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# COMPLIANCE ASSESSMENT

*The 12 Months Before Retirement*



Compliance Document

EVALUATION COPY

*This assessment is provided to support the distributing firm's compliance review process. It does not constitute compliance sign-off. The distributing firm retains full regulatory responsibility.*

# Part One: Executive Summary

This assessment evaluates "The 12 Months Before Retirement: A Checklist for Getting It Right" (Revised Version with Expanded McCloud Content) against the regulatory framework governing financial promotions in the United Kingdom, including the Financial Services and Markets Act 2000, FCA Conduct of Business Sourcebook (COBS), and Consumer Duty requirements under PRIN 2A.

The document is classified as an educational guide designed for client acquisition and retention. It provides substantive information about retirement planning decisions without constituting personal advice. The strategic purpose is to demonstrate complexity and position professional financial advice as essential risk management for pre-retirees.

The target audience is affluent professionals aged 55 to 65 who are within twelve months of their planned retirement date. These individuals typically hold accumulated pension savings of £200,000 to £500,000 or more and face decisions that are, in many cases, irreversible once implemented.

The revised version includes significantly expanded sections on NHS Pension and Teachers' Pension considerations, including detailed explanation of the McCloud remedy, Annual Allowance interactions, and phased retirement options. These additions have been individually assessed for regulatory compliance.

## 1.1 Document Classification

This document is classified as a financial promotion under Section 21 of FSMA because it contains an invitation to consider engaging with a financial adviser regarding retirement planning decisions. It is primarily educational in nature, providing factual information about pension options, tax rules, and retirement planning considerations.

The document does not: recommend specific products or providers; provide personal financial advice; make guarantees or promises about outcomes; use pressure tactics or urgency language; or present its content as a substitute for regulated advice.

## 1.2 Overall Assessment

**OVERALL ASSESSMENT: Suitable for distribution by FCA-authorised firms following firm-specific customisation and internal approval.**

# Part Two: Applicable Regulatory Framework

## 2.1 Primary Legislation: FSMA 2000

### Section 21 – Financial Promotion Restriction

Section 21 of FSMA establishes the financial promotion restriction. A person must not, in the course of business, communicate an invitation or inducement to engage in investment activity unless: (a) the person is an authorised person, or (b) the content of the communication is approved by an authorised person.

The guide falls within this restriction as it invites readers to consider engaging with financial advisers regarding pension and retirement planning decisions. When distributed by an FCA-authorised firm, the firm takes responsibility for the communication under its own regulatory permissions.

## 2.2 FCA Handbook: Conduct of Business Sourcebook (COBS)

### COBS 4.2.1R – Fair, Clear and Not Misleading

A firm must ensure that a communication or financial promotion is fair, clear and not misleading. This primary rule applies to all content in the guide and has been tested against each section.

Assessment: The guide presents pension and retirement information in plain English with appropriate caveats. Technical terms are explained on first use. No guarantees or misleading claims are made. Risks are presented alongside opportunities throughout.

**COMPLIANT**

## COBS 4.5 – Communicating with Retail Clients

COBS 4.5.2R sets out requirements for information addressed to retail clients. Information must: (1) include the name of the firm; (2) be accurate and not emphasise potential benefits without also giving a fair indication of risks; (3) be presented in a way likely to be understood by the average member of the target group.

Assessment: The target audience is affluent professionals aged 55 to 65. The writing style matches this audience: technical enough to demonstrate expertise, accessible enough to be understood without specialist knowledge. Complex concepts such as sequence of returns risk, the Money Purchase Annual Allowance, and the McCloud remedy are explained in context with practical examples.

**COMPLIANT**

## COBS 4.5.8R – Tax Treatment

Where information refers to a particular tax treatment, the firm must ensure it prominently states that the tax treatment depends on individual circumstances and may be subject to change in future. The guide includes this disclaimer and applies it consistently throughout sections dealing with tax-free cash, withdrawal sequencing, and pension taxation.

