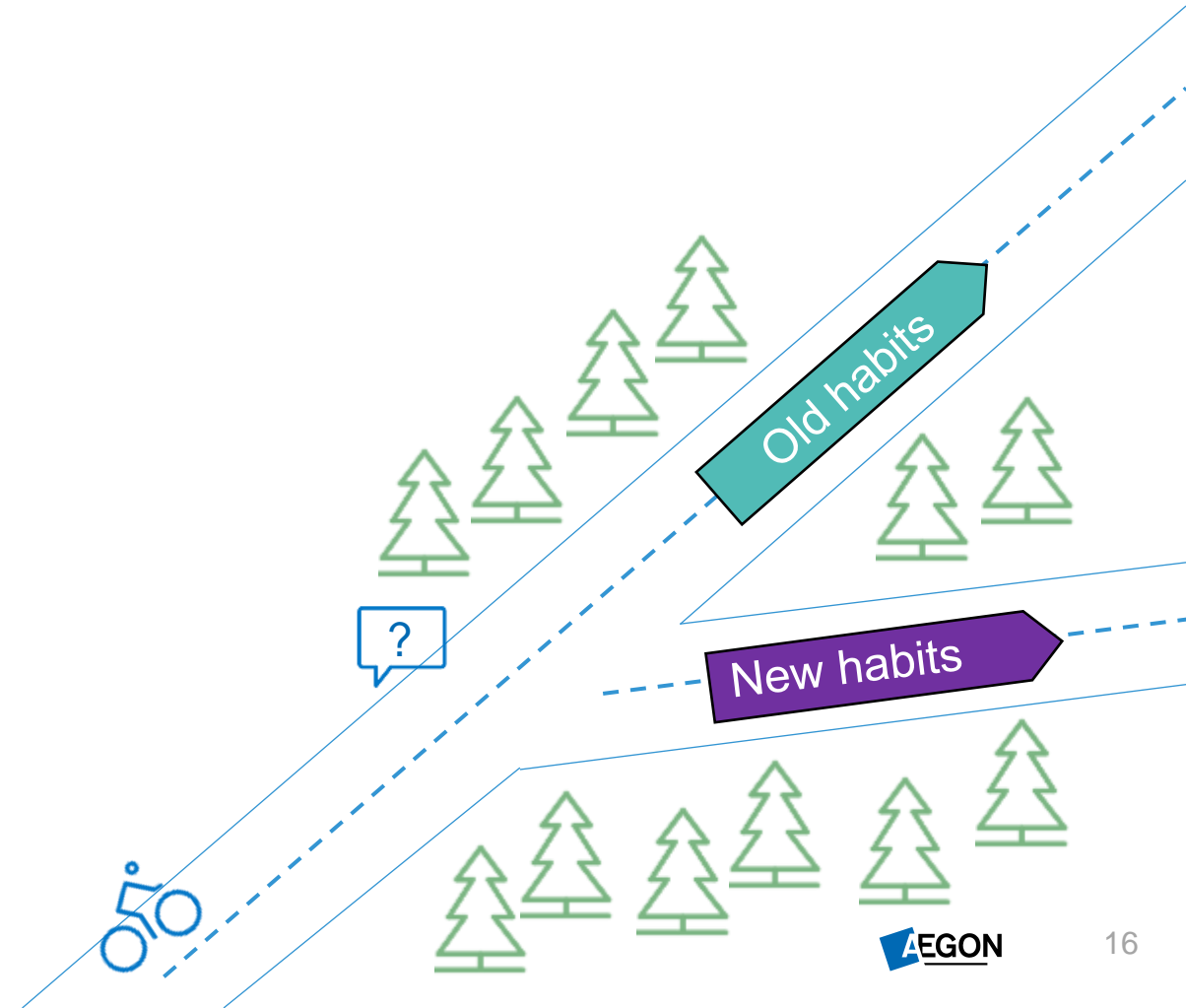
The five fundamentals of a good Second 50

Five fundamentals that help shape the many bespoke scenarios available to us all.



