

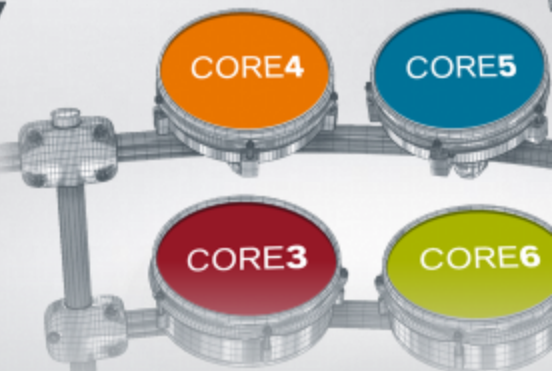
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# Ros Altmann: Govt bodies must promote value of advice

By **Ros Altmann** | 17<sup>th</sup> January 2019 12:25 pm

A vital element of the new Single Financial Guidance Body's role should be helping the public understand the difference between free, impartial guidance and expert, impartial advice, so consumers recognise the value added by professional financial advisers.



The new body merges three old consumer organisations: Pension Wise, the

None of these could give advice on savings or pensions but the public could easily be forgiven for not recognising the nuances.

The RDR has failed to support the value of truly independent advice and may have even added to confusion. Most people still seem to think advice should be free.

In other areas, paying for the skills and expertise of trained professionals is automatically accepted. It always astonishes me that no one would expect an architect to help them design their house extension, or a lawyer to conduct complex conveyancing, for free, but when it comes to financial affairs, people resent paying.

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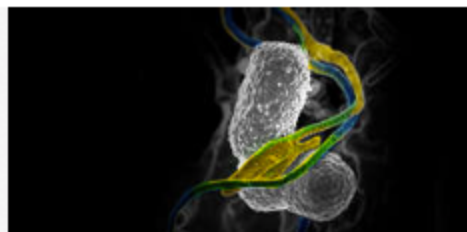
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In this regard, the SFGB's stated purpose raises concerns. It lists five core functions: strategy, consumer protection, pensions guidance, money guidance and debt "advice".

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I tried unsuccessfully to change the latter to debt "counselling" or "guidance" but the term is apparently so embedded in charities and other bodies like the Citizens Advice Bureau that there was resistance to amending it. Such muddled thinking risks prolonging confusion. Indeed, the public are told this is a holistic service but, in the era of auto-enrolment, it cannot tell someone with large debts whether to opt out of their employer's pension scheme.

An excellent team has been selected to head up the new guidance body. With Sir Hector Sants as chairman, John Govett as chief executive and Helen John as chief financial officer, I am hoping for great things. In particular, I hope they will not waste this golden opportunity to clarify the value of advice for consumers. Other concerns I have around the SFGB include the fact it is supposed to launch a non-commercial pensions dashboard this year.

This will be valuable but I fear it may use up much of its resources. The bad data problems must be addressed before a properly functioning dashboard can work reliably. I hope the SFGB leadership will raise this issue with regulators.

Another important change I would like to see is for the guidance body to be the first port of call for anyone thinking about taking money out of or transferring their pension. Added to the cold-calling ban, this would help better-protect consumers against scams.

Seeking guidance before engaging with their provider about possible options for their pensions can help people make better decisions, avoid expensive products and costly tax charges, and to realise why they should consider paying for independent expert advice.

**Ros Altmann is former pensions minister**

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