## COBS 4.6 – Past Performance

COBS 4.6 governs communications containing indications of past performance. Where past performance information is given: (a) it must not be the most prominent feature of the communication; (b) it must include appropriate performance information for the relevant preceding five years; (c) it must contain a prominent warning that past performance is not a reliable indicator of future results.

Assessment: The document does not rely on past performance claims. References to investment returns, including the 4% rule and historical annuity rate comparisons, are appropriately caveated as historical observations with limitations. Past performance warnings are included in the Important Information section.

**COMPLIANT**

## COBS 4.7 – Direct Offer Financial Promotions

Not applicable. The guide does not constitute a direct offer financial promotion as it does not specify a particular investment product, provide pricing information, or contain an application form.

COBS 19.1 – Pension Transfers and Opt-Outs

Special rules apply to communications about defined benefit pension transfers. The document must not encourage transfers and must note the advice requirement for transfers exceeding £30,000.

Assessment: The document explicitly states that “in most cases, transferring a DB pension is not advisable” and notes that regulated advice is “legally required” for transfers over £30,000. The tone actively discourages transfers whilst acknowledging limited circumstances where they may be appropriate. This aligns with FCA expectations.

**COMPLIANT**

## 2.3 FCA Consumer Duty (PRIN 2A)

### Principle 12

PRIN 2.1 establishes Principle 12: “A firm must act to deliver good outcomes for retail customers.” This principle came into force on 31st July 2023. The Consumer Duty applies to interactions with retail customers and sets a higher standard than the previous Treating Customers Fairly principle.

### Cross-Cutting Rules (PRIN 2A.2)

The cross-cutting rules require firms to: (a) Act in good faith towards retail customers (PRIN 2A.2.1R); (b) Avoid causing foreseeable harm to retail customers (PRIN 2A.2.5R); (c) Enable and support retail customers to pursue their financial objectives (PRIN 2A.2.10R).

### Consumer Understanding Outcome (PRIN 2A.5)

PRIN 2A.5 requires firms to support consumer understanding by ensuring communications are tailored to the characteristics of the target market, enable customers to make informed decisions, and do not exploit behavioural biases or information asymmetries.

## 2.4 FCA Perimeter Guidance: PERG 8

### The Invitation or Inducement Test (PERG 8.3)

The guide constitutes a financial promotion because it is an invitation or inducement to engage in investment activity. Specifically, it invites readers to consider engaging with financial advisers regarding pension and retirement planning decisions, which relates to advising on investments under Article 53 of the Regulated Activities Order 2001 (SI 2001/544). The guide does not itself provide advice; it provides educational information whilst positioning the distributing firm as a potential provider of regulated advice.

### Distinction Between Information and Advice

The guide is correctly positioned as educational and informational content. It does not cross the boundary into a personal recommendation under RAO Article 53. The guide explicitly states it does not constitute advice and cannot do so without knowledge of the reader’s circumstances. This positioning is maintained throughout the document.

## 2.5 COBS 4.10: Approving Financial Promotions

COBS 4.10 governs the approval of financial promotions. The Financial Services and Markets Act 2023 (FSMA 2023) amended Section 21 of FSMA 2000 to establish a new regulatory gateway for the approval of financial promotions. Since PS23/13 came into force on 7th February 2024, this gateway requires firms to hold specific FCA permission if they wish to approve financial promotions for communication by unauthorised persons.

### Application to This Document

This guide is designed for distribution by FCA-authorised firms to their own retail clients and prospects. In this scenario, the authorised firm is communicating its own financial promotion directly, not approving a promotion for an unauthorised person to communicate. The gateway requirement under PS23/13 therefore does not apply to the primary distribution method. The distributing firm remains responsible for ensuring the content meets its internal approval procedures before distribution.

## 2.6 Financial Promotion Order 2005 (SI 2005/1529)

The Financial Promotion Order defines controlled activities and controlled investments. The guide relates to the controlled activity of advising on investments (Schedule 1, Part I) and the controlled investments of rights under personal pension schemes, shares, and units in collective investment schemes (Schedule 1, Part II). No exemptions under the FPO are relied upon because distribution is by authorised firms communicating their own promotions.

