

## CONSUMER DUTY

It is the responsibility of HUB Financial Solutions as a distributor, to distribute only products that represent fair value and only to consumers in the target market of the product with needs that the product addresses.

We have reviewed the published fair value assessments of the manufactured products HUB Financial Solutions distribute, which include a clear statement of target market, product benefits and needs relevant to different consumer groups, to ensure HUB Financial Solutions distributes products to the intended target market(s) and customers with appropriate needs.

## SUMMARY OF THE FINANCIAL PLANNING SERVICE

HUB Financial Solutions provides a range of Financial Planning services:

- Defined Benefit Pension Advice

This service is focused on discussing income/capital needs, specifically in relation to using existing defined benefit pension arrangements, and whether it is advisable to retain assets within the DB scheme or to transfer out into a Defined Contribution (DC) scheme.

- Traditional Financial Planning and Ongoing Advice

This service helps customers achieve a 'Better Later Life' by discussing their income and capital needs, specifically in relation to using:

- Existing defined contribution pension arrangements.
- Crystallised & uncrystallised Personal Pensions
- General Investment Accounts & Individual Savings Accounts

On agreement with the customer, we will arrange for them to receive ongoing advice. We don't advise on other areas of financial planning, for example, life insurance or inheritance planning.

- Care Funding Advice

The service is focused on discussing care funding options and is restricted to providing advice on Immediate Needs Annuities (INA) only. These are a type of insurance policy that provides a regular income for the rest of the customer's life in exchange for an upfront lump sum payment. They are designed to help meet the ongoing costs of care. When the income is paid directly to a registered care provider, it can be paid tax free. They can sometimes be known as:

- Care Funding Plans
- Care Fees Plans
- Immediate Care Plans
- Deferred Care Plans.

## Customer Journey

Customers whether they are referred from our partners or come to us directly will initially be triaged to assess their eligibility for our service. Should a customer be eligible, we will explain how the service works, the steps in the journey and the information that we will require from them.

- A two-appointment advice journey (minimum)
- 1<sup>st</sup> appointment – the adviser will undertake a fact find to understand the customer's current situation, their needs, and objectives to enable the adviser to determine how we can meet their needs. A follow up appointment would be agreed at the end of the first appointment where appropriate.
- 2<sup>nd</sup> appointment – this meeting allows the adviser to present back to the customer their recommendations along with any analysis of needs, illustrations and costs.
- A final Suitability Report, which will present the recommended solutions and how this will meet the customer's specific needs.
- Customer support post application until the accepted recommendations are in place for the customer.

## Benefits:

- The customer benefits from receiving this advice as follows:
  - Expert knowledge around the complexities of their existing schemes, any solutions recommended and the impact on their State Benefits and taxation.
  - A clear understanding of how their existing arrangements work and what they will provide.
  - A clear recommendation as to the most appropriate way to meet their needs, including for Defined Benefit advice, whether they should remain in their scheme or transfer out to meet their retirement income and capital objectives
  - Confidence that we are fully covered by Public Indemnity Insurance (PII) at a time when many distributors have been unable to obtain or afford this cost.
  - A detailed report describing the recommended course of actions with forecasts to demonstrate potential outcomes.
  - Behavioural guidance: Emotions and behavioural biases can often influence financial decision-making, leading to poor outcomes. By providing an objective perspective we can help avoid impulsive or emotionally driven choices.
  - For Defined Benefit Advice we have best practice standards borne out of the FCA DB advice reviews. This includes:
    - Strict regulation to protect poor outcomes for customers
    - A 'starting' position that, for most members, the appropriate outcome will be to stay in the DB scheme
    - A requirement for us to review our advice internally, on a risk-based approach, and be ratified by a Pension Transfer Specialist.
- By not taking advice the customer could:
  - Fall foul of the many scams that exist.
  - Risk failing to understand some of the complexities around retirement planning.
  - Fail to achieve some or all their financial goals/run out of money

- Work longer than they need to
- Make changes to their pension that could have a negative impact on allowances or negatively impact their tax position.
- Commit the entire pension fund to purchasing an annuity and lose the flexibility that flexible access drawdown (FAD) provides.
- Commit the entire pension fund to (FAD) and not have sufficient guaranteed income to meet their regular expenditure.
- Become temporarily vulnerable or experience a toll on their mental wellbeing through anxiety of dealing with complex financial decisions]
- For Defined Benefit Advice in particular, the customer could:
  - Remain in their existing scheme when there could be better alternatives available to them by transferring.
  - Where an enhanced transfer is offered, they could lose this enhancement
- Retire too early and not have enough income to sustain their lifestyle.
- Arrange for a transfer on an 'insistent' basis and make an irreversible transfer that could be to their detriment.

