



RESEARCH

in association with

Association of



Independent Financial Advisers

**AIFA Questions
NPSS**

March 2006

The logo for ifacensus, featuring the word 'ifa' in a light blue, lowercase, sans-serif font above the word 'census' in a white, lowercase, sans-serif font, both contained within a dark blue circle.

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A market discussion of NPSS

- This month's AIFA questions focused on industry views of NPSS
- Questions were placed on the March IFA Census and fieldwork was conducted during 7th – 17th March 2006
- **323** IFAs responded to the survey

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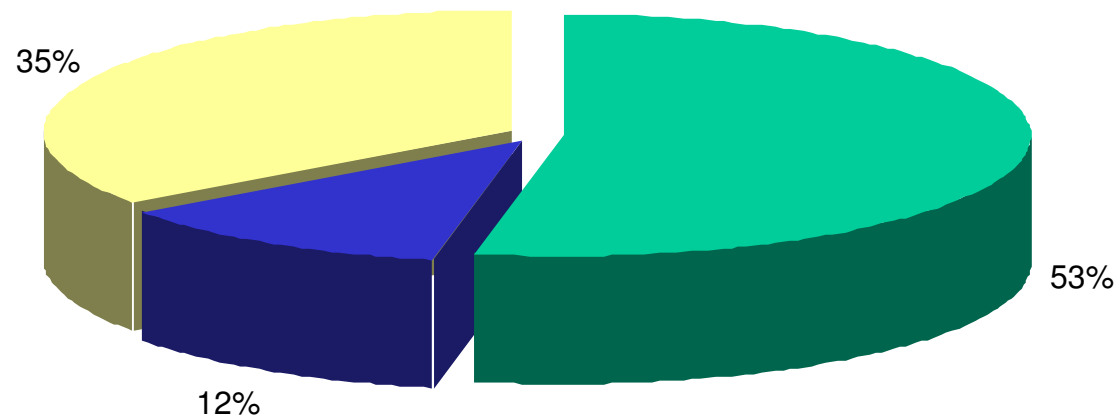
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Views on NPSS required automatic enrolment

Over half of IFAs feel the proposed automatic enrolment is necessary to ensure high take-up and a further 12% do not believe that it should be possible to opt out at all



- Automatic enrolment is necessary to ensure high take-up
- There should be no opt-out facility
- The scheme should be voluntary (i.e. opt-in only)

Base: March 2006 – All Respondents (323)

The report proposes that the NPSS will require employers to automatically enroll most employees (age and salary related) into the scheme unless they elect to opt-out. Which of the following best reflects your views?

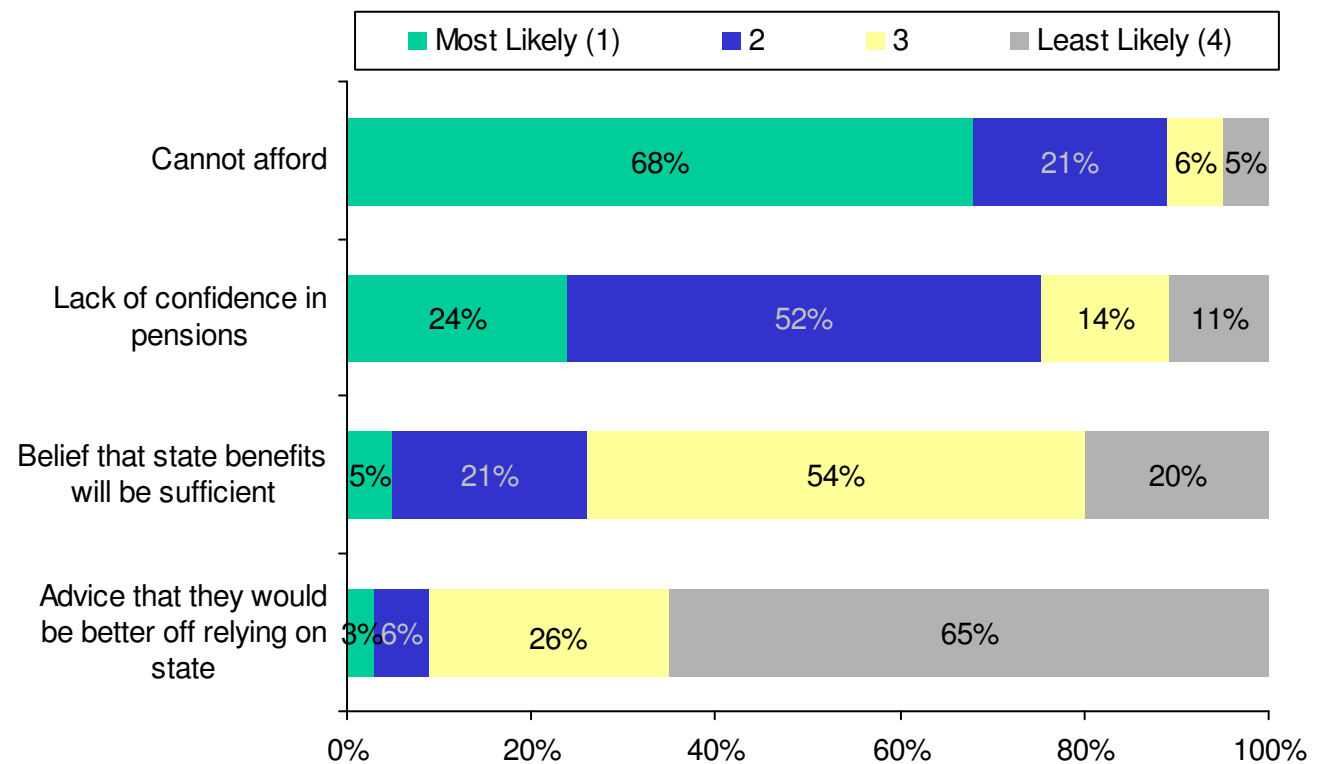
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Most likely reasons for opting out