Changes impacting lifestyle

1. Technology Integration
2. Remote Work
3. Health and Wellness
4. Sustainability
5. Social Media Influence
6. Urbanization
7. Cultural and Social Changes
8. Travel and Leisure
9. Food Culture
10. Ageing Populations





Second 50 Adviser considerations

Putting clients in touch with their future selves

Creating the picture and then helping fund it

Recognising it's not all about money

Social care funding – the next big foreseeable harm

FCA retirement income advice thematic review

- A sufficiently personalised approach

FCA Consumer Duty

- Avoiding foreseeable harm
- Supporting clients meet their financial objectives

A woman with dark hair pulled back, wearing a blue textured cardigan, is shown in profile from the chest up. She is holding a red ceramic mug with both hands and looking thoughtfully to the right. The background is a blurred indoor setting with warm lighting.

Keeping an eye on Consumer Duty

Consumer Duty



Vulnerable characteristics considered at every stage.

Protected characteristics.

Consumer Principle 12
A firm must act to deliver good outcomes for retail customers

Cross-cutting rules

Firms must:

- Act in good faith
- Avoid causing foreseeable harm
- Enable and support retail customers to pursue their financial objectives

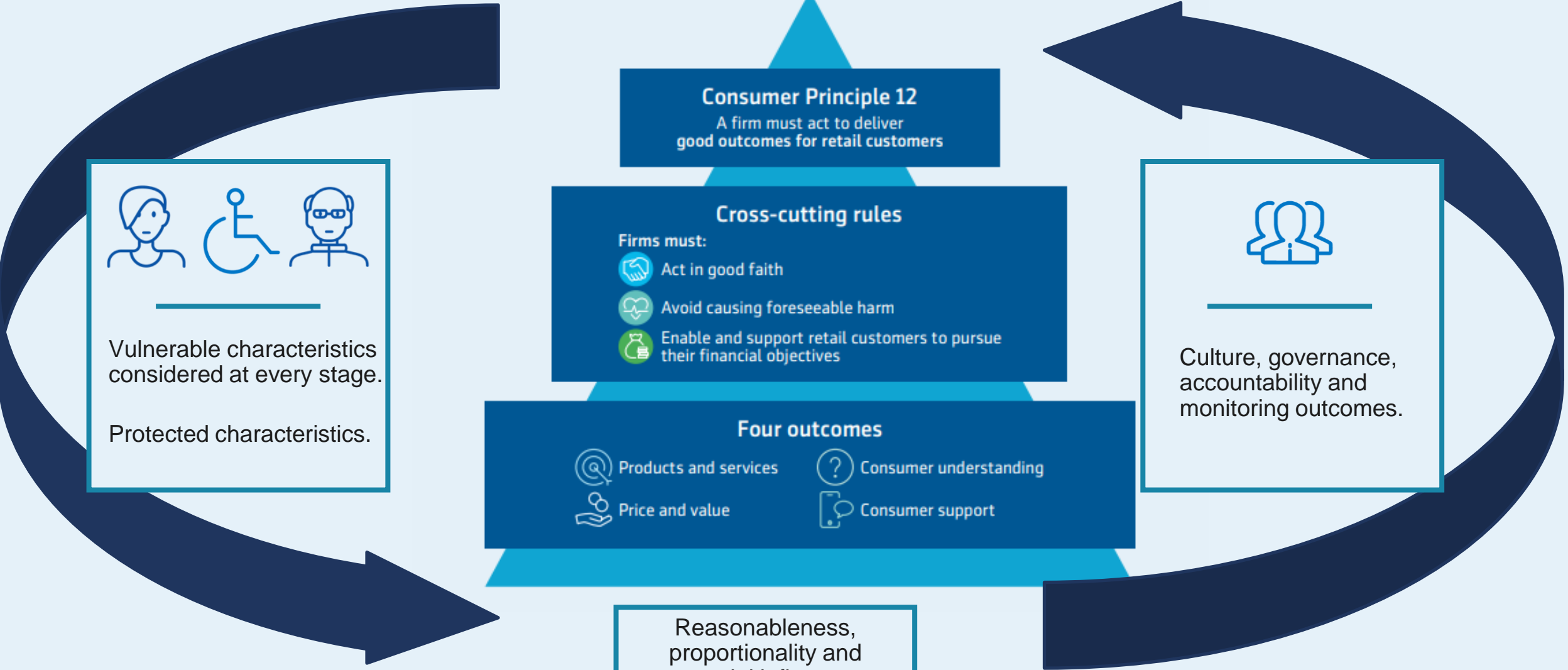
Four outcomes

- Products and services
- Price and value
- Consumer understanding
- Consumer support



Culture, governance, accountability and monitoring outcomes.

Reasonableness, proportionality and material influence.



