



For financial advisers only

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

**Presenter name in Arial bold in 16pt**

City, Country, Date, Year in Arial 16pt



# Learning objectives

- 1 To analyse and identify advice challenges, and opportunities presented through current retirement trends from an adviser and client perspective.
- 2 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.
- 3 Remind around key aspects of legacy contracts and impacts they could have on retiring clients.

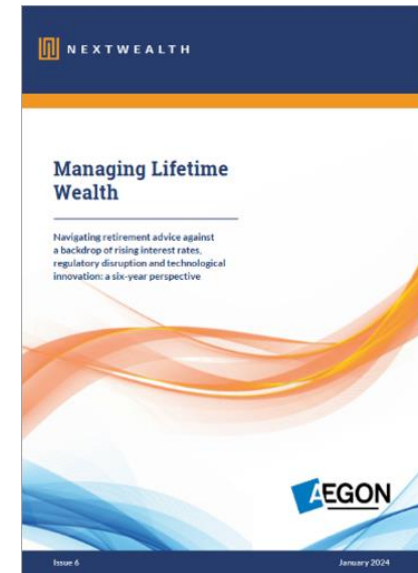
# Managing Lifetime Wealth report



# Managing Lifetime Wealth report

## 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

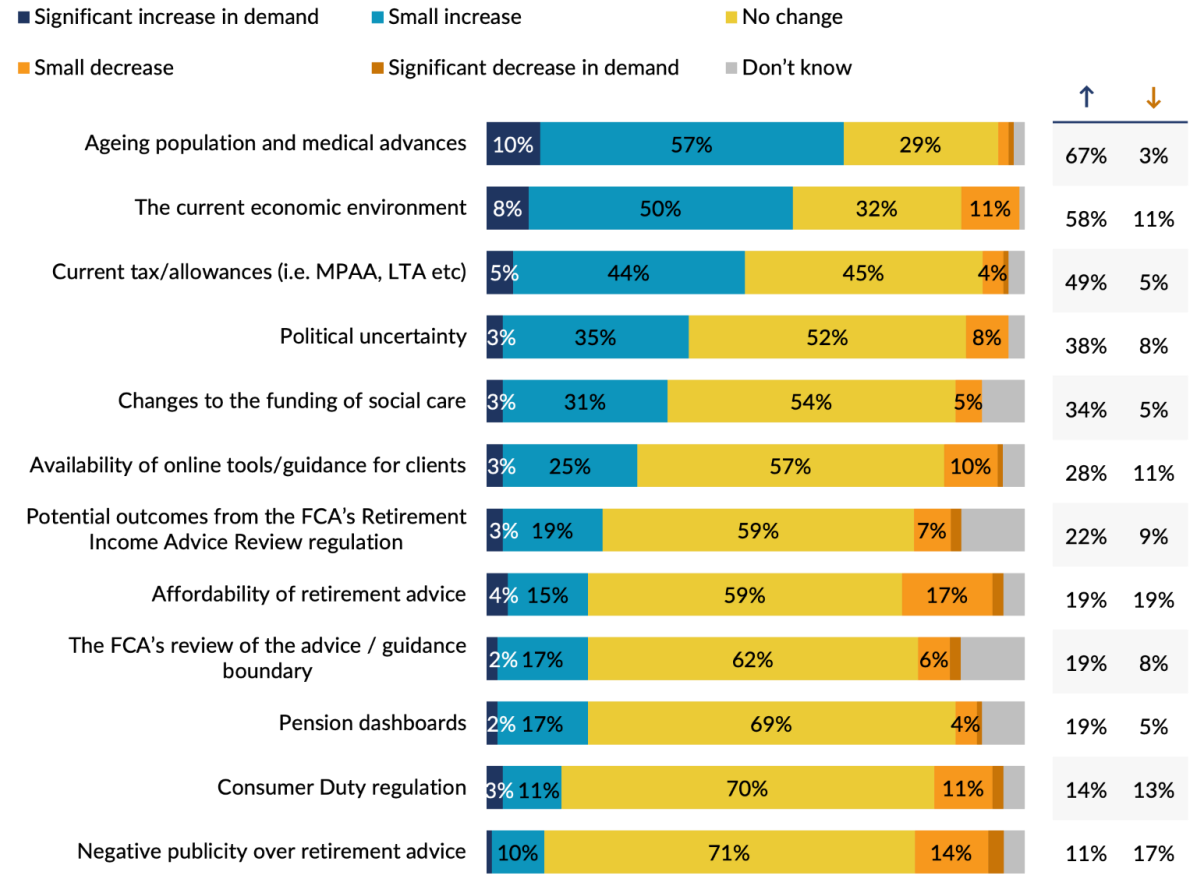




# Drivers of demand for retirement advice

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.**

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

## Biggest concerns facing the retirement industry

### Next two years

- Market challenges
- Regulatory influence
- Political instability

### Three and five years

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

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

## Retirement advice and Consumer Duty

- ④ **42% of advisers are very confident in their ability to demonstrate value for money and a further 52% are somewhat confident.**
- ④ **Inflation reducing spending power during retirement was the top anticipated foreseeable harm facing clients in retirement according to 57% of advisers.**
- ④ **Advisers said that about 1 in 6 of their retirement clients are vulnerable.**
- ④ **Just over half (54%) of advisers segment their client base with a further 10% saying they expect to start this in 2024.**

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

## Client objectives and concerns

### 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%)

### Client concerns

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

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.

