## INTERNATIONAL ADVISER



II/IA GLOBAL ADVICE STUDY 2024-2025

PENSIONS & RETIREMENT

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IFGL

PENSIONS

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## INTRODUCTION

Hello and welcome to the first annual II and IA Global Advice & Wealth Study 2024-2025.

When International Adviser and Investment International became part of the same publishing house when IA was bought by Money Map Media (part of G&M Media Ltd) in April 2024 the opportunity for both titles to pool resources for ocassional projects was a key part of that deal.

Indeed, with the launch of our exciting new II/IA Global Advice Study, both titles were able to call on their two sets of subscribers and readers to contribute to a series of surveys as part of the first II and IA Global Advice & Study 2024-2025.

The main surveys were conducted between September 2024 - October 2024 with some additional key points and opinions taken from a series of interviews, videos and features conducted throughout the year by II and IA staff in Q4 2024 and Q1 2025. We are extremely grateful for all those that took time to take part in this global survey.

The key areas covered by this study includes:

Pensions and Retirement Intermediaries, Platforms, Offshore Bonds, The Future of Advice & Wealth Management, International Savings Plans,

This first part of the study focuses on **Pensions and Retirement** and we are



delighted to have been able to work with **IFGL Pensions** as sponsors on this project.

Ahead of the survey launch we worked closely with the IFGL Pensions team to create the questions that were sent out a part of this survey.

The full results are highlighted here in this publication with some surprises and some particularly revealing findings

And as part of the analysis, we have an excellent overview and video interview with IFGL Pensions Managing Director Rachel Meadows.

The full version with all six of the II and IA Global Advice & Wealth Study 2024-2025 surveys is set for publication and distribution on both II and IA at the end March 2025.

Thanks for reading and watching and we hope that you enjoy our findings.

Gary Robinson, G&M Media Co-Founder and II & IA Publisher (pictured above)

### THE II/IA GLOBAL ADVICE STUDY PENSIONS AND **RETIREMENT 2024-2025 - SURVEY RESULTS**

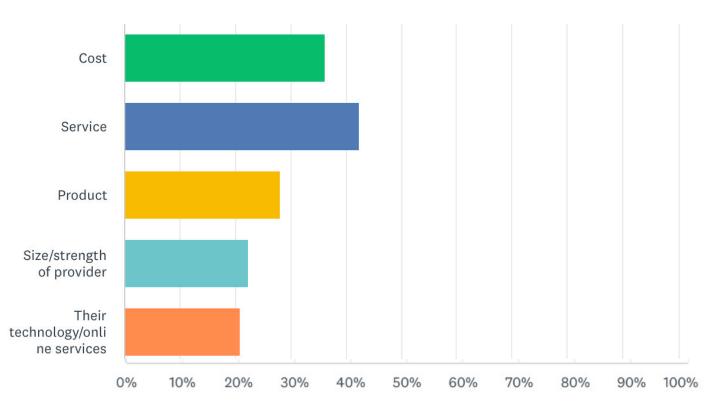
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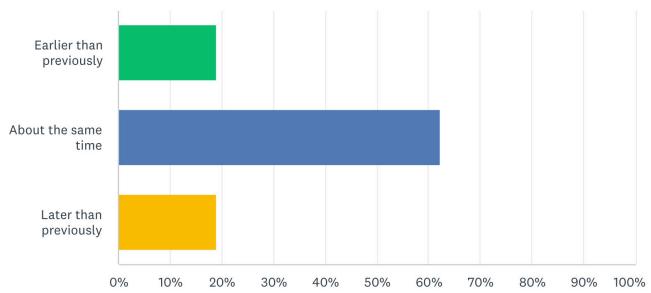


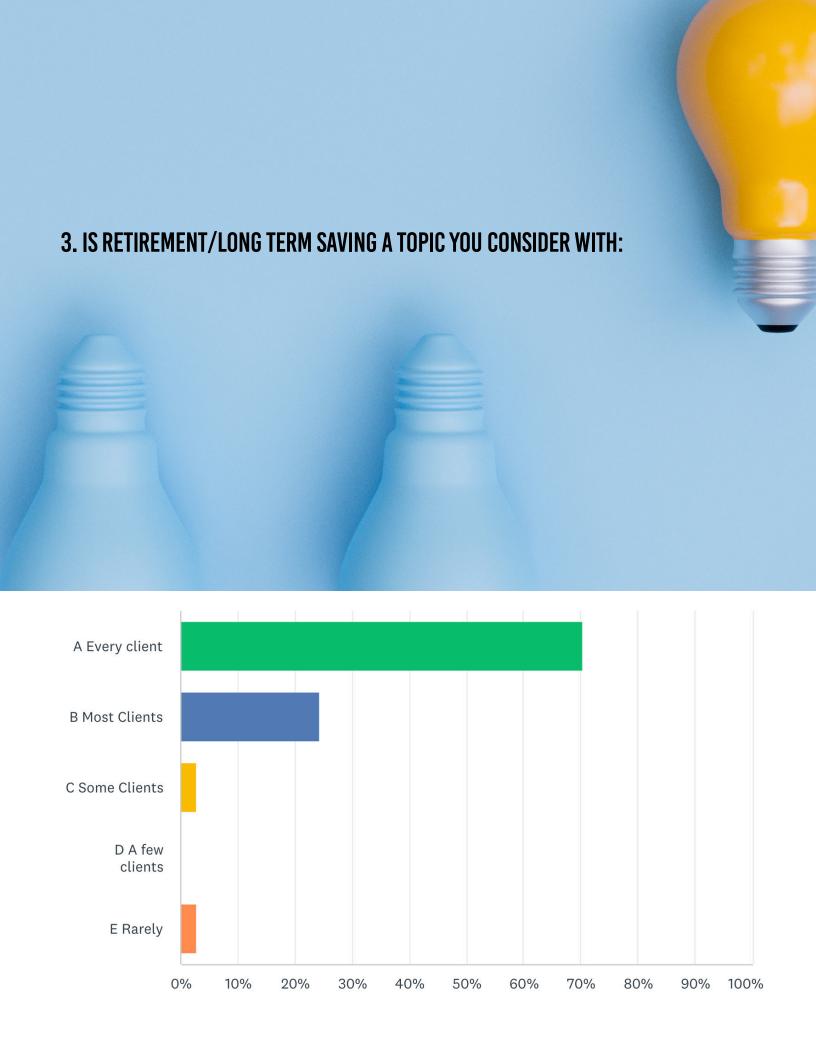
## 1. WHEN CHOOSING A SIPP PROVIDER, RANK THE FOLLOWING FACTORS IN ORDER OF THE MOST IMPORTANT WHEN MAKING YOUR CHOICE?