Consumer Duty – one to watch

Closed Book Review

A closed product is defined as a product: where there are existing contracts with retail customers entered into before July 31 2023; and. which is not marketed or distributed to retail customers (including by way of renewal) on or after July 31 2023 :

Key Considerations :

- Ensure products continue to represent fair price and value under the price value assessment
- Products features and benefits are appropriate to client needs
- Customer engagement (lack of customer engagement may lead to problems such as)
 - customers paying for products they no longer need or want
 - customers paying for products they are no longer eligible for, and
 - customers not being aware of key changes to products over time – this may mean they are not able to use it as expected


	S226	S32	PP/GPP/EPP
Benefit availability?	Policy conditions (or MPA 55) look for penalties / MVR's	GMP / Non-GMP per policy conditions (or MPA 55) look at penalties / MVR's	From MPA 55
PCLS?	25%	25% or Protected PCLS	25% or potential protected PCLS on EPP / buddied transfers
Flexible income options?	Possible but unlikely	Depends on provider, i.e. Aegon offer a wash-through option to drawdown	Yes, in most circumstances – may be an additional transfer
Death benefit flexibility?	May be return of contributions with or without interest	May be return of fund, and or income via spouses GMP / RST benefits	Yes
LSDB?	Estate or trustee's of trust on the policy	May be paid to the estate or trustee's of trust, unless provider has discretionary powers	Uses provider discretionary powers
Other issues...	GAR's, investment choice, transferability of trust	GAR's, GMP, Investment choice	Workplace scheme, partial transfers, integrated drawdown




Takeaways



Learning outcomes

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How can Aegon support you?



Our new user experience



Manage everything in one place

All services accessible from a central dashboard - so users can access all key processes quickly and easily.



A modern digital experience

A digital experience that works on any device.



Fully tested

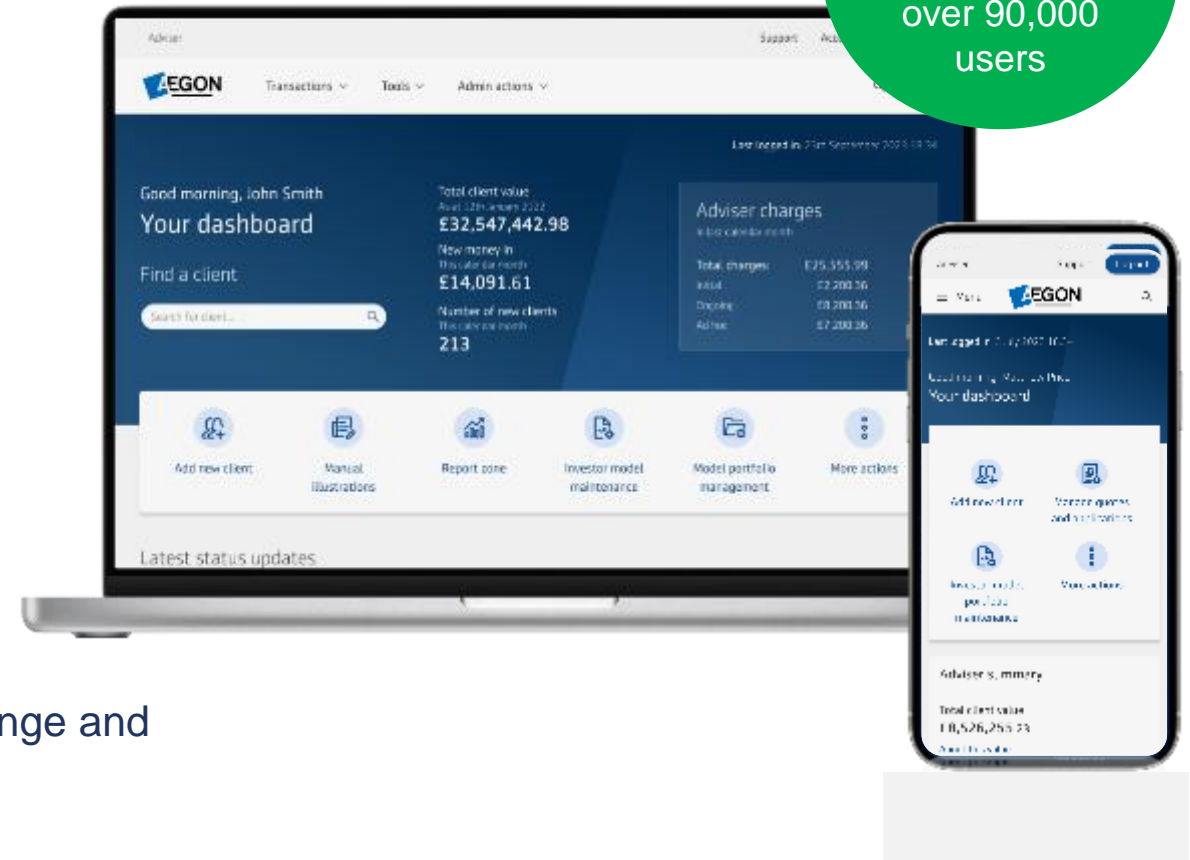
Robust testing and research to make sure it gets you and your client's seal of approval.