# 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)



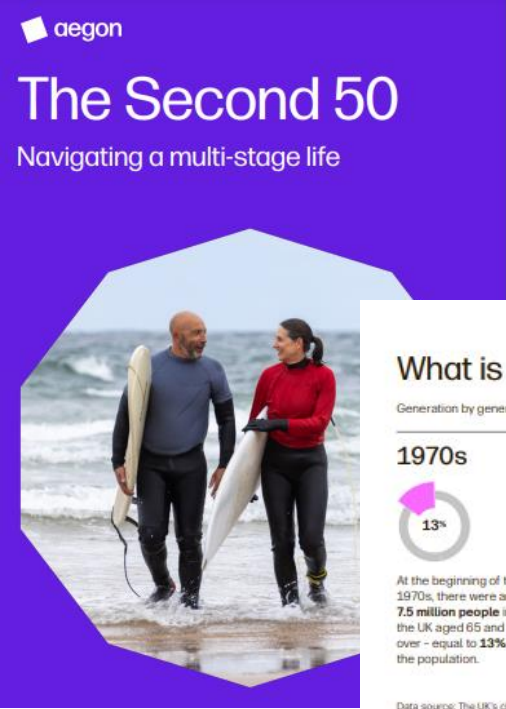


Introducing our  
Second 50  
research and how  
to help your clients  
prepare



# 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?



**aegon**  
**The Second 50**  
Navigating a multi-stage life

### What is the Second 50?

Generation by generation, on average, we're living longer.<sup>1</sup>

1970s	2020s	2070s
 13%	 19%	 27%
At the beginning of the 1970s, there were around <b>7.5 million people</b> in the UK aged 65 and over - equal to <b>13%</b> of the population.	In 2022, there were <b>12.7 million people</b> in the UK aged 65 and over - equal to <b>19%</b> of the population.	But, according to official population projections, there could be <b>22.1 million people</b> in the UK aged 65 and over - equal to <b>27%</b> of the population - by the year 2072.

Data source: The UK's changing population. House of Commons Library, published July 2024.<sup>1</sup>

This is due to many factors, including improved healthcare, advances in medicine, and overall improvements in living standards. As a result, most of us will hopefully live longer and healthier lives than previous generations.

Set against the growing likelihood of a 100-year life, the Second 50 represents a unique phase of modern living, markedly different to the prospects our parents and grandparents had when they reached age 50. In a rapidly changing world, people over 50 may find themselves living through many new circumstances and situations at various times and in different orders.





This is uncharted territory. We can't simply look to what's gone before to know how to navigate this new period. We need to be prepared for the new possibilities it brings, and embrace the opportunities that open up as we live exciting and varied multi-stage lives.







# Transitioning into retirement

A closer look behind the picture

## Plans on approaching retirement age

	Change way of work until retiring	40%
	Change way of work and continue	14%
	Continue to work as I am today	8%
	I will stop working and enter full retirement	28%

## The motivations

	Want to keep brain active	50%
	Enjoy working	42%
	Haven't saved enough	23%
	Anxiety over retirement income and savings	12%