"BETTER PRODUCT UNDERSTANDING"

"MORE EXAMPLE CASES TO USE TO HIGHLIGHT BENEFITS"

"AGE BASED RETIREMENT CALCULATIONS"

"PLANNING CALCULATORS, TECHNICAL SUPPORT

"CONSTANT REGULATION AND PRODUCT IMPROVEMENT FEEDBACK"

**"UPDATES ON CHANGES TO PENSION REGULATIONS** 

(ALLOWANCES, TAX ETC)"

"STATISTICAL SUPPORT"

"PREDICTIVE SOFTWARE TO ESTIMATE LONGEVITY OF FUNDS"

"STATS SHOWING BENEFITS FOR STARTING EARLY"



"SUPPORT, KNOWLEDGE, ATTENTIVENESS AND INTEGITY."

"IMPORTANT FOR GUIDANCE, ADVICE AND STAYING THE DISTANCE."

#### "{ADVISERS] HELP YOU NAVIGATE COMPLEX FINANCIAL SITUATIONS"

"PERSONAL RELATIONSHIP, KNOWLEDGE, SERVICE"

"ACCOUNTABILITY AND COACHING TO GET TO THEIR GOAL"

#### "MORE LIKELY TO ACTUALLY COMMIT TO STICKING WITH A PLAN"

"IMPORTANT FOR GUIDANCE, ADVICE AND STAYING THE DISTANCE."

"TO HELP SUPPORT EVERY STEP OF THE WAY"

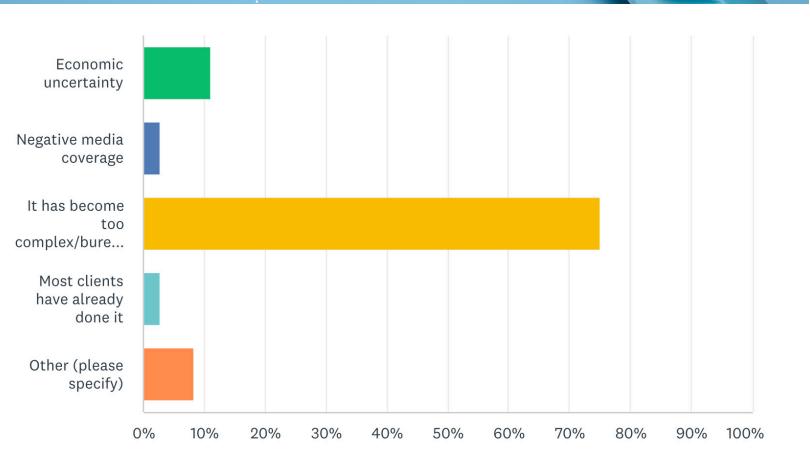
"MANAGEMENT OF EXPECTATIONS AND RATIONAL DECISION MAKING"

"FUND MANAGEMENT AND EXIT STRATEGY"

"GUIDANCE AND STRUCTURE"

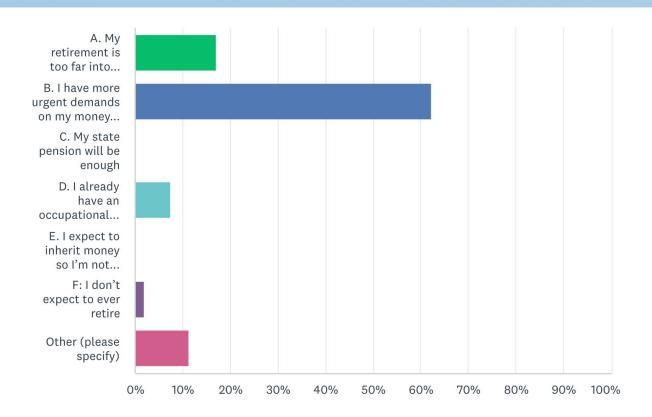


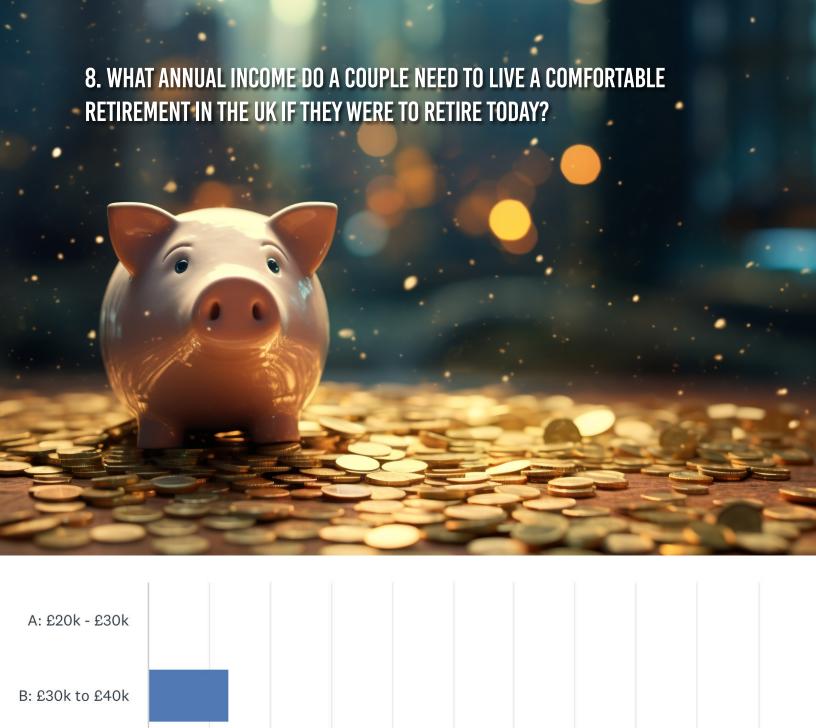
ANSWER CHOICES ▼	RESPONSES
▼ Economic uncertainty	11.11%
▼ Negative media coverage	2.78%
▼ It has become too complex/bureaucratic	75.00%
▼ Most clients have already done it	2.78%
▼ Other (please specify)	8.33%