Affordability is seen as the most likely reason for customers opting out of the NPSS requirements. IFAs are also concerned about a general lack of confidence in pensions.



Base: March 2006 – All respondents (323)

Which of the following will drive people to opt-out – please rank in order of priority where 1 = Most likely and 4 = Least likely factors drivers to opt out

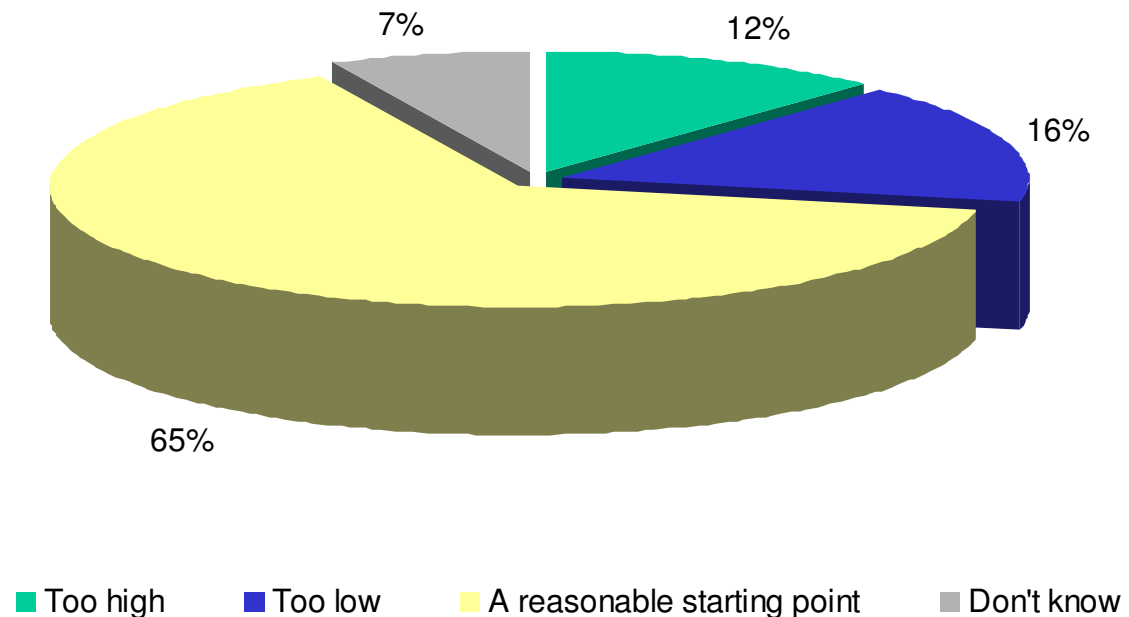
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Proposed contribution levels

The majority of respondents feel that proposed contribution levels are a reasonable starting point



Base: March 2006 – All Respondents (323)

Proposed contribution levels are 3% employer and 5% employee (1% of which is tax relief). Do you consider these levels to be