# The transition to a multi-stage life

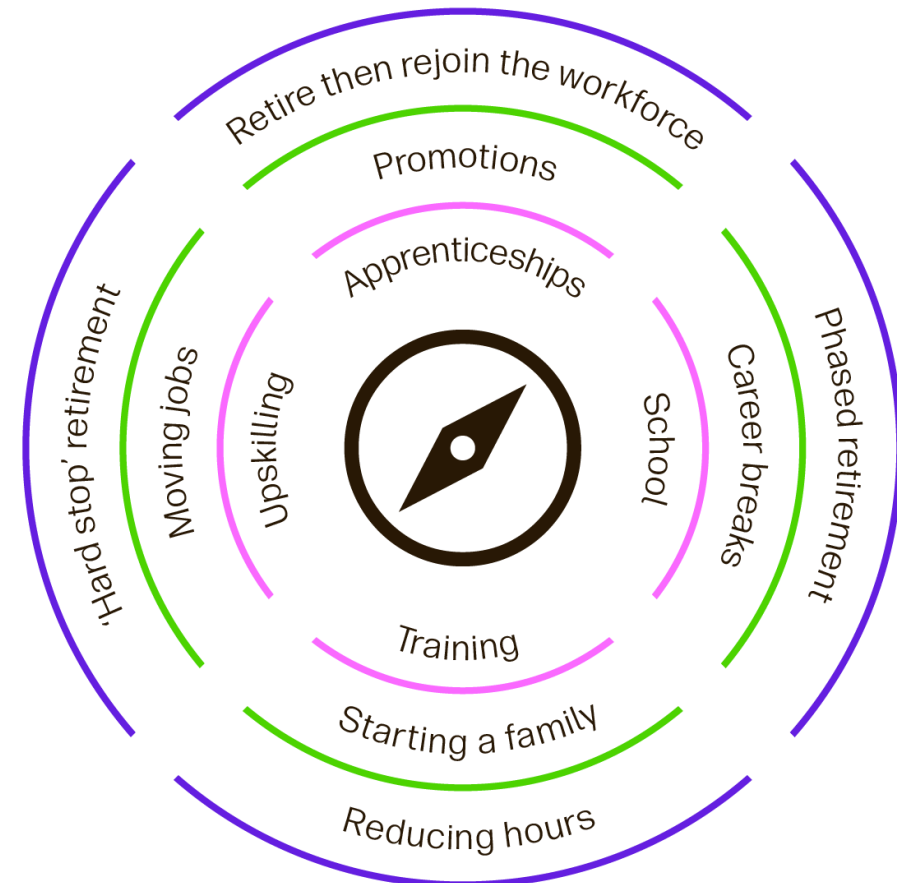
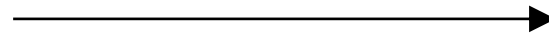
Traditional three stage life where people tended to follow a linear path starting with education, then work and retirement.