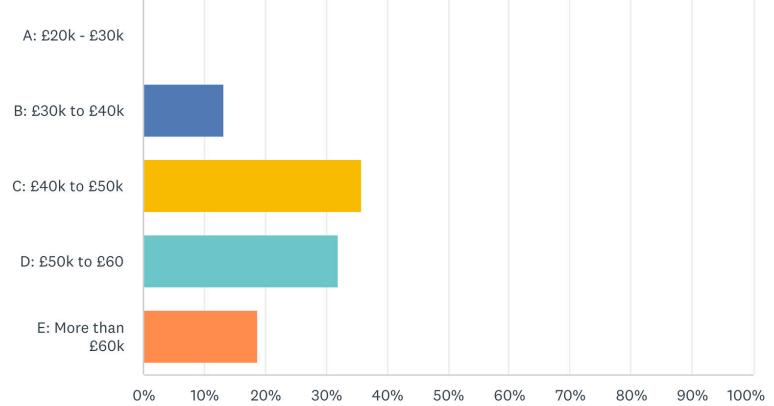


# 7. WHAT IS THE BIGGEST OBJECTION YOU HEAR FROM CLIENTS WHEN DISCUSSING PLANNING FOR THEIR RETIREMENT? (CHOOSE MAIN OBJECTION ONLY)

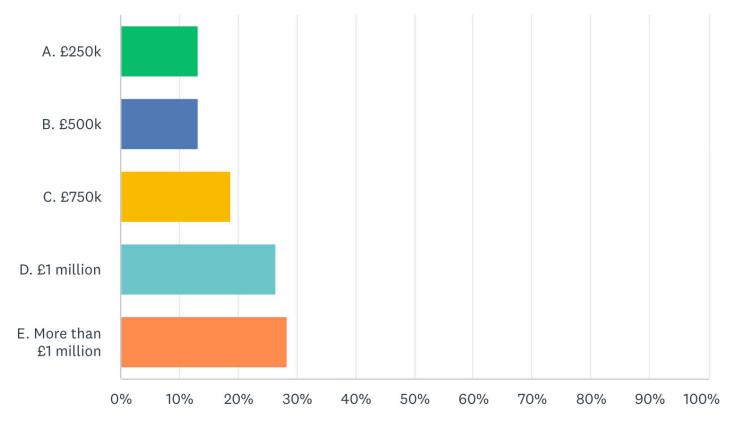
ANSWER CHOICES	•	RESPONSES
<ul> <li>A. My retirement is too far into the future, I'll think about it later</li> </ul>		16.98%
▼ B. I have more urgent demands on my money today		62.26%
▼ C. My state pension will be enough		0.00%
▼ D. I already have an occupational pension scheme		7.55%
▼ E. I expect to inherit money so I'm not worried		0.00%
▼ F: I don't expect to ever retire		1.89%
▼ Other (please specify)	Responses	11.32%