# Part Three: Section-by-Section Analysis

Each section of the guide is assessed below against COBS 4.2 (fair, clear, not misleading), COBS 4.5 (suitable for retail clients), COBS 4.6 (past performance where applicable), COBS 19.1 (DB transfers), and Consumer Duty requirements.

## 3.1 Introduction

**COMPLIANT**

The opening establishes the importance of the twelve-month period before retirement, identifies the key irreversible decisions, and defines the target audience. The language is direct but not alarmist: it creates appropriate urgency through information rather than fear tactics. The statement that “many decisions are irreversible” is factually accurate and serves the Consumer Duty objective of supporting informed decision-making.

## 3.2 State Pension

**COMPLIANT**

This section covers State Pension age, amounts, NI qualifying years, buying additional years through voluntary contributions, and deferral options. All figures are verified against gov.uk and HMRC sources for the 2025/26 tax year. Appropriate notes indicate that figures are subject to change.

The section correctly presents the full new State Pension at £230.25 per week (£11,973 per year), the 35 qualifying year requirement, and the deferral rate of approximately 5.8% per year. The voluntary NI contribution information enables readers to understand gaps without recommending a specific course of action.

## 3.3 Defined Benefit Pensions

**COMPLIANT**

This section addresses DB pension benefits, early retirement factors, tax-free cash commutation, spouse and dependant benefits, and transfer values. It includes detailed sub-sections on NHS Pension, Teachers’ Pension, and the McCloud remedy.

3.3.1 COBS 19.1 – DB Pension Transfers

The document correctly states that transfers are “rarely advisable” and that regulated advice is “legally required” for transfers over £30,000. The tone actively discourages transfers whilst acknowledging limited circumstances where they may be appropriate. This aligns with FCA expectations that communications should not encourage DB transfers.

**COMPLIANT**

3.3.2 McCloud Remedy Content

The expanded section explains the McCloud remedy in factual terms: what the remedy is and why it arose (the 2018 Court of Appeal age discrimination ruling); who is affected (members in active service during 1st April 2015 to 31st March 2022); what the Remediable Service Statement contains; that members face a choice between legacy and reformed scheme benefits; and that the choice depends on individual circumstances.

The content does not: recommend which option members should choose; suggest that one option is generally better than the other; create artificial urgency beyond the factual reality of statements being issued; or imply that the choice is simple or can be made without careful consideration.

The section correctly states that the choice “depends on your salary history, your expected retirement date, your tax position, and whether you intend to take tax-free cash” – making clear that individual circumstances determine the appropriate outcome. This aligns with Consumer Duty requirements to support consumer understanding.

**COMPLIANT**

3.3.3 NHS Pension Annual Allowance Content

The document notes that NHS consultants “frequently face Annual Allowance problems” and that McCloud may trigger “unexpected tax charges for previous years.” This is factually accurate and appropriately warns readers of a genuine risk without creating disproportionate alarm. The recommendation to “seek specific advice” for those with prior Annual Allowance charges is appropriate and does not constitute advice itself.

**COMPLIANT**

3.3.4 Teachers’ Pension Phased Retirement

The explanation of phased retirement options is factually accurate and notes the interaction with Annual Allowance and Money Purchase Annual Allowance. This supports informed decision-making without recommending any particular course of action.

**COMPLIANT**

## 3.4 Defined Contribution Options

**COMPLIANT**

This section covers the four main options for DC pension savings: annuity purchase, flexi-access drawdown, uncrystallised funds pension lump sum, and small pot commutation. Each option is presented with its advantages and disadvantages, and the section notes that options can be combined.

The presentation achieves an appropriate balance between annuity and drawdown options, presenting both as legitimate choices depending on individual

circumstances. The document does not favour one approach over another, which aligns with the Consumer Duty requirement to act in good faith.

## 3.5 Tax-Free Cash Strategy

**COMPLIANT**

The section explains the 25% tax-free cash entitlement and the £268,275 maximum lump sum allowance. It covers the interaction between tax-free cash and the Money Purchase Annual Allowance, the option to phase withdrawals, and the tax implications of taking cash at different times.