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

 **Education**

 **Work**

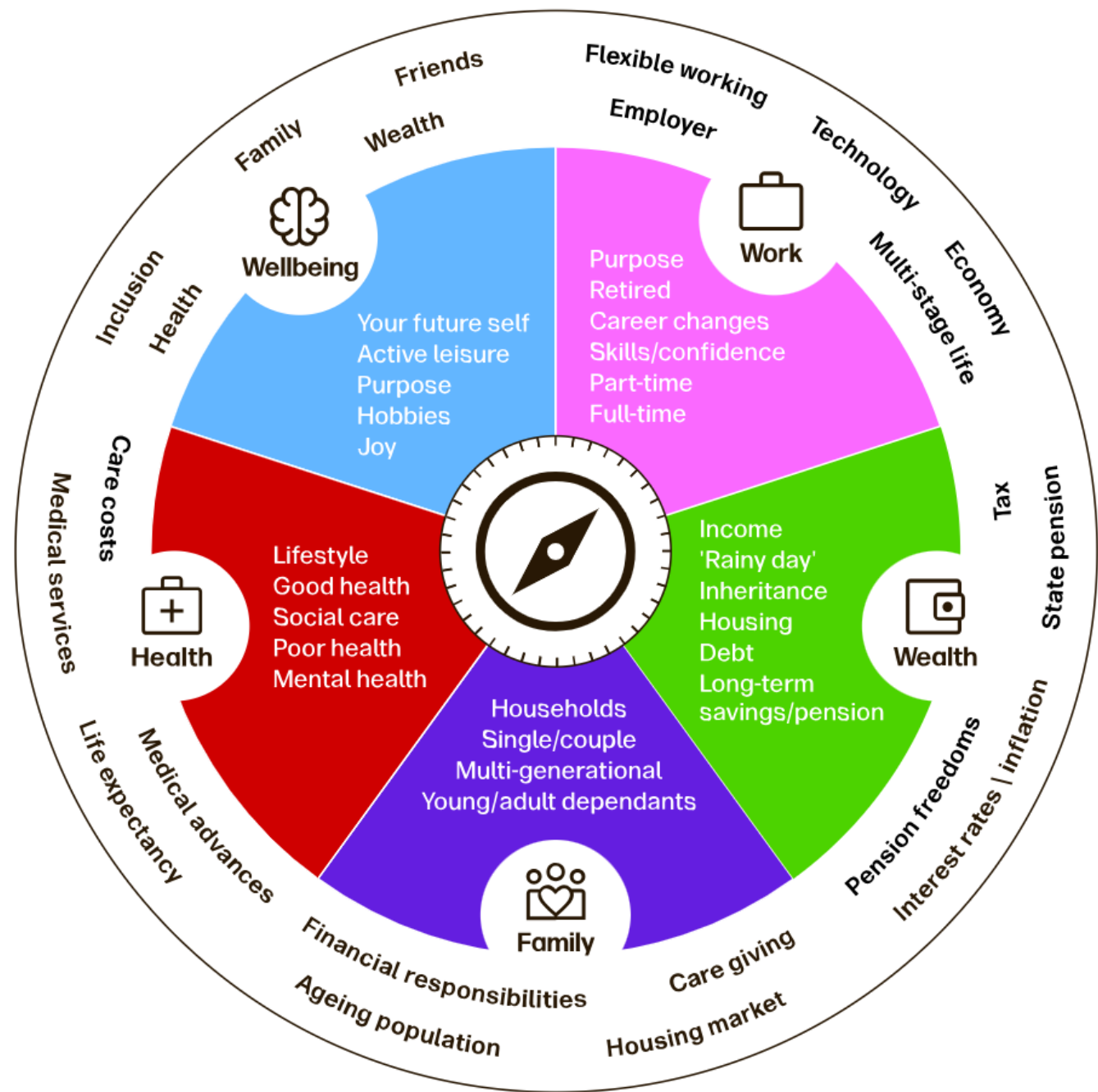
 **Retirement**





# The fundamentals of a good Second 50

We took the findings from our Second 50 research and identified five fundamental areas your clients will need to navigate and help shape their second 50 years of life.



# 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

FCA Consumer Duty

- A sufficiently personalised approach


- Avoiding foreseeable harm
- Supporting clients meet their financial objectives



# Keeping an eye on Consumer Duty

# Consumer Duty

## Consumer Principle 12

 A firm must act to deliver good outcomes for retail customers

### Cross cutting rules

A firm must:

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

### Four outcomes

 Products and services

 Consumer understanding

 Price and value

 Consumer support



### Consider at every stage

Vulnerable characteristics, culture, governance, accountability and monitoring outcomes



