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# New rule for pension providers will see people over 55 urged to get advice before withdrawing any savings

Many people are left with very little because they did not seek professional advice.

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By **Linda Howard** Money and Consumer Writer  
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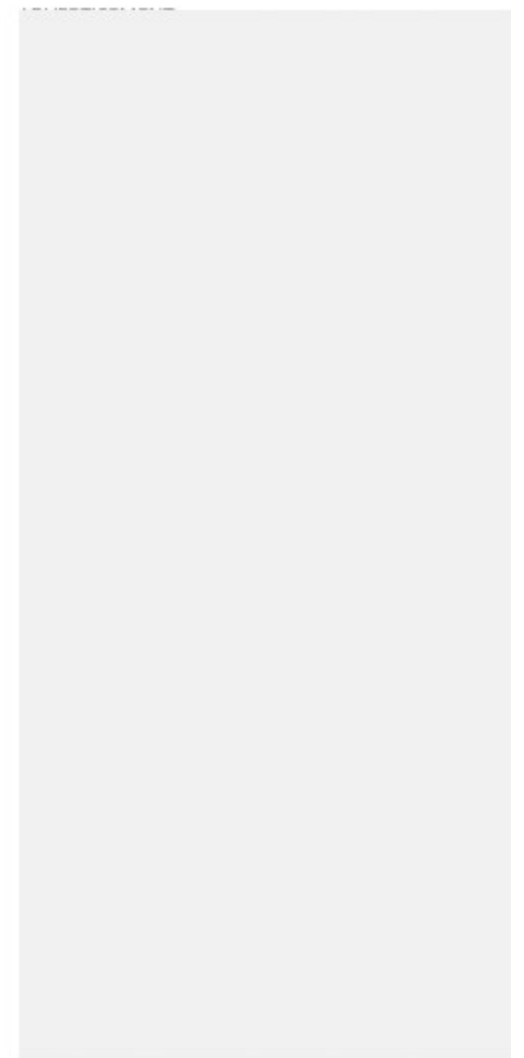
LIFESTYLE



 The new FCA rules could see more people have their money safeguarded for later life (Image: Getty Images)

Pension providers will now have to give customers a stronger nudge towards taking guidance when they decide to **access their savings**.

Under changes brought in this week by the **Financial Conduct Authority** (FCA), providers will be required to refer customers to Pension Wise for free, impartial guidance about pension options. The providers will be asked to explain the purpose of Pension Wise and, in most cases, offer to book an appointment for



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James Jones-Tinsley, self-invested pensions technical specialist at Barnett Waddingham, said: "We could learn our lesson from the success of the Covid vaccine booking system and replicate it for those in their 50s to create a smooth, streamlined appointment process.

"At a time when the cost-of-living crisis is hitting pensioners hard, making the right decisions with your money is vital."

Helen Morrissey, senior pensions and retirement analyst at Hargreaves Lansdown, said: "Getting help and guidance on your retirement options is really important and so any measures helping people access this are welcome.

"Over time the stronger nudge could really boost awareness of retirement options and the need to plan, and will increase awareness of Pension Wise, too."

Helen added: "However, how and when this nudge is delivered is all important in helping people get good outcomes.

"The FCA has opted to go with delivering the nudge when the customer applies to take a retirement income. The rules don't preclude delivering the nudge earlier but by setting the minimum at point of access, there's a chance that this is what many providers will opt for.



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"When Hargreaves Lansdown participated in the behavioural trials with the Money and Pension Service it was found the earlier the nudge came in the process, the more likely the person was to take up the appointment."

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Baroness Ros Altmann, a former pensions minister, said: "Pension Wise was started by the UK Government and offers free, impartial information and discussions to explain the options and risks of pensions.





"Staff are trained to an extremely high standard and the service consistently receives customer satisfaction ratings over 90%.

"Unfortunately, though, around nine out of 10 people who withdraw pension money do not use Pension Wise at all.

"Many end up losing their money to scammers, withdrawing money too soon, paying too much tax or buying unsuitable annuity or drawdown products.

"Not everyone can afford or wants to take paid-for professional advice, which can help them find the best product and explain all their options."

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Baroness Altmann continued: "Ideally, Pension Wise guidance would be most useful around age 50, before money can be taken.

"People need to understand the benefits and risks of starting withdrawals in their 50s or early 60s, while still relatively young, and especially before they even retire.

"They need someone to help them understand all the tax implications of different decisions, how to plan to make the most of their pensions, proper consideration of charges and the range of products or services they can find."



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