Faster delivery

Built on new technology, meaning we can adapt to change and feedback much faster.

We've successfully transitioned over 90,000 users

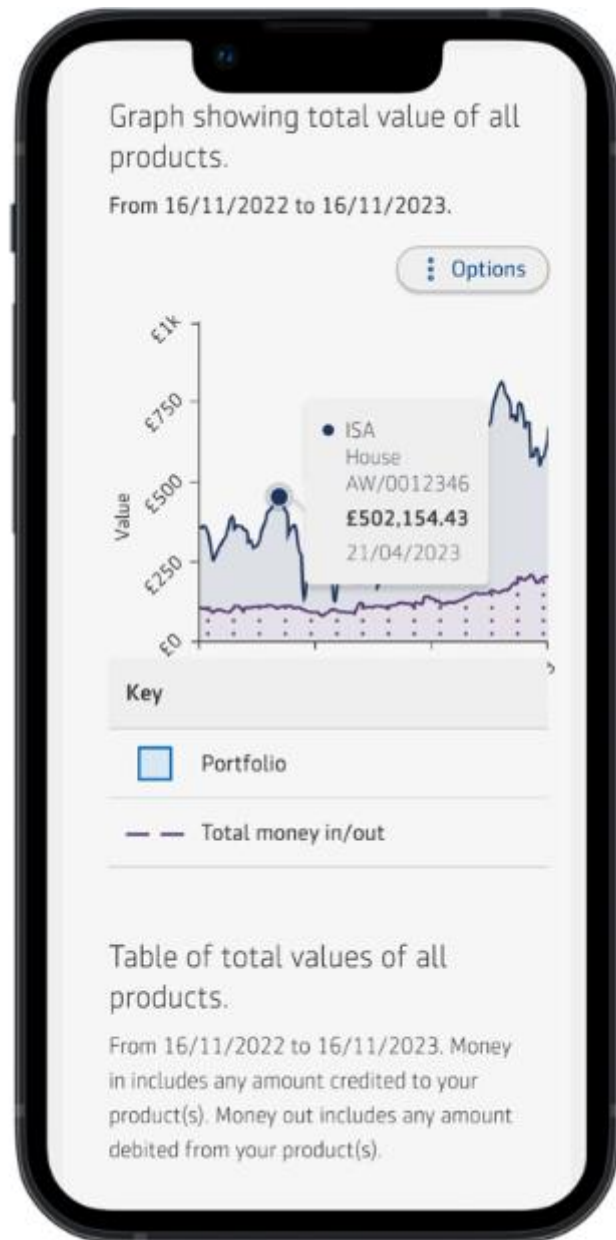


Product reporting tool

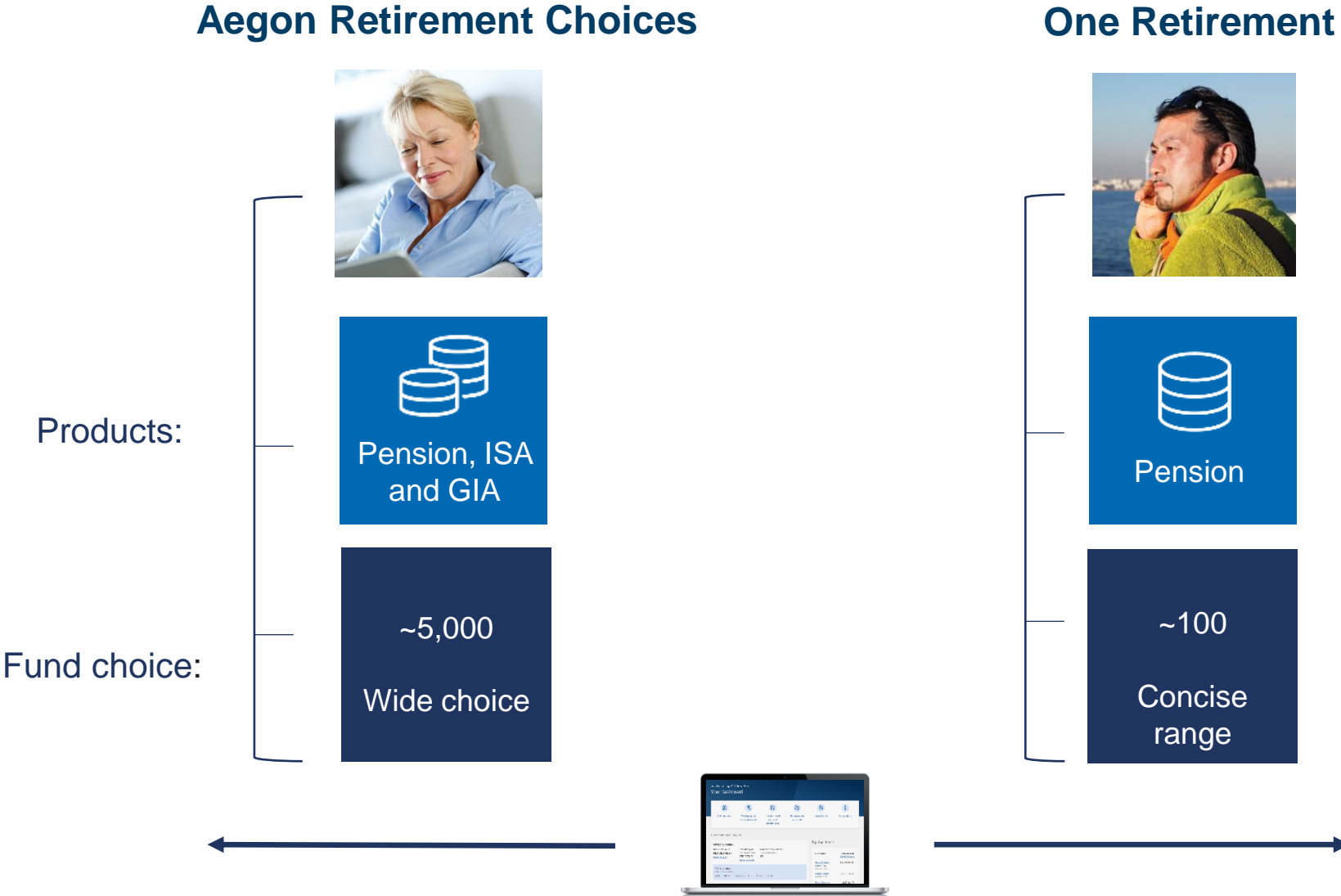
We've further enhanced the new user experience to make it even easier to tailor conversations with your clients about their account.

From your dashboard, you'll be able to view and download a valuation and performance of your client's portfolio for a selected date range. Features include:

- Customisable date range and product selection
- Graphical representation of the valuation and performance of your client's account
- Client access



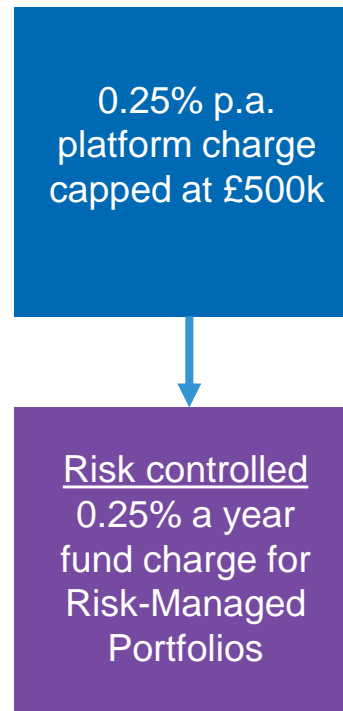
One platform that adapts to meet different needs ...