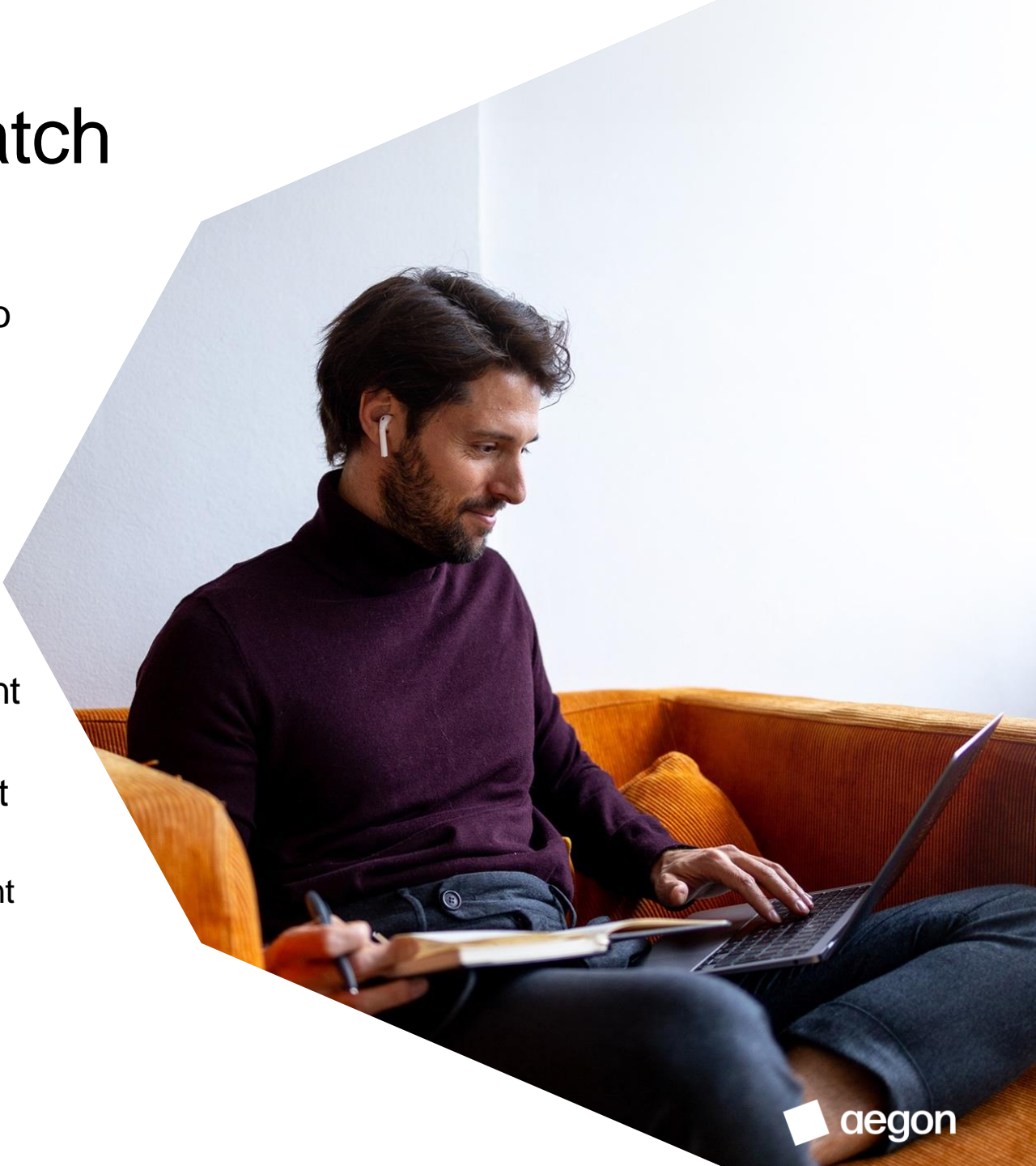
# Consumer Duty – one to watch

## 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
<b>Benefit availability?</b>	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
<b>PCLS?</b>	25%	25% or Protected PCLS	25% or potential protected PCLS on EPP / buddied transfers
<b>Flexible income options?</b>	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
<b>Death benefit flexibility?</b>	May be return of contributions with or without interest	May be return of fund, and or income via spouses GMP / RST benefits	Yes
<b>LSDB?</b>	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
<b>Other issues...</b>	GAR's, investment choice, transferability of trust	GAR's, GMP, Investment choice	Workplace scheme, partial transfers, integrated drawdown

# Takeaways



# Learning objectives

- 1 To analyse and identify advice challenges, and opportunities presented through current retirement trends from an adviser & client perspective.
- 2 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.
- 3 Remind around key aspects of legacy contracts and impacts they could have on retiring clients.



How can Aegon  
support you?

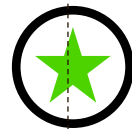
# Our key priorities for 2025

In addition to these we'll deliver a range of smaller enhancements

2024

2025

## Brand new features



Offshore bond partners



Product reporting: new features



Onshore bond partner



Improving money out and income reliability



Junior SIPP



Bulk transfer illustration automation



ETF fractional trading



Pension transfer enablers



Multiple models in one product

## Adding features to ARC that are already on the Aegon Platform



Enhanced charging flexibility



GIA to ISA transfer



Junior ISA

## Delivering in 2024

## Next focus areas

### Core platform experience

- ✓ Company and trustee access
- ✓ Dashboard improvements
- ✓ ARC and Aegon Platform single sign-on
- ✓ Product summary enhancements
- Online nomination of beneficiaries
- Outsourced paraplanner single sign-on
- Consolidator single sign-on
- Extension of MFA options
- Adviser dashboard improvements
- Backdated valuation PDF report
- Improved illustrations
- Mobile app

### Money in and money movement

- ✓ Flexible ISA
- ✓ GIA to GIA transfer process
- ✓ Switch application summary document
- Proportionate switch
- Ad hoc rebalance (non-models)
- Regular contribution enhancements
- ★ Enhanced charging flexibility
- ★ GIA to ISA transfer
- ★ Junior ISA
- ★ Junior SIPP
- ★ Pension transfer enablers

### Money out

- ✓ Improved expectation setting
- ✓ Improving pension income reliability
- One-off ISA and GIA withdrawal
- ★ Improving money out and income reliability
- UFPLS online experience
- Improving core drawdown experiences

### Reporting, tooling and MI


- ✓ Product reporting: adviser tool
- ✓ Product reporting: client access
- Product reporting: Additional data
- Customer wrapper opening
- ★ Product reporting: new features
- ★ ETF Fractional trading
- Report Zone new experience
- ★ Bulk transfer illustration automation
- ★ Multiple models in one product

### Adviser and partner integration


- Onboarding bulk transactions with IRESS and Intelliflo
- Improve capacity of bulk data feeds
- Documents feed API
- ★ Offshore bond partners
- Open API trading (selected journeys)
- ★ Onshore bond partner




