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TOTAL COST OF RETIREMENT INVESTING VARIES SIGNIFICANTLY ACROSS ON- AND OFF-PLATFORM PROVIDERS, FINDS THE LANG CAT

Analysis by financial services consultancy, the lang cat, has found that the collective costs of investing for and in retirement, including adviser, product/platform, wrapper and investment charges, can vary significantly across different providers and investment options. These variations can have a huge impact on the size of the client's pension throughout the lifetime of the plan.

The findings form part of [*To Retirement, and Beyond: The Lifetime Costs of Investing*](#), a new free report into the total cost of retirement investing, sponsored by Scottish Widows. Analysing on- and off-platform pension providers across a range of investment models, the report looks at the options available to advisers and the lifetime cost of investing to different types of clients. It found that total costs for different investment solutions can vary hugely depending on the chosen provider. Even the lowest cost investment scenario saw a disparity of around £14,000 between the highest and lowest total charges throughout the lifetime of the plan, resulting in a gap of nearly £40,000 in the final value of the pension.¹

Steven Nelson, consulting director at the lang cat, commented: "When it comes to investing for and in retirement, our analysis shows that total costs differ enormously and can have a significant impact on the size of a client's pension fund. Although the array of provider charging formats can make due diligence difficult, by selecting the right provider for each client's needs, advisers can add a huge amount of value to the individual's future financial position.

"Obviously costs alone should not form the basis of suitability decisions; quality and breadth of proposition are both crucial elements of the retirement solution. For some clients it may be worth paying more for additional tools, while for others a lower cost solution will be more appropriate. This report gives advisers a starting point to see how total costs compare across several on- and off-platform pension providers, illustrated through 'real life' customer scenarios."

Jackie Leiper, Scottish Widows Distribution Director, said: "Value for money is a key consideration when saving into a pension and one element in determining this is cost. A pension fund may perform well but high costs can quickly erode those returns leaving clients with less money to fund their later life. And those costs are compounded over time. We hope the lang cat's

analysis will be a useful tool in helping advisers to assess the long-term impact of any ongoing and ad hoc charges applied to pensions over the lifetime of a plan.”

-ENDS-

¹ Difference between highest and lowest total charges and total fund value in the Low Cost Sustainability scenario, page 14.

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Notes to editors:

the lang cat is Leith's leading (probably) specialist financial services consultancy. The lang cat works with financial advisers and providers, helping them develop new propositions, turn marketing strategy into action and articulate their services in such a way that people without financial services degrees have a hope of understanding them. It aims to make the industry a little bit less corporate and stuffy and a little bit more human.