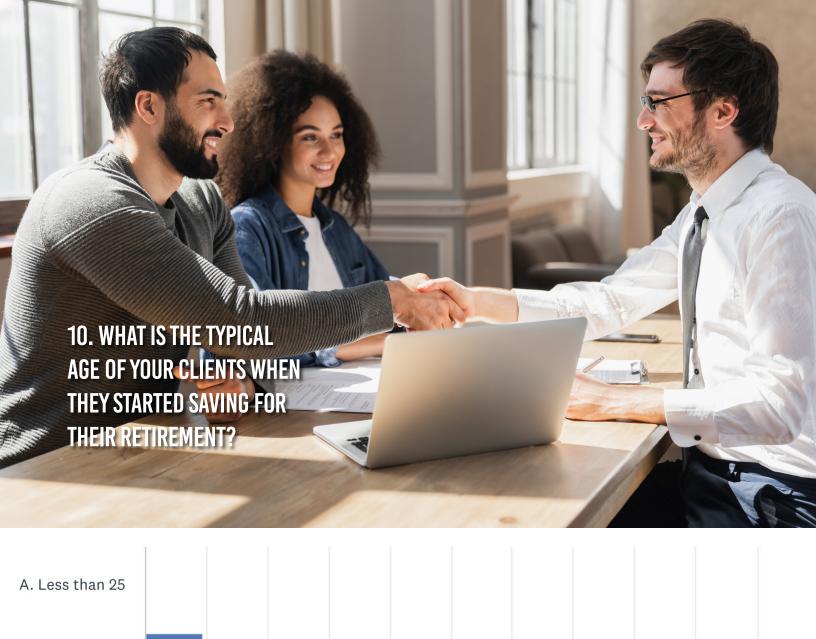


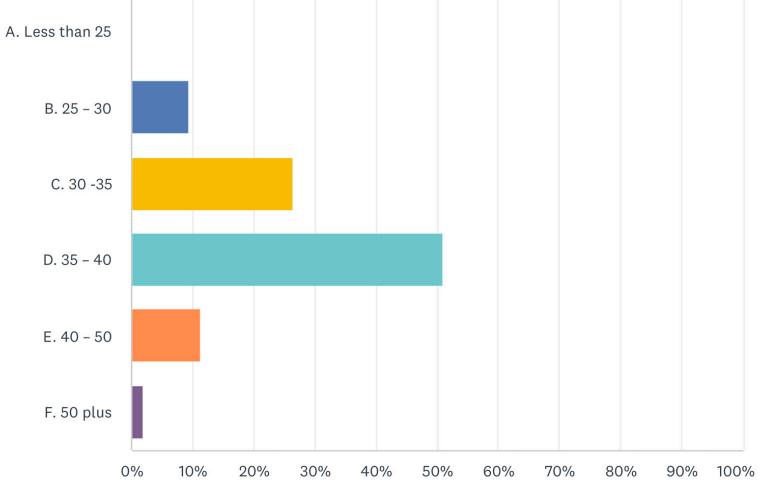


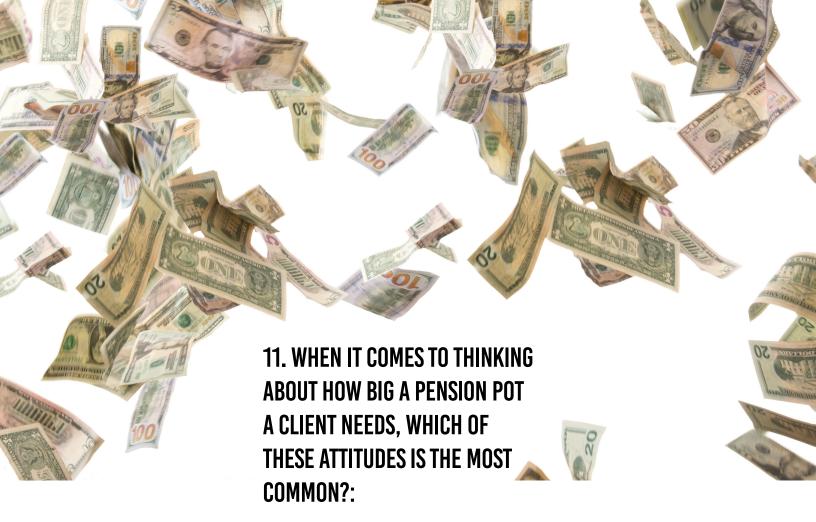




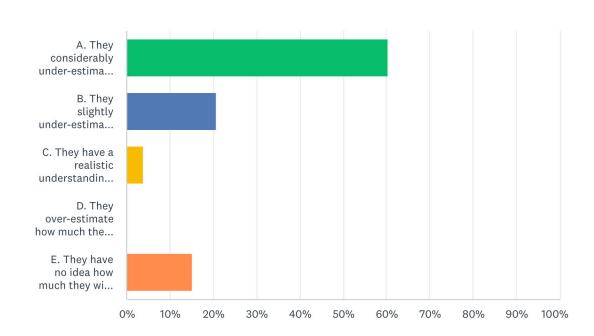


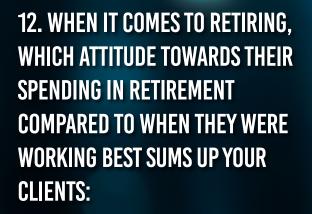






ANSWER CHOICES ▼	RESPONSES
▼ A. They considerably under-estimate how much they will need	60.38%
▼ B. They slightly under-estimate how much they will need	20.75%
▼ C. They have a realistic understanding of what they will need	3.77%
▼ D. They over-estimate how much they will need	0.00%
▼ E. They have no idea how much they will need	15.09%

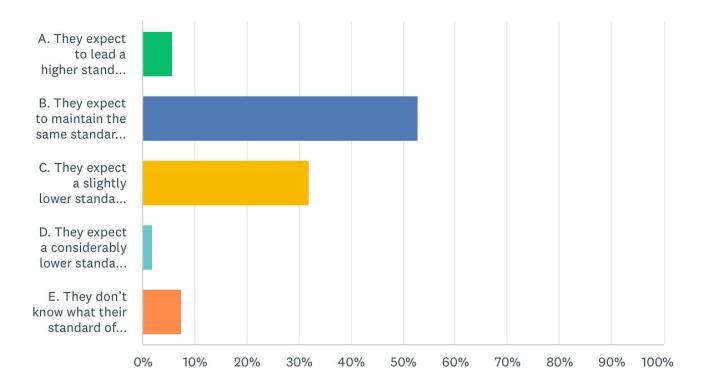


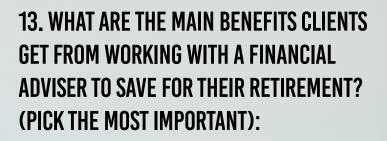




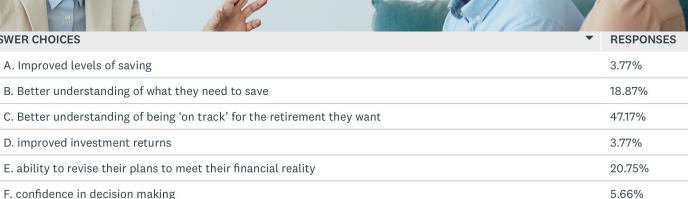
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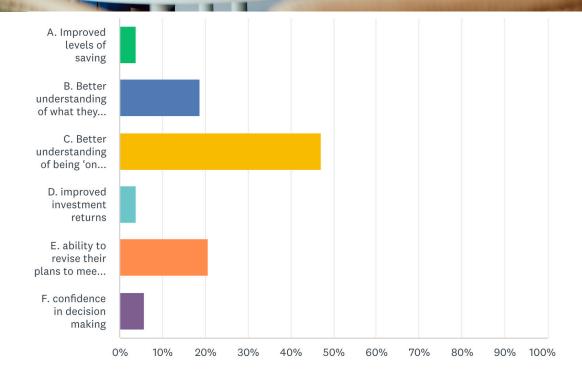
ANSWER CHOICES	•	RESPONSES	•
▼ A. They expect to lead a higher standard of living in retirement		5.66%	3
▼ B. They expect to maintain the same standard of living in retirement		52.83%	28
▼ C. They expect a slightly lower standard of living in retirement		32.08%	17
▼ D. They expect a considerably lower standard of living in retirement		1.89%	1
▼ E. They don't know what their standard of living will look like in retirement		7.55%	4
TOTAL			53

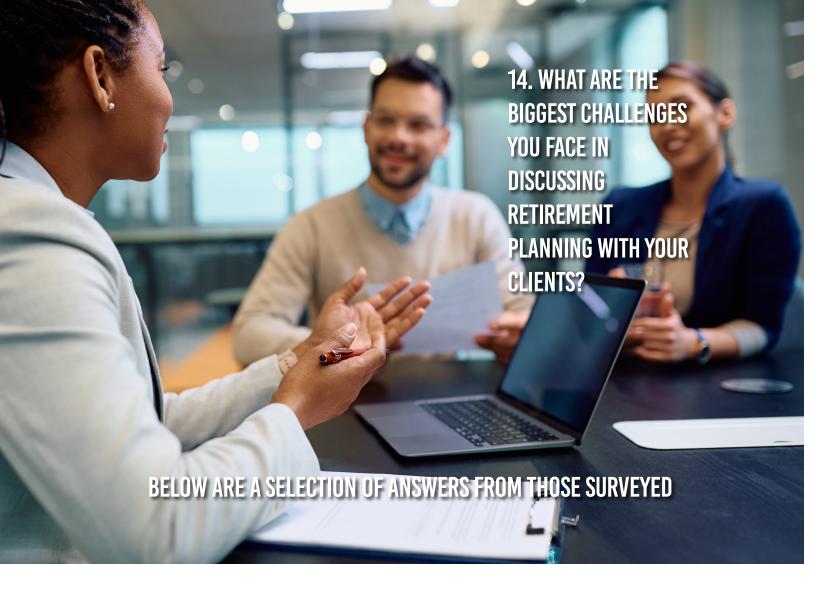












"AFFORDABILITY"

"STARTING EARLY"

"CONVINCING THEM OF THE BENEFITS OF HAVING A PENSION RE HAVING A SAVINGS PLAN"

"CLIENTS NOT PRIORITIZING RETIREMENT PLANNING"

"FEAR OF NO OR MINIMAL ACCESS TO THEIR FUNDS"

"PROCRASTINATION"