# Our new user experience

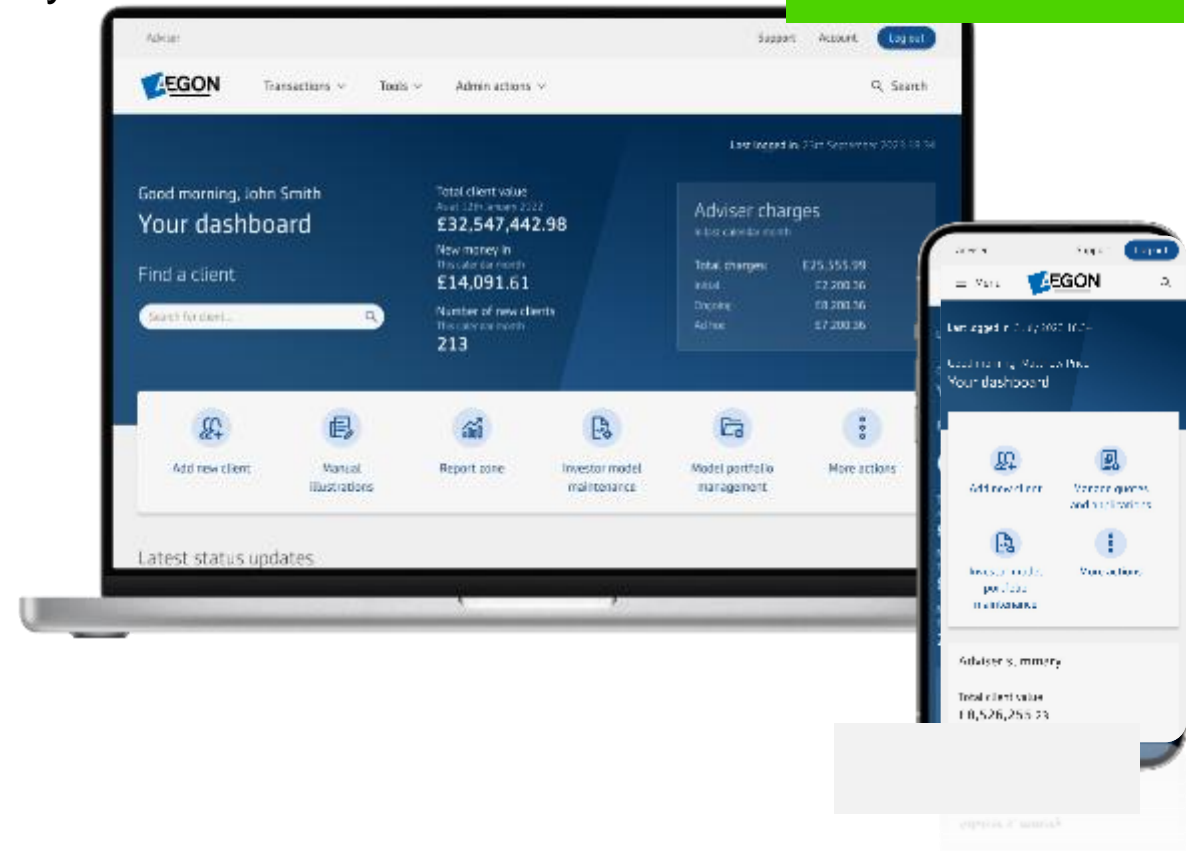
 **Manage everything in one place**  
All services accessible from a central dashboard - so users can access all key processes quickly and easily.

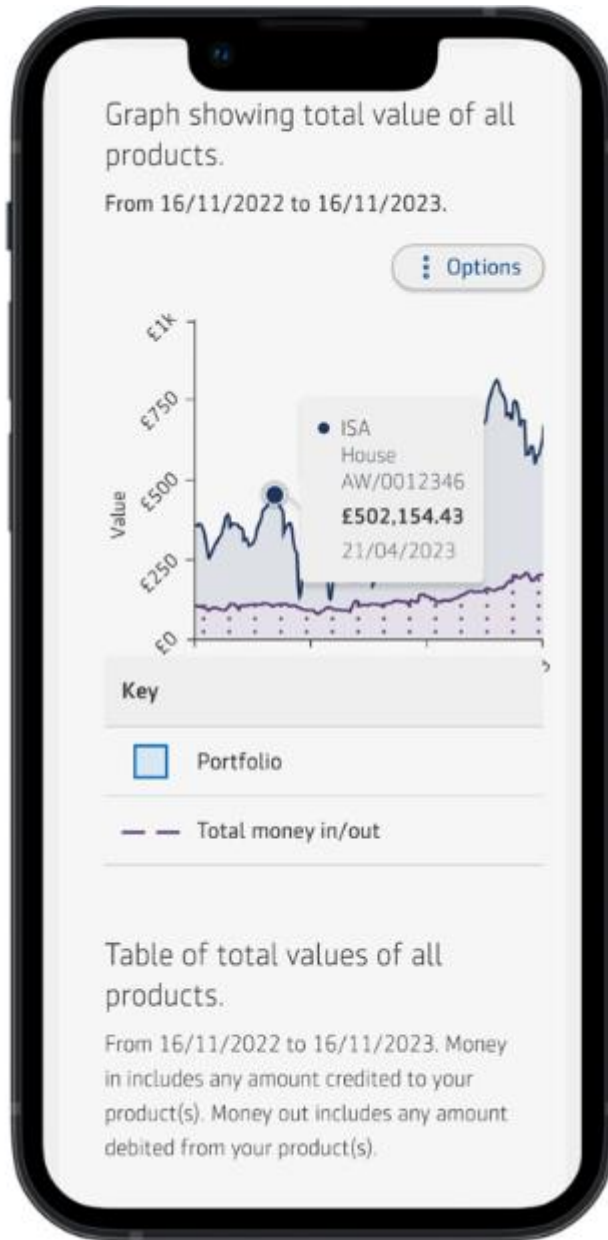
 **A modern digital experience**  
A digital experience that works on any device.