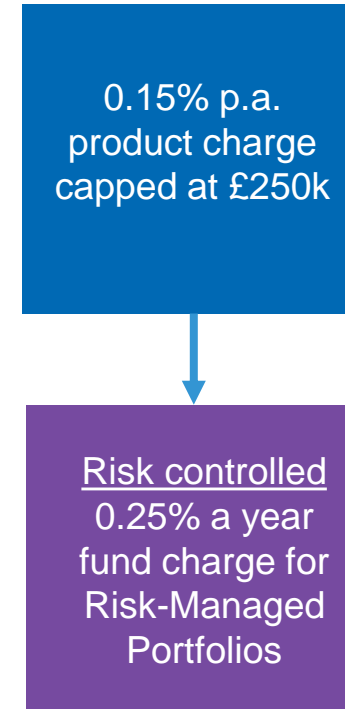
As at December 2023.

SimplyBiz terms

Aegon Retirement Choices



One Retirement



The Aegon Risk-Managed Portfolios

A simpler way to invest

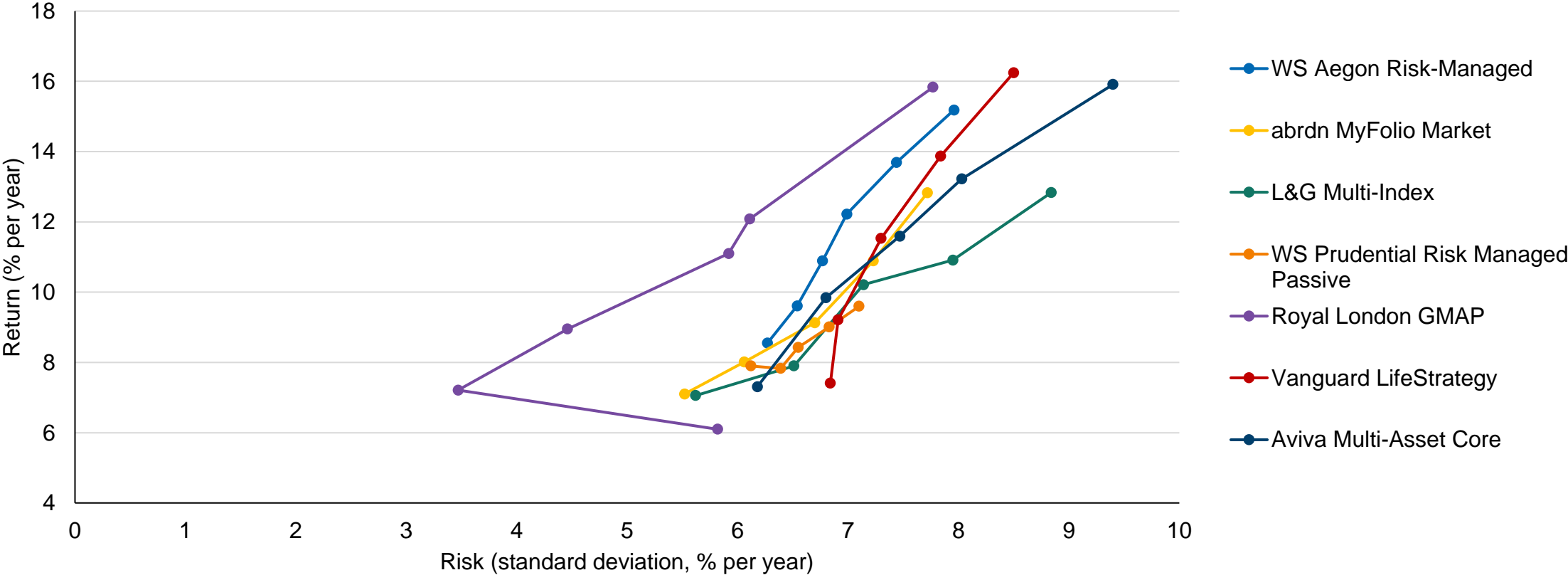
- Designed to grow long-term savings while aligned to client risk appetite
- OEIC structure – available in a pension, ISA or GIA
- Able to select the best providers to meet the mandate
- Asset allocation built in conjunction with Aon
- Passive BlackRock component funds to keep costs low
- Robust risk management process
- Rigorous governance, underpinned by our Funds Promise
- 0.25% fixed ongoing charges figure (OCF)



As at May 2024. There's no guarantee funds will meet their objectives. The value of investments may fall as well as rise and your clients may get back less than they invest. Please see the fund factsheets for further detail and fund specific risks. Aegon reserves the right to vary fund charges in the future. Asset allocation input provider and underlying fund managers can change.

