Will the new Money and Pensions Service help fill the pensions freedom advice gap?

General Features

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The Money and Pensions Service (formerly the Single Financial Guidance Body) is bringing together the Money Advice Service, Pension Wise and The Pensions Advisory Service. Its vision is ‘everyone making the most of their money and pensions’.

In June, LITRG attended one of a series of the Money and Pensions Service’s listening events, and followed up with a written submission, feeding in some hopes and aspirations for the new body and to help shape its strategy.

One of the Money and Pensions Service’s main aims is around raising awareness of financial matters and boosting financial capability. This is very worthwhile; however, we highlighted that it must include taxation and associated matters, particularly in light of the trend towards non-standard work, such as low-paid self-employment, agency and zero hours contract work. All of these types of work can come with complex tax and related benefit considerations that people need to understand and manage.

LITRG’s main recommendation for the new body is that it should play a central role in delivering a pensions freedom ‘advice’ service, as the existing ‘guidance’ model offered through Pension Wise is inadequate. This could help to tackle the problem of people withdrawing their entire pension pots and putting the money in the bank instead – with no specific reason for needing the cash, and triggering potentially avoidable tax charges and benefit withdrawal issues.

We opted to set out this single recommendation, in an attempt to demonstrate the importance we place on it, but we hope our early engagement with the Money and

Pensions Service will be the start of a good working relationship between us.

Should we be invited to input further, it would be useful to understand from members if they have seen any unadvised pension ‘drawdown disasters’. Therefore, please get in touch to share any experiences that you are willing for us to mention to the Money and Pensions Service in anonymised form.