## TARGET MARKET

***We have a clear set of benefits aimed at a clear target market.*** We include customer research, both direct and desktop based, in our proposition design procedure to ensure we are developing services to meet demonstrated customer needs.

The proposition is designed and suitable for clients who:

- Are Retail customers who are approaching, at or in retirement, and require professional advice from suitably qualified advisers.
- Typically, they will be aged within 6 months of 55 or older and UK resident.
- Customers of any age can be advised but we are unlikely to actively market to this age group.
- Have established the need for advice or have complex financial planning issues.
- For Defined Benefit Advice, they will typically have pension assets of £30k+ in line with the regulatory requirement to take professional advice at this level.
- Are looking to safeguard against the risk of running out of money and having to rely solely on the state
- Want to protect their capital and preserve their legacy.

This proposition is unlikely to be suitable for clients who:

- Have no Pension or non-Pension Investment assets
- Wish to transact as an insistent customer
- Are unwilling or unable to pay for advice
- Are non-UK resident or moving overseas within 12 months
- Wish to invest in specialist investment vehicles
- Wish to purchase directly held shares

On-going monitoring of the target market will be performed through the Proposition Lifecycle Management process and Conduct Risk forums

### **Eligibility criteria**

To prevent service to customers for whom such advice would be unsuitable, we have clear eligibility criteria. These criteria are:

- **Defined Benefit Advice**
  - The customer must be at an age where they can take benefits from the scheme, or
  - The customer must be looking to retire/take benefits from their pension scheme in the near future.
  - The customer should not be an active member of the scheme – i.e., continuing to fund/remain a member of the scheme.
- **Financial Planning and Ongoing Advice**
  - It is available to anyone who requires Financial Planning Advice on:
    - Saving for retirement (accumulation)
    - Meeting income/lump sum needs in retirement (Decumulation)
    - Managing existing Pension and Non-pension investments
- **Care Funding Advice**
  - The customer or representative of them must need residential or domiciliary care.

We do not believe any consumer groups within the target market are inappropriately excluded by the limitations of the product. Our staff are trained in recognising the types of customer vulnerability that may exist in our target market and ensuring that limitations of the product as they relate to individual customers (vulnerable or otherwise) are understood and that these consumer groups have access to the full value offering.

## **DISTRIBUTION STRATEGY**

HUB Financial Solutions provides advice on Financial Planning products from selected manufacturers who provide solutions for customers within our target market.

HUB Financial Solutions partners with lead providers who have access to customers within our target and with appropriate needs.

The Advice services we offer are delivered only through:

Qualified Financial Advisers providing a personal recommendation on an advised basis.

All Advisers, Regional Managers and Training & Competence supervisors dealing with the Financial Planning Advice service must have as a minimum have passed the following CII examinations (or their equivalents) prior to engaging with any customers.

- Diploma level 4 with appropriate ongoing CPD. - Financial Planning and Ongoing advice service
- CII examinations CF1, CF6, and CF8. (or their equivalents) - Care advice service

- Diploma level 4 & AF7 or equivalent (Pension transfer Specialist) with appropriate ongoing CPD -Defined Benefit Advice service

The adviser gathers personal, financial needs and objectives as well as medical information to provide a fully personalised recommendation as to the suitability of the product. This ensures that the solution is relevant and suitable for each customer

**The HUB Financial Solutions distribution strategy combined with the service eligibility criteria provides assurance that only customers within our target markets will receive advice and only customers who will benefit from the product and receive appropriate value will receive a product recommendation.**

## **FAIR VALUE**

HUB Financial Solutions have completed a thorough price, value and profitability review, concluding that the HUB Financial Solutions Financial Planning Advice Services provide our target markets fair value.

We believe our service provides fair value to all groups of customers relative to the profits made by HUB Financial Solutions from these services.

We'll monitor Fair Value as part of our proposition lifecycle management processes. Fair value assessments are undertaken at least annually to ensure that the services HUB Financial Solutions offer perform as expected and remain fair value.