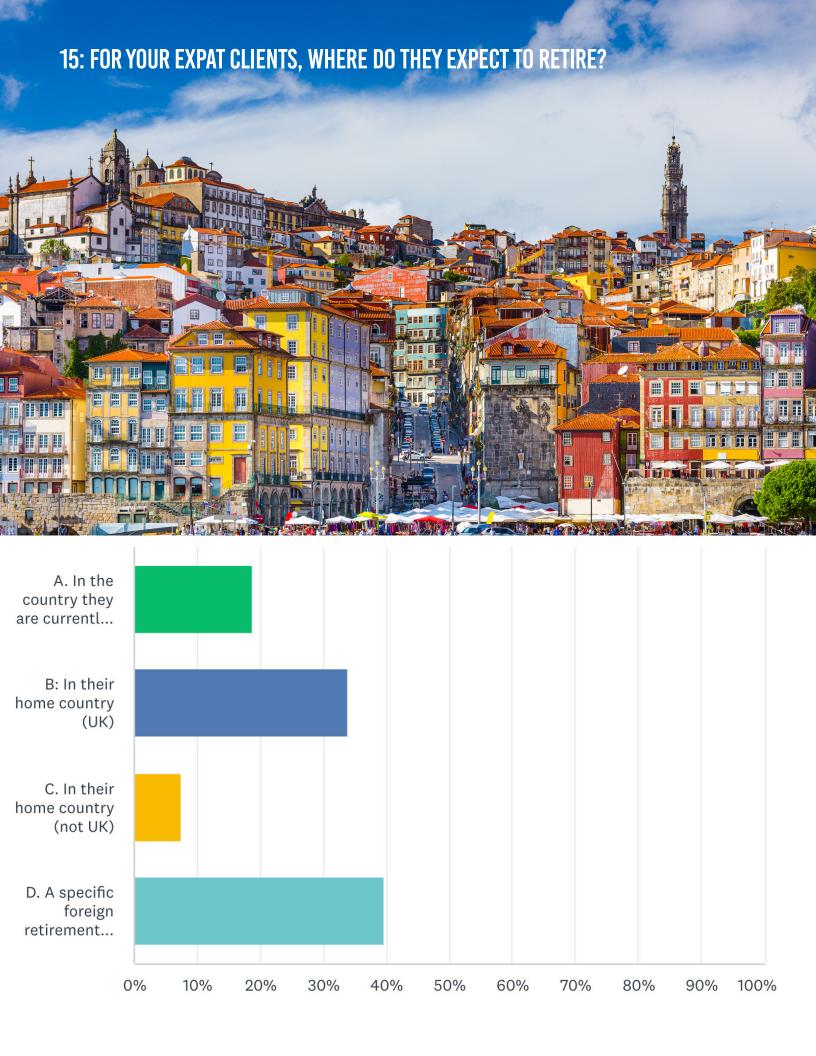
"THEY BELIEVE CURRENT SAVINGS WILL SUFFICE. DO NOT REALISE HOW MUCH
IS NEEDED."
"UNCERTAINTY OF WHERE THEY WILL BE AS AN EXPAT"

"COMMITMENT"

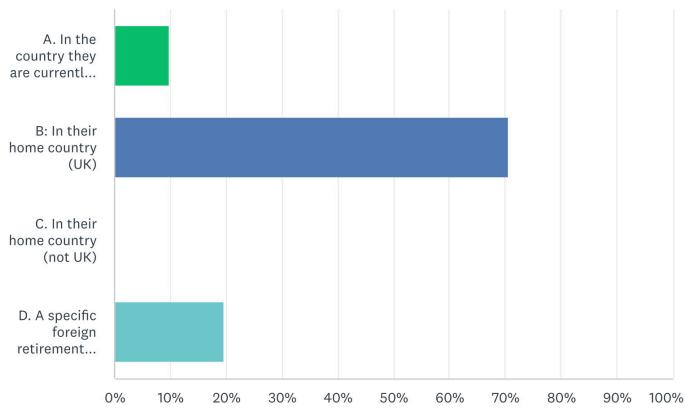
"COST OF LIVING"

"SCEPTICISM, TOO BLASÉ, COMMITTING ENOUGH MONEY TO SAVE EARLY ENOUGH"

"LACK OF COMMITMENT TO SAVINGS NEGATIVE PERCEPTION OF FAS"









"PORTUGAL, CARIBBEAN, GREECE OR ANY SUITABLE COUNTRY WHERE STANDARD OF LIVING IS BETTER AND TAXES ARE LOW"

"PORTUGAL"

"ASIA"

"EUROPE"

"SOUTH AFRICA"

"SOMEWHERE SUNNY"

"UK OR SA"

"SPAIN"

"PHILLIPPINES"

"MALAYSIA"

"THAILAND"

"CANADA"

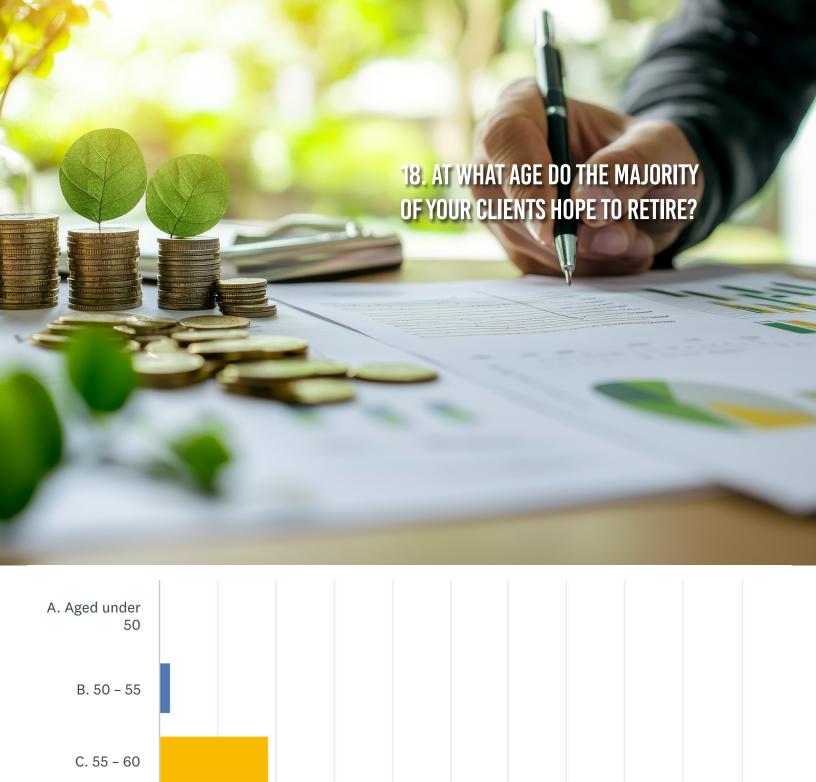
"CRETE"