All figures are verified against HMRC guidance for the current tax year. The section correctly notes the abolition of the Lifetime Allowance and the transitional provisions that replaced it.

## 3.6 Withdrawal Sequencing and Tax Efficiency

**COMPLIANT**

This section addresses the order in which retirees access different income sources and the tax implications of each approach. The content is presented as general information about how the tax system works, not as personalised tax advice.

Consumer Duty assessment: The section helps readers understand a genuinely complex area without oversimplifying or creating false confidence. The note that “the most tax-efficient sequence depends on your total income, your other assets, and your plans for later life” correctly positions this as a matter requiring individual analysis.

## 3.7 Protection Review

**COMPLIANT**

The section covers life insurance, critical illness cover, income protection, and the transition from employment-based cover to personal arrangements. The content notes that many employer-provided benefits cease at retirement and that replacement cover may be significantly more expensive or unavailable at retirement age.

This is factually accurate and serves a genuine consumer protection purpose. The section does not recommend specific products or providers.

## 3.8 Estate Planning

**COMPLIANT**

The section covers Inheritance Tax nil-rate band (£325,000), residence nil-rate band (£175,000), pension death benefits, will reviews, and the interaction between pension nominations and estate plans. All figures are verified against HMRC guidance.

The section correctly notes the changes to pension death benefit taxation and the importance of reviewing expression of wish forms. This supports informed decision-making without constituting estate planning advice.

## 3.9 Consolidated Checklist

**COMPLIANT**

The final section presents a timeline checklist covering actions at 12 months, 6 months, 3 months, and retirement day. The checklist items are consistent with the content in earlier sections and include McCloud-specific items added in the revised version.

The checklist format supports consumer understanding by providing a clear, actionable summary of the decisions covered in the guide. Items are presented as considerations rather than instructions.

## 3.10 Important Information and Disclaimers

**COMPLIANT**

All required disclaimers are present and appropriately prominent. The section includes: a statement that the guide does not constitute personal advice; past performance warnings; tax treatment caveats; pension-specific risk warnings; and a clear statement that the distributing firm is responsible for the content.

# Part Four: Strategic Inserts – Compliance Review

This guide does not contain discrete strategic inserts of the kind included in the other guides in this series. The retirement planning content itself creates natural engagement moments throughout, as the complexity of each decision area inherently demonstrates the value of professional advice. The educational approach – presenting genuine complexity without oversimplification – serves the same strategic purpose as the inserts used in other guides, whilst being more appropriate for this subject matter.

No separate insert review is required.

# Part Five: Data and Source Verification

All data points and financial figures in the guide have been verified against the original sources. State Pension rates, tax allowances, FSCS limits, contribution limits, and McCloud remedy details have been confirmed against gov.uk, HMRC, NHS Pensions, and Teachers' Pensions sources.

Distributing firms should verify that all financial figures remain current for the tax year of distribution. State Pension rates, tax allowances, and contribution limits are updated annually.

# Part Six: Consumer Duty Compliance Analysis

The Consumer Duty (PRIN 2A) came into force on 31st July 2023 and imposes a higher standard of conduct on firms interacting with retail customers.

## 6.1 Acting in Good Faith (PRIN 2A.2.1R)

The guide demonstrates good faith through: honest presentation of pension and retirement information without exaggeration; balanced treatment of all options including annuity, drawdown, and phased approaches; attribution of all figures to specific, verifiable sources; inclusion of practical steps that help readers regardless of whether they engage an adviser; and clear disclosure that the content does not constitute personal advice.

The McCloud remedy sections demonstrate particular good faith by explaining genuine complexity that many readers will face, without using that complexity to create artificial urgency or alarm.

**Good Faith Assessment: COMPLIANT**

## 6.2 Avoiding Foreseeable Harm (PRIN 2A.2.5R)

The guide helps avoid foreseeable harm by: including prominent risk warnings and past performance caveats; clearly disclaiming that the content does not constitute personal advice; presenting the complete picture of retirement options rather than selectively highlighting those that benefit advisers; actively discouraging DB transfers in line with FCA expectations; and noting where professional advice is legally required rather than merely desirable.