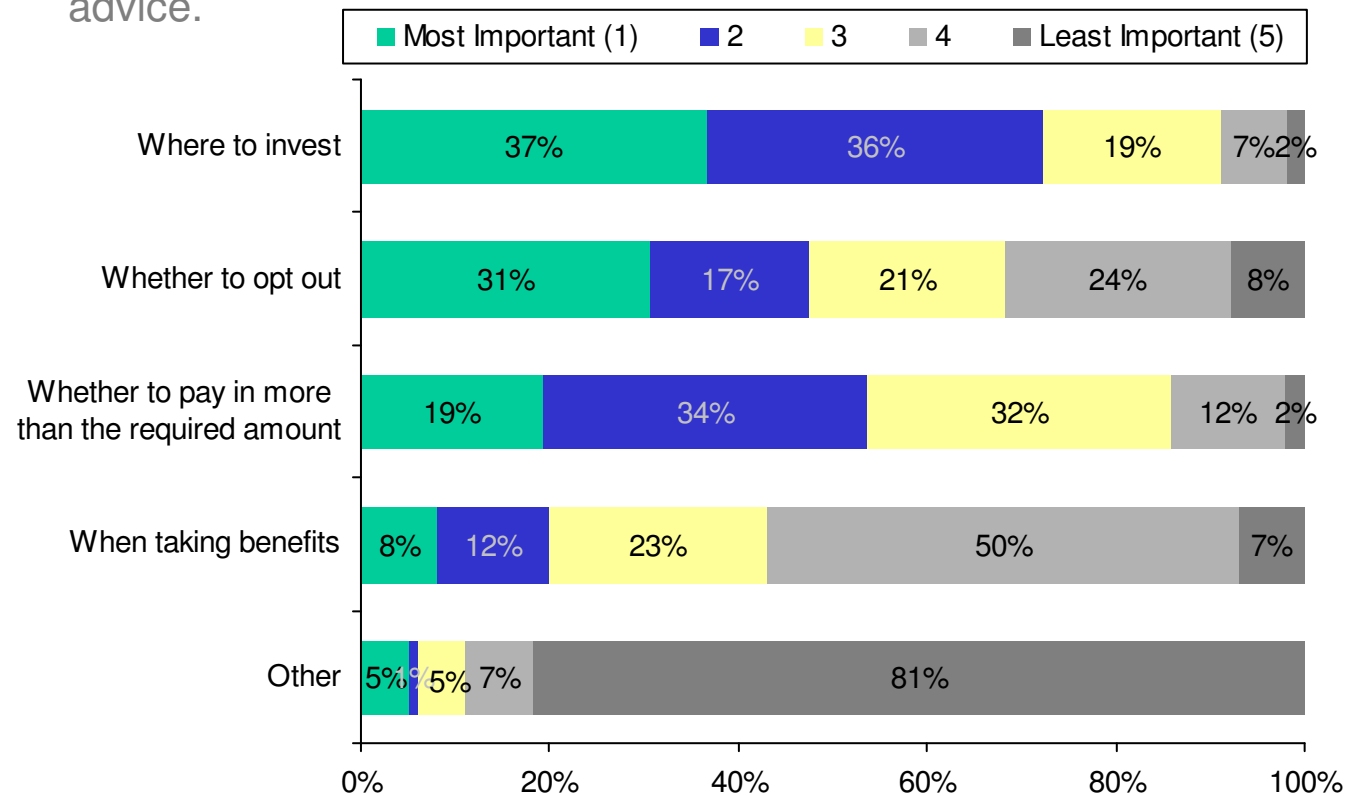
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Importance of particular areas of advice

Where to invest is seen as the most important areas needing advice. Although whether or not to opt out and whether to pay in more than the required amount are also thought to be in need of advice.



Base: March 2006 – All respondents (323)

Advice has not been costed into proposals. In order of priority, please indicate where do you consider the need for advice to be most important where 1 = Most Important and 5 = Least Important.