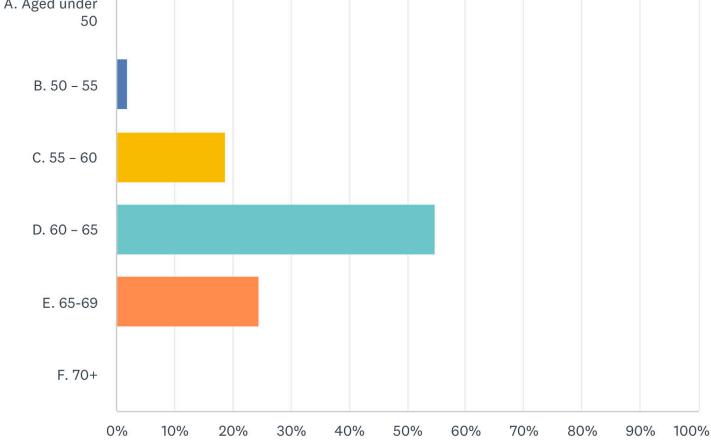
"CYPRUS"

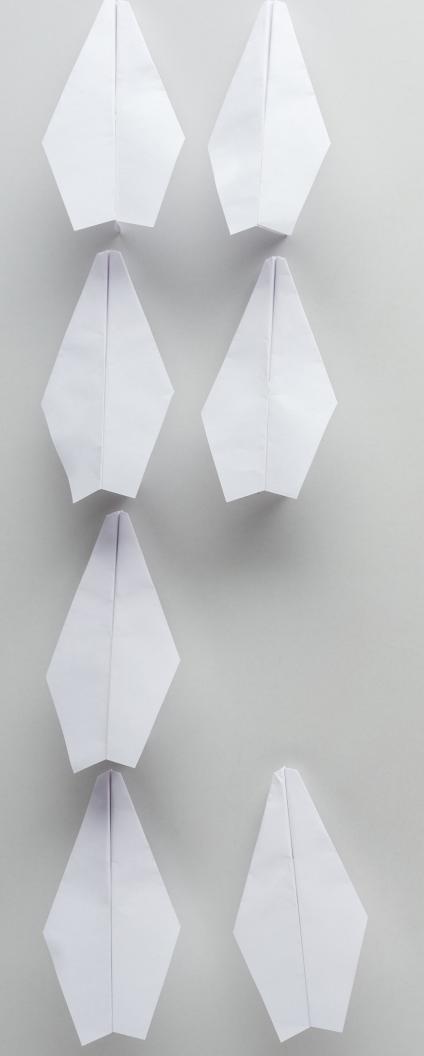
"PORTUGAL, PHILIPPINES, THAILAND, SOUTH AFRICA ARE ALL POSSIBLE"

"UK"

"ANYWHERE BUT THE UK"







## IFGL PENSIONS



Q&A with Rachel Meadows MD, IFGL Pensions interview with Gary Robinson, Publisher, II and IA Q&A with Rachel Meadows MD, IFGL Pensions interview with Gary Robinson, Publisher, II and IA regarding the II/II GAS 2024-2025 Survey on Pensions

GR: What were the key takeaways from the survey? What can you tell me about that?

RM: The key takeaways were really about the gap between expectations and reality. On the whole, clients have got very unrealistic expectations based on the actions that they're currently taking, and that risks some nasty surprises in store as they approach retirement.

So, whilst around 60% of people expect to have the same or even a higher



standard of living in retirement, over half of people are only starting to save for their retirement aged over 35 now.

Over half of clients only start saving for their retirement after age 35 and over 80% of people are completely unrealistic about the size of the pension pot they'll need. Looking at it another way, from our survey, only 5% of people had a realistic expectation around the size of the pot that they need at retirement.

Our survey really highlighted the critical role that advisers play in helping their clients to understand the cost of living in retirement and in engaging clients early,

#### GR: You mention the critical role advisers play. Tell us more about that.

RM: Of course. The survey also highlighted the critical role that advisers play in supporting clients, helping them



understand what they need for positive income in retirement, the benefits of early engagement, and in making sure that they're on track for the retirement that they envision.

#### **GR:** Looking at the survey, were there any surprises?

RM: Yes, there were some. Almost twothirds of respondents said that they hadn't started saving for retirement earlier because of more urgent financial priorities. Now, whilst it's not a surprise in itself that people prioritize short-term financial demand and save a long-term objectives, the proportion of people involved indicates that this is a big problem, and there's a huge degree, therefore, of under saving for retirement.

#### GR: Anything else of surprise?

RM: We saw from the survey that 20% of UK resident clients and 40% of expat clients intend to retire overseas, with Portugal being quite a popular destination. Only a third intend to return and retire. That is quite surprising that only 1/3 of expat clients intend to return and retire in their own home country.

RM: What was surprising within the survey was that, on the whole, people actually had quite a realistic idea around the age at which they expect to retire, with almost 80% of people expecting to retire at age 60 or over.

RM: (cont)...

But even that's only realistic with focus saving and a good understanding of your finances. If you think about the task of funding retirement these days, thinking about funding 25 or even 30 years of lifestyle post-work is no mean feat.

#### GR: What role can advisers and providers like IFGL play?

RM: The key role we can play is in education. We need to address the widespread lack of awareness around what a good standard of living in retirement costs and how important it is to save early, even small amounts saved early in your working life can make a huge difference when you think about the impact of compound investment returns and compound interest over the period to retirement.

There's a real, practical side to starting early as well. If you think about saving a very small amount when you first start work, and then perhaps increasing that amount by a very small amount each year, over time your earnings will increase.

That way, it's never particularly painful to save for your retirement, because you're just used to that outgoing and it increases gradually over time.

If you only start saving after the age of 35

# ADVISERS CAN PLAY A KEY ROLE IN MANAGING CUSTOMER EXPECTATIONS

the amount that you need to save is really quite large, and you're playing catch up, and you've got a huge bill that you're not used to paying often coinciding with other big life expenses like mortgages and childcare costs as well. So it becomes more difficult.

GR: How can advisers play a part in managing expectations.



RM: Advisers can play a key role in managing customer expectations, and they can also act as early warning guides. As to whether clients are on track for their retirement. Through annual reviews, clients can then adjust and act accordingly. Knowledge is power and advisors are able to arm clients with the knowledge that they need great

#### GR: On a final couple of points, many of those surveyed, perhaps not as many as expected, plan to retire overseas. Tell us about that.

RM: Many of those surveyed, perhaps more than expected, plan to retire overseas. Advisers can play a very important role in helping them understand the tax implications and preparing clients for the difference in cost of living between different jurisdictions.