 **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

**Aegon Retirement Choices**

**One Retirement**

Products:



Pension, ISA  
and GIA



Pension

Fund choice:

~5,000

Wide choice

~100

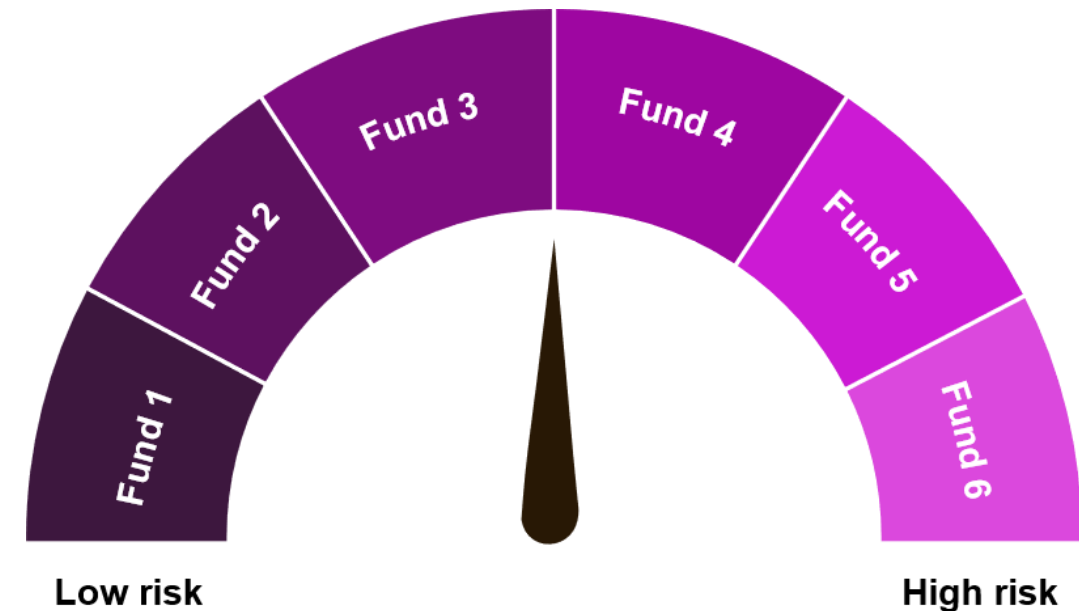
Concise  
range



# The Aegon Risk-Managed Portfolios

A simpler way to invest

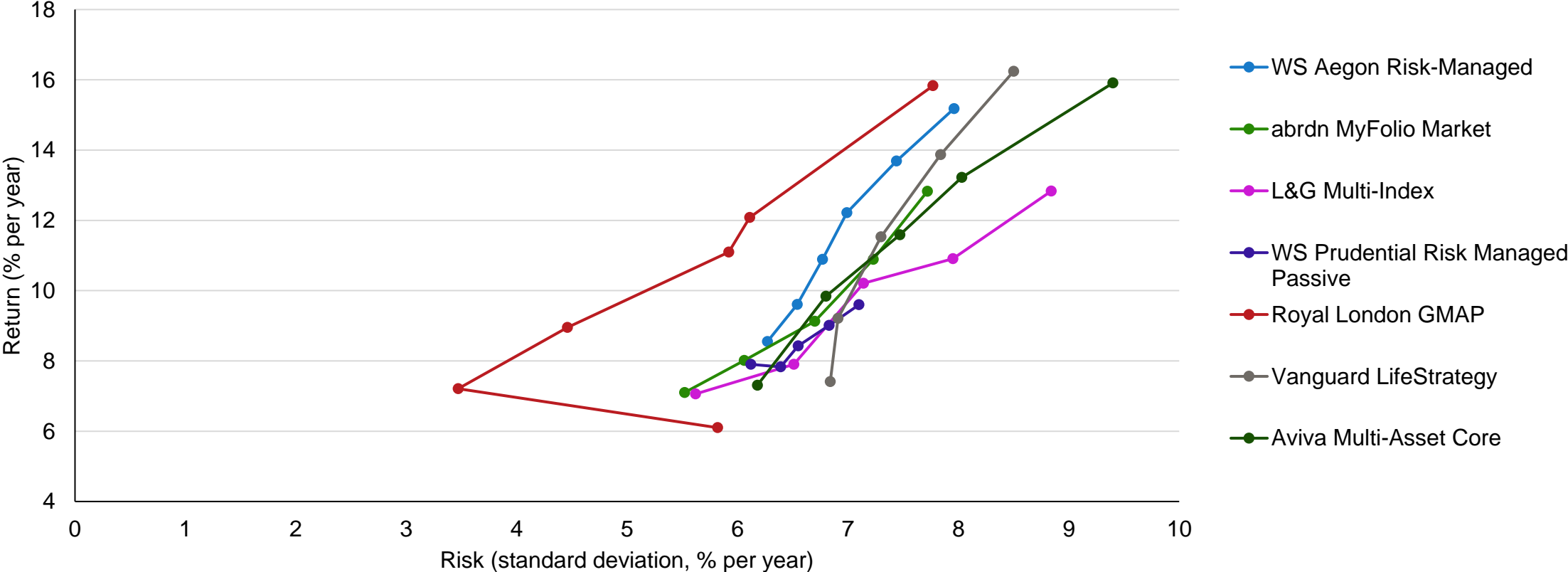
- Designed to grow long-term savings while maintaining risk level
- OEIC structure – available in a pension, ISA or GIA
- Able to select the best providers to meet the mandate
- Asset allocation built in conjunction with AON
- Passive BlackRock components to keep costs low
- Rigorous governance, underpinned by our Funds Promise
- Risk ratings from Dynamic Planner, Defaqto, FinaMetrica, Synaptic and EValue
- 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)