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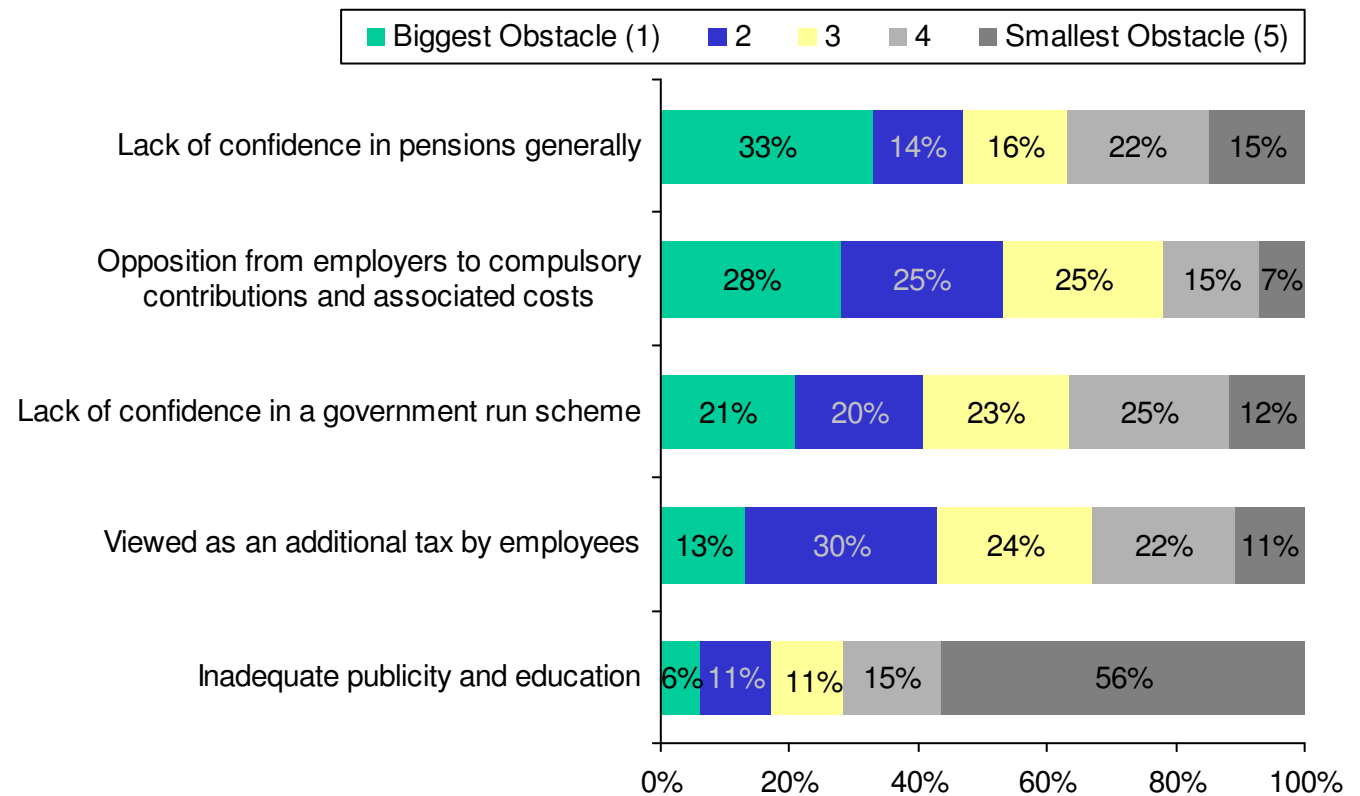
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Obstacles faced in the introduction of the NPSS

The largest obstacles to be faced are market lack of confidence in pension and the opposition from employers to compulsory contributions and associated costs



Base: March 2006 – All respondents (323)

In order of importance, what do you consider to be the biggest obstacles facing the introduction of the NPSS please indicate using a scale where 1= Biggest and 5 = Smallest obstacle faced