#### GR: Any final points about the survey?

RM: The survey also indicates that advisers will only play a more critical role in the market going forwards. Especially as we see a change in the in the nature of people approaching retirement with less of those benefiting from generous defined benefit or occupational pension schemes early in their retirement and shouldering more of the burden of saving for pensions themselves.

#### **VIDEO: INTERVIEW WITH IFGL PENSIONS MD RACHEL MEADOWS**

In this video, part of our new Investment International and International Adviser Global Advice Study 2024-2025 launch, we speak to Rachel Meadows, MD, IFGL Pensions.

IFGL Pensions sponsored and took part in the retirement and pensions segment of the II and IA Global Advice Study 2024-2025 and in this video Meadows previews discusses some of the findings.

<u>CLICK HERE to view on YouTube</u> or on the image below





THE pensions and retirement survey – collated in partnership with our sponsor IFGL Pensions – was by some way the largest that we undertook as part of this Global Advice Study project with 18 separate questions.

The survey was sent out directly to advisers, wealth managers and brokers only and took around 8-9 minutes to complete on average. The survey/study conducted anonymously to allow respondents to speak freely when answering questions direct. II and IA received 57 direct responses from the online survey from across the world.

II and IA staff conduct regular video and written interviews with the CEOs, MDs and top-level executives from the vast majority of the major advisory or brokerage firms around the world. Our two titles also host a series of global events both face-to-face and virtually in London, Latin America (Uruguay in 2024), Dubai, Africa and Asia And from Q3 and Q4 in 2024 and into Q1, 2025

Additionally, we were able to receive the views and answers to most of these questions from just over a dozen (13) more key participants taking the total responses to 70.

#### Reality check

As Rachel Meadows, Managing Director at IFGL Pensions points out in her own excellent analysis and Q&A on pages 23-26 there are some surprises in these results but perhaps none more so that the gulf between hope, expectation and reality of many advisers clients when it comes to future retirement income, both in the UK and internationally.

In the first question we asked advisers when choosing a SIPP provider, rank the following factors in order of the most important when making your choice?

Cost may have been expected to be number one in advisers reply but it was beaten into second place with service being the key differentiator. Product was next with size and strength of the provider after that followed closely with technology and online services.



#### BETTER PRODUCT UNDERSTANDING AND MORE ADVISER HELP AND SUPPORT IS CLEARLY NEEDED

Question 2 asked advisers to look across the last ten years and see if there was any major change in client's attitude to saving for retirement and the answer was 'about the same time" at 62% with an almost exact number 19% on both sides that said 'later' or 'sooner' than previously. This highlights that despite more information being available, attitudes are the same as ten years ago.

It is no surprise in Question 3 that 'almost every client' or 'most clients' were adamant when asked whether retirement or long-term saving was part of the advice chat.

Question 4 was particularly revealing with advisers given the opportunity to speak directly to pension providers to give feedback as to the type of support that is important to assist them when discussing retirement with clients.

Answers highlighted included requests for "stats showing benefits for starting early", "more example cases to use to highlight benefits", "better product understanding". And "the need for more adviser help and support is clearly needed".

#### Complex

One such request asked for "constant regulation and product improvement feedback", which highlights the challenges an adviser faces in understanding the ongoing complex international tax changes. And also the way that products are changing to meet the ever changing needs of regulatory compliance and client needs.

Question 5 asked "In your own words, what do you think the key benefit for clients is of working with a financial adviser to support their retirement/long-term saving goals?"

The longest answer received stated: "Advisers create holistic retirement strategies that consider income sources and estate planning, while also providing ongoing monitoring and adjustments based on changing circumstances. This partnership not only ensures clients stay on track but also offers emotional support, education, and acces to valuable resources, ultimately delivering peace of mind as they prepare for secure and fulfilling retirement".

Others stated: "effective professional financial planning", "getting insight and information + support", "very important for guidance, advice and staying the distance".

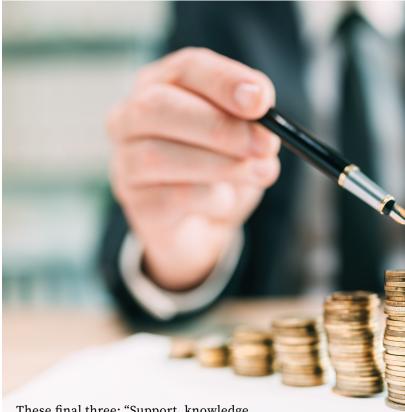
"Personal relationship, knowledge, service was cited" and the need for a financial adviser to "help better understand what the options are for the clients and also help them understand the best pension plan" or "help you navigate complex financial situations, more likely to actually commit to sticking with a plan", were also key points

Another cited "management of expectations and rational decision

# ADVISERS HELP NAVIGATE COMPLEX FINANCIAL SITUATIONS AND [CLIENTS] COMMIT TO STICKING WITH A PLAN

making and "accountability and coaching to get to their goal. fund management and exit strategy".

"Safety, ease of service and ease of access" is another important one, with "ensuring clients act appropriately, know what they must save at appropriate growth rates, tax efficiency, succession planning, keeping up to speed on constant rule changes," very pertinent.



These final three: "Support, knowledge, attentiveness and integrity", "access to products and services that might not be readily available to them" all lead to the need for the "expertise of the adviser".

When taken individually these points highlight some things that appear obvious but when taken as a whole, the need for a financial adviser when looking at long term savings, pensions or retirement is clear and evident.

Question 6 highlighted a reduction on pension transfers in recent years and asked 'What do you think the main reason for the recent reduction in Pension Transfer business is?'
The answer It has become too complex/bureaucratic was highest with 75%. Second was "economic uncertainty". The challenge is clearly laid down to the advice and product world to try and unpick the complexities of pension transfer business.

The sledgehammer approach from the UK government with a 25% levy added to all QROPS transfer a few years back has had an impact to help stop the churning, high fees and unscrupulous advisers.

While it has worked to some extent, this, combined with other countries changing rules and regulations this attempt to stem the scammers has also made it more difficulty for other advisers that have clients with genuine needs for less complex pension transfer options.

Question 7 focused on the adviser favourite 'client objections' with 62% hearing that the biggest objection you hear from clients when discussing planning for their retirement was that clients have "more urgent demands on their money". Almost 20% also said that it was "too far in the future to think about".

#### Comfortable

Question 8 asked 'what annual income does a couple need to live a comfortable retirement in the UK if they were to retire today?'

£40-50k was highest income with 36% selecting followed by £50k-£60k at 32%.

On pension pots in question 9, the highest was 28% slecting 'more than £1m' with 26% stating that '£1m was the average amount' needed.

O ne may wonder how many pension pots out there have £1m or more in them?