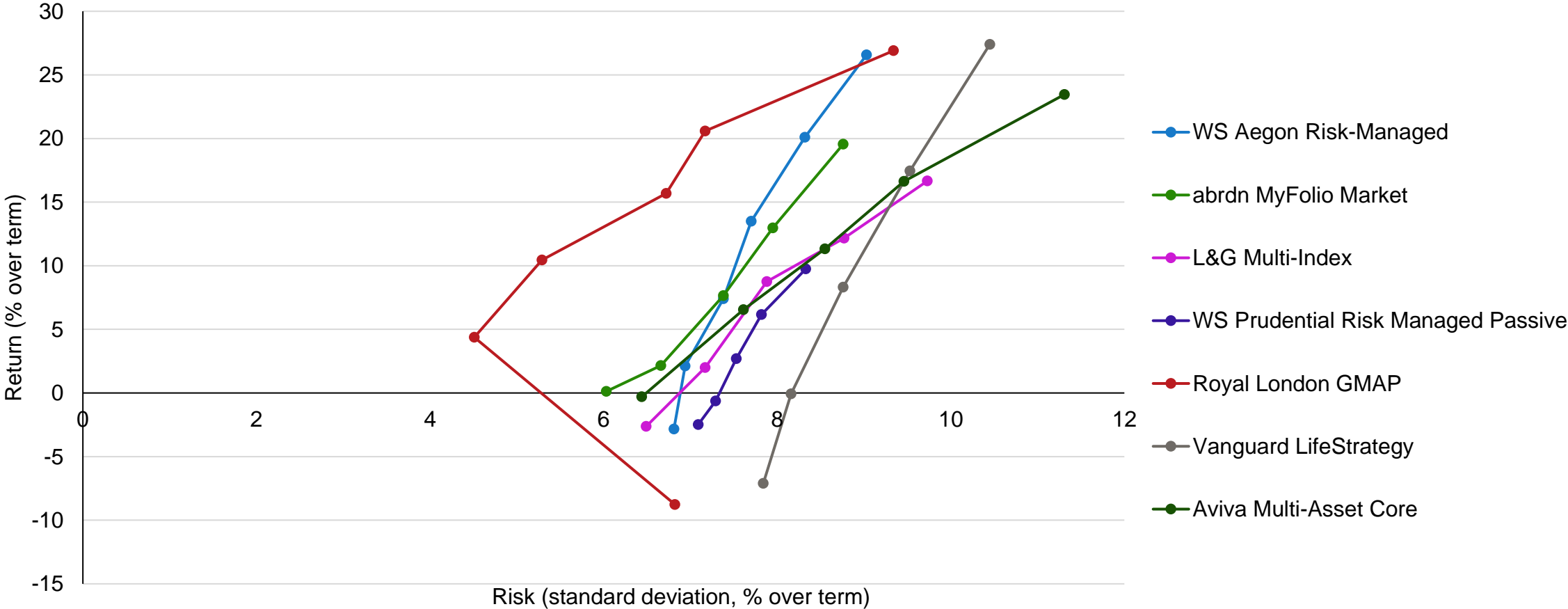
Past performance isn't a reliable guide to future returns. Capital at risk. Source: FE Fund Info, figures in £s on a bid-to-bid basis, net of fund charges with gross income reinvested, as at 31 July 2024. Fund charges are: Aegon 0.25%, abrdn 0.26% - 0.30%, Aviva 0.30%, L&G 0.24%, Prudential 0.51% - 0.56%,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





# Thank you

Any questions?

Keep up to date with the latest industry changes at  
[aegon.co.uk/navigating-change](https://aegon.co.uk/navigating-change)

[aegon.co.uk](https://aegon.co.uk)    [@aegonuk](https://twitter.com/aegonuk)    [Aegon UK](https://www.linkedin.com/company/aegon-uk)

Aegon UK plc, registered office: Level 26, The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AB. Registered in England and Wales (No. 03679296). © 2024 Aegon UK plc

RTL400193 10/24