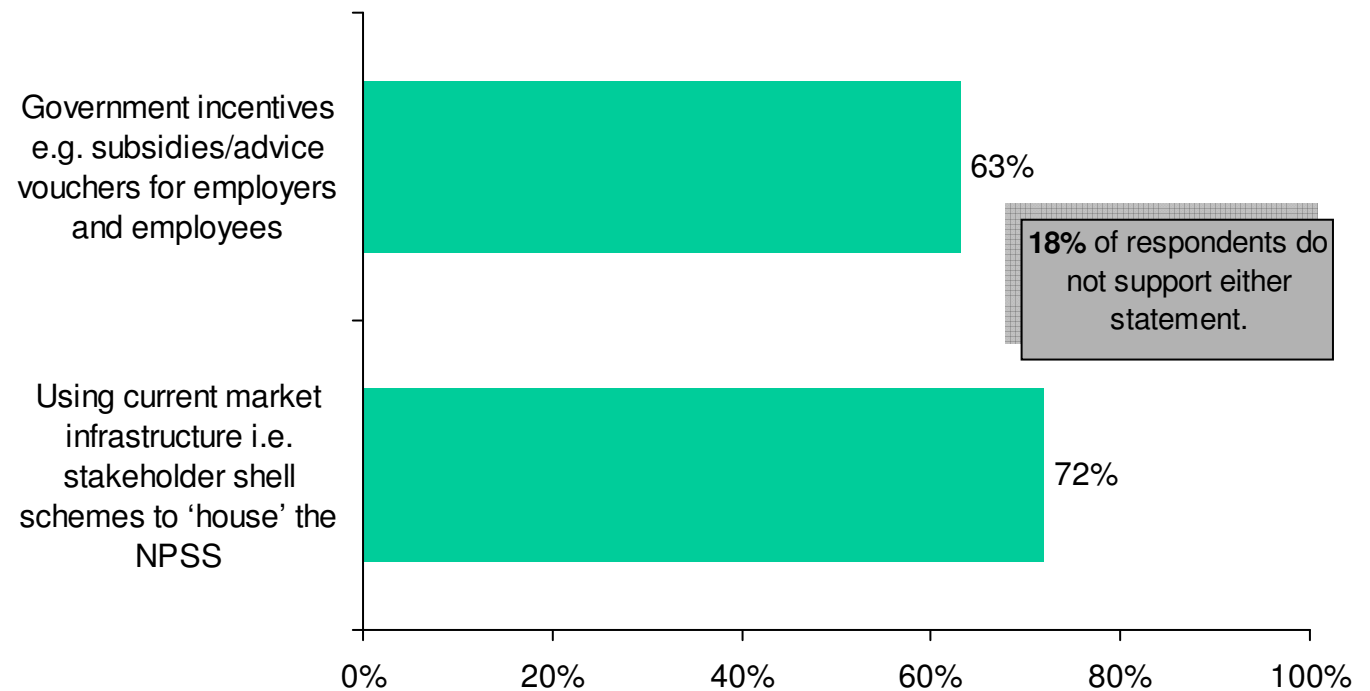
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Agreement with the provided concepts

Nearly three quarters of IFAs support using the current market infrastructure in order to house the NPSS over creating a new structure. There is also a lot of support for government incentives



Base: March 2006 – All respondents (323)
Do you support the following (tick all that apply)

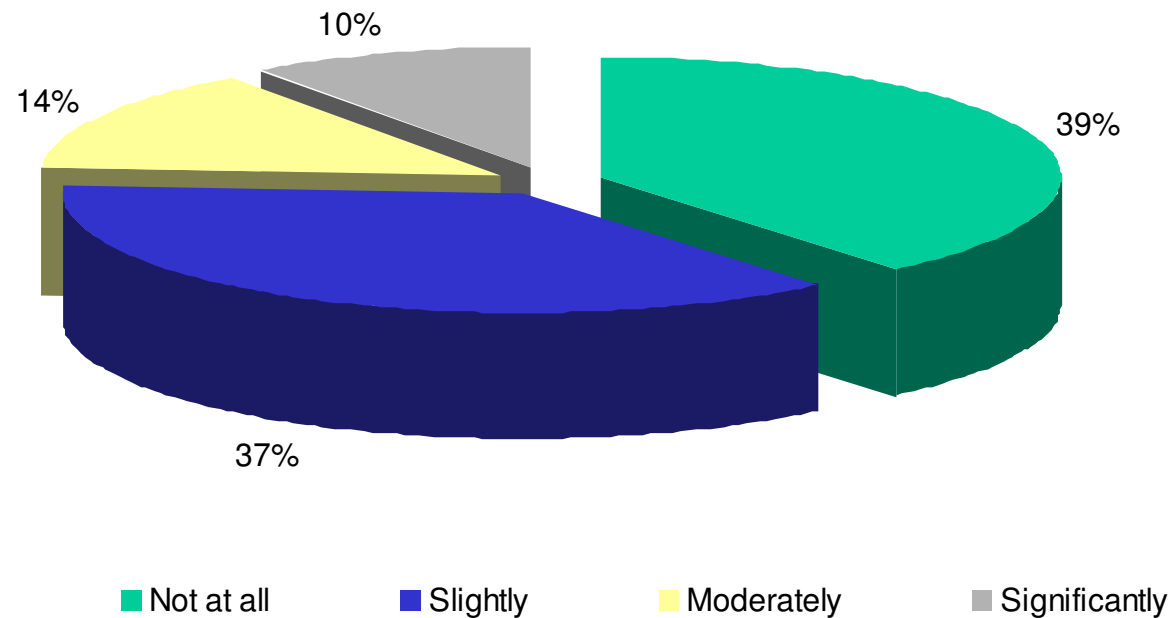
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Predicted impact of NPSS on business profitability

Three quarters of respondents predict none or only slight impact on business profitability following the introduction of a NPSS



Base: March 2006 – All respondents (323)
Do you think the introduction of a NPSS as proposed will impact on the profitability of your business?

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Contact

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