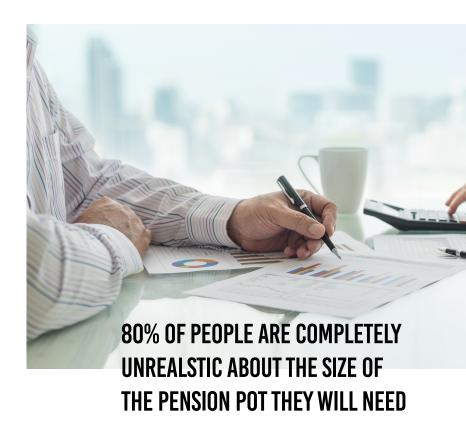
Question 10 looked at what is the typical age of your clients when they started saving for their retirement? No advisers selected under 25 with 25-30 the lowest figure at 9%.

More than half (51%) went for 35-40 with 30-35 the next highest at 26% 40-45 at 11%. Given that most people appear you want to retire on average between 55-65 this only gives 20-30 years to save for a pension pot

#### Pension pot

Question 11 asked When it comes to thinking about how big a pension pot a client needs, which of these attitudes iis the most common:

Only 4% were said to have had a realistic expectation of how much was needed. The majority 60% considerably underestimate with 15% have 'no idea" as to how much they need.



Despite this lack of knowledge Question 12 asked; 'when it comes to retiring, which attitude towards their spending in retirement compared to when they were working best sums up your clients'.

53% expect the same standard of living with 32% only expecting a 'slightly lower standard of living'.

These questions and responses seriously highlight the retirement challenge and with people living longer the pressure on the state and the economy will be felt unless this gap is bridged somehow. Given the answers in Question 10, bridging the gap will take significant investment into retirement by clients

#### Life expectancy in the UK

On life expectancy in the UK, the latest news, as reported by International Adviser on February 14, 2025 said that half of men celebrating their 65th birthdays this year are expected to live for nearly 21 more years while half of women reaching 65 are expected to live more than 24 years, latest official life expectancy statistics reveal.

New life expectancy projection figures from the Office for National Statistics show rising life expectancy rising to 86 for men and 89 for women, but a slowing in the rate of improvement.

Question 13 pointed to 'the main benefits clients get from working with a financial adviser to save for their retirement?' When asked to pick the most important), the highest was "Better understanding of being 'on track' for the retirement they want" at 47% with the "ability to revise their plans to meet their financial reality" the second highest at 21%.

#### Retirement challenges

Question 14 asked an open question re 'What are the biggest challenges you face in discussing retirement planning with your clients?' receiving the following anonymous responses.

"Convincing them of the benefits of having a pension re having a savings plan",

"they believe current savings will suffice and do not realise how much is needed".

Affordability and commitment featured highly in answers. One cited "Fear of no or minimal access to their funds". "Uncertainty of where they will be as an expat" and "clients not prioritizing retirement planning" and "starting early" are all challenges.

One adviser said: "All my clients are unable to contribute to their existing UK plans as they have been overseas for several years so the biggest issue is achieving flexibility and consolidation for

# OVERCOMING THEIR BELIEF OF IMMORTALITY, MOST DONT WANT TO FACE THE REALITY OF 'THE POT'

ease of future administration". Another pointed to "Negative media and changes in regulation which is dressed to protect clients but actually costs them", which harks back to the issue highlighted in Question 6.

"Procrastination. Scepticism, too blasé, committing enough money to save early enough" was another response. Another



blamed "poor service from providers"

"Overcoming their belief of immortality and most don't want to face the reality of the "pot" they will need in retirement", sums up the 'head in the sand' attitude from many.

But issues regarding "cost of living" and "the commitment to make additional contributions themselves and just rely on their employer and the state", are very credible points. More concerning was a final point that the lack of commitment to savings is through "negative perception of financial advisers".

#### **Substantial**

This substantial survey ended with questions on where clients might retire. This matter cropped up in previous questions, particularly around obstacles to clients making decisions on saving for retirement.

Question 15 asked 'For your expat clients, where do they expect to retire?'. 39% was highest with the vague "specific foreign retirement destination (eg. Spain, Caribbean etc)",

Second was "In their home country (UK)" with 34% and in third pace with 19% "In the country they are currently working/living in".

On Question 16 this was expanded on further with "For your UK based clients, where do they expect to retire? 70% answered in the UK with 20% highlighting "A specific foreign retirement destination (eg. Spain, Caribbean etc)" And around 10% said :In the country they are

currently working/living in".

Question 17 dug a little deeper and asked advisers to individually highlight the places that where you expect to retire
This provided some interesting data and given that most answered this in Q4 2024, it might be interesting to see how recent UK Labour government moves will impact in this answer.
On places to retire the UK was highest single country with 13 but with two adviser stating 'anywhere but the UK', perhaps this should see a – 2 reduction down to 11.

#### EUROPE ON TOP

Europe which had 6 responses but combined with Portugal which had 6, Spain which had 4, Greece 2 and Cyprus 1 – as a region the total was 19.

Asia was another top destination with 10 – spread across the region with Thailand and Philippines the joint highest single countries with 2 responses.

Canada had two votes 2. Interestingly, there were no takers for the US and only one for The

# THE SHORTSIGHTEDNESS [OF CLIENTS] AND 'HEAD IN THE SAND' APPROACH IS ALL TOO PREVELANT

Caribbean as places to retire.

The final question (number 18) asked at what age do the majority of your clients hope to retire? 55% said between 60-65, 24.5% between 65-69, 19% between 55-60 2% between 50-55.

None responded under 50 and surprisingly none over 70. The harsh reality is that a growing number if



citizens in the UK work at least part time over 70 years of age.

But given the audience the majority of clients being advised across global financial circles with higher incomes and lots of high-net-worth and ultra-high-net-worth clients, these stats might have different impact in different jurisdictions.

#### **SUMMARY**

In summary, there are many factors that are affecting clients receiving advice on pensions and retirement, but some that, no matter how important the message, never seem to change. The shortsightedness and head in the sand approach is all too prevalent.

Many have work-based pensions which do help but, in those cases, most will not give the amount of income at retirement that many clients say that they want or need. But the fact is that whatever the salary, if an individual wishes to receive a similar or slightly lower income at retirement, then they need to save early and save more than they currently do.

The need to highlight the need to start young, at the point of your first job and make small increments throughout working life. IFGL Pensions MD Rachel Meadows makes this point more than once in our Q&A. Advisers have also asked for this support in this survey.

Most of all though, that need for a trusted financial adviser that can keep clients on the right track throughout life is perhaps the biggest take away. Whether the clients follow that advice is perhaps another matter.