Risk-Managed performance

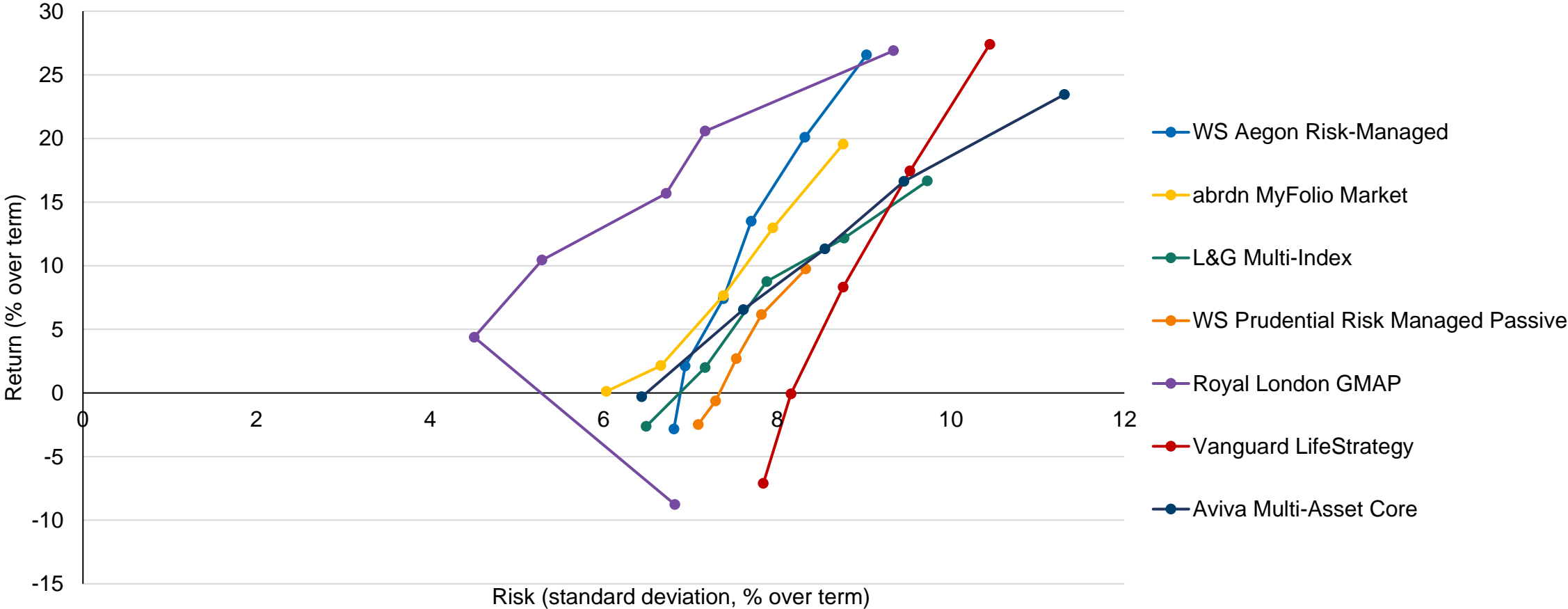
Performance versus risk (one year to 31 July 2024)



Past performance isn't a reliable guide to future returns. Capital at risk. Source: FE Fund Info, figures in £s on a bid-to-bid basis, net of fund charges with gross income reinvested, as at 31 July 2024. Fund charges are: Aegon 0.25%, abrdn 0.26% - 0.30%, Aviva 0.30%, L&G 0.24%, Prudential 0.51% - 0.56%, Royal London 0.60%, Vanguard 0.22%.

Risk-Managed performance

Performance versus risk (three years to 31 July 2024)



Past performance isn't a reliable guide to future returns. Capital at risk. Source: FE Fund Info, figures in £s on a bid-to-bid basis, net of fund charges with gross income reinvested, as at 31 July 2024. Fund charges are: Aegon 0.25%, abrdn 0.26% - 0.30%, Aviva 0.30%, L&G 0.24%, Prudential 0.51% - 0.56%, Royal London 0.60%, Vanguard 0.22%.

What's next...

Please speak to our adviser solutions team 03456 100083 or advisersolutions@aegon.co.uk



Gemma



Kenny



Kathy

Further information on SimplyBiz portal [AEGON - Product NewsHub](#)

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