



Open Market Option still not working.

The FSA (Financial Services Authority) has issued a warning to life insurance companies that open market option (OMO) communication needs to improve after evidence showed 40pc of material failed to meet the regulatory standards.

At retirement everyone with a pension has the option to 'shop around' for the company that will pay them the best income in retirement (annuity). However evidence is showing that over 60% of people at retirement still take their income from the company they have saved with.

The FSA has stated that it was disappointed with the results of a recent review looking into the quality and clarity of the 'wake-up' material sent to consumers prior to their decision to purchase an annuity. The findings show that companies failed to highlight the importance of exercising this right and that it would ultimately be of detriment to the consumer. The FSA stated that a significant number of firms had much work to do to meet the December 2008 Treating Customers Fairly deadline.

This interim report is a real wake up call for all those involved in the retirement industry. The use of the open market option is fundamental to the FSA's principles of TCF.

Customers should be given simple, clear and unequivocal information about how they can shop around for the best annuity rate in addition to having their health taken into consideration. Disappointingly, there is continued evidence that customers are not being made aware of this aspect in the information their pension providers are giving them.

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THE FINANCIAL SERVICES AUTHORITY DOES NOT REGULATE SOME ASPECTS OF TRUST AND TAXATION ADVICE.
YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR OTHER LOAN SECURED UPON IT.
The guidance and advice contained within this article are subject to UK regulatory regime and is therefore primarily targeted at customers based in the UK.

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ARK Financial Planning Limited - Independent Financial Advisers.
18-20 Stamford Street, Stalybridge, Cheshire, SK15 1JZ.
Tel: 0161 303 9977, Fax: 0161 303 8499, E-Mail: answers@arkfp.co.uk.
Registered in England: No. 4975240.
Registered Office: 14 Warrington Street, Ashton-under-Lyne, OL6 6AS.