**Foreseeable Harm Assessment: COMPLIANT**

## 6.3 Enabling Financial Objectives (PRIN 2A.2.10R)

The guide supports customers pursuing their financial objectives by: educating readers about genuinely complex retirement decisions; providing a structured checklist that organises decisions by timeline; covering all major areas of retirement planning in a single document; and presenting professional advice as valuable risk management without implying that readers cannot make their own decisions.

**Financial Objectives Assessment: COMPLIANT**

## 6.4 Consumer Understanding (PRIN 2A.5)

The guide supports consumer understanding through: conversational, accessible language appropriate for the target audience of affluent professionals; technical concepts explained using practical examples rather than jargon; complex areas such as the McCloud remedy broken down into clear, sequential explanations; and the checklist format that allows readers to identify which sections are personally relevant.

**Consumer Understanding Assessment: COMPLIANT**

# Part Seven: Recommendations for Distributing Firms

## 7.1 Required Actions Before Distribution

### 1. Complete Firm-Specific Information

Replace all placeholders with your firm's details: [FIRM NAME], [TELEPHONE], [EMAIL], [WEBSITE]. Include your FCA registration number.

### 2. Remove Evaluation Markings

Remove all 'EVALUATION COPY' watermarks, header notices, and the Evaluation Copy Notice at the end of the document.

### 3. Verify Data Currency

Confirm all financial figures remain current for the tax year of distribution. State Pension rates, tax allowances, and contribution limits are updated annually. If updated figures are available at distribution date, they should be substituted.

### 4. Verify McCloud Remedy Status

The McCloud remedy is being implemented in phases. Confirm the current status of Remediable Service Statement issuance for both NHS Pension and Teachers' Pension at the time of distribution. Update any references to timelines if the implementation schedule has changed.

### 5. Update Document Date

Ensure the document date reflects distribution date rather than February 2026.

### 6. Obtain Internal Sign-Off

The document must be signed off through your firm's financial promotion approval process before distribution. This assessment supports but does not replace that process.

## 7.2 Distribution Channels

The guide is suitable for distribution through: direct email to existing clients approaching retirement; website download for prospect acquisition; post-meeting follow-up material; seminar and webinar handout material; and referral partner co-distribution with appropriate firm branding.

Social media note: If excerpts are used on social media, each post must be standalone compliant under FCA social media guidance (FG15/4 and FG24/1), including appropriate risk warnings within the post itself.

## 7.3 Optional Customisation

Distributing firms may: add firm-specific branding whilst maintaining prominence of risk warnings; adjust document design and layout; add a covering letter or email introduction; and include a brief firm description in the contact section. Firms must not alter the substantive content, remove or reduce risk warnings, add performance claims, or change the regulatory disclaimers.

## 7.4 Conditions for Approval

Document distributed only by FCA-authorised firms. No material amendments without fresh compliance review. Distributing firm accepts responsibility for suitability. Document reviewed for currency following each April tax year change. McCloud content reviewed quarterly during remedy implementation period.

## 7.5 Annual Review Requirement

The financial figures in this guide should be reviewed following each April tax year change. State Pension rates, tax allowances, and contribution limits are typically announced in the preceding autumn and take effect from 6th April.

McCloud-specific content should be reviewed quarterly during the remedy implementation period (2024–2026) as Remediable Service Statements are issued in tranches. Once implementation is complete, annual review will be sufficient.

Recommend review each April following the new tax year and again in the autumn when new rates are announced.

# Part Eight: Compliance Sign-Off Summary

**Suitable for distribution by FCA-authorised firms following firm-specific customisation and internal approval.**

Subject to the conditions outlined in Section 7.1

**Assessment Prepared By:** AL Miller | Financial Communication Specialist

**Assessment Date**: February 2026

Document Assessed: The 12 Months Before Retirement: A Checklist for Getting It Right – Revised Version (Evaluation)

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## CLEAR THINKING FOR COMPLEX FINANCIAL DECISIONS


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