

# A promising start to retirement

AT8 is currently visiting a number of key product providers to look at the e-commerce facilities and tools they are providing. This week **Mark Loosmore** gives the lowdown on LV='s At Retirement offering



With our current reviews we are visiting some of the leading product providers to assess their e-commerce offerings. We have already discussed the Menu Protection product from BUPA, the Just Retirement Enhanced Annuity systems, Friends Provident's Corporate Pensions Platform and this week we are taking a look at the At Retirement offerings of LV=.

You would be forgiven for not being familiar with the LV= At Retirement proposition, because it has been branded differently over the years.

Many readers will identify with the original brand, National Mutual, which had a strong niche reputation in the pensions arena. National Mutual was acquired by GE Life, which was in turn sold to Swiss RE, a firm that was attracted by its closed book.

Recognising the new business potential of pensions, LV= acquired the new business capabilities in 2008, bringing us in a rather convoluted way to today's position. Interestingly though, the LV= team retained a lot of the original National Mutual staff, and with the team comes a wealth of experience in the SIPP and income drawdown market. Two people that meet this description are head of pensions and investment Ray Chinn and product consultant Kirsty Wright whom we met to review their e-commerce solutions.

## Best-of-breed technology

Chinn is refreshingly focused on his vision for e-commerce services. He is aware that they have lost some ground during all of the changes, so rather than trying to automate the whole advice process he has prioritised some key areas to assist IFAs.

He wants to address the areas IFAs will get the most benefit from straight away by providing 'best-of-breed' technology solutions, then filling out the gaps

over time. In order to identify these areas LV= has carried out extensive market research and spoken to many IFAs.

At the core of LV='s strategy is the ability to provide advisers with the tools to understand the clients' attitude to risk (ATR) and so help them to select the appropriate investments.

To achieve its objectives, LV= chose to work with Distribution Technology (DT), among others. It selected this particular vendor because it felt DT's focus on usability and consumer-friendly outputs were excellent. LV= also believed that DT, through its Dynamic Planner brand, had a high degree of product awareness and credibility with its IFA partners. Finally, LV= was impressed with the reliability scores achieved in the benchmarking studies, where the long version of DT's ATR questionnaire achieved 92% reliability (meaning the consumer agreed with the score provided by the system in 92% of cases).

In implementing its retirement planning solution, LV= decided to create two tool-sets: an express planner that could be completed within 10 minutes and a more holistic retirement planning tool. The express planner focuses purely on the need to invest a set amount of money and looks at the best asset allocation of this sum in isolation of other provisions. The full planning tool takes into account all other benefits and their allocations. So, for example, it will include any final salary schemes that have built up, as well as the state pension.

The planners offer a 10- or 20-question ATR survey. The questionnaires are easy to follow and can be printed out to use offline. They place the customer in one of 10 risk categories. Each category has a suggested asset allocation model.

Now that the suggested asset allocation is identified, there are a number of routes the adviser

can take to select the investment funds. They can go to the model portfolio provided by LV=, which has portfolios to cover ATR categories four, five, six and seven. LV= believes these categories cover 80% of the market, with a more cautious category-three portfolio being considered for coverage as we go to press.

Alternatively, advisers can select from a group of funds that are effectively 'quality marked' by their fund management team with the 'PensionQ' mark. If none of these options suit the situation, the adviser can select from the whole fund range on the LV= platform, use the FundsNetwork platform with which they have an agreement, or invest direct via the SIPP product.

A graphical representation of the target asset allocation is shown alongside a representation of the chosen funds so the adviser can clearly see how well balanced his choice of funds is in comparison to the recommended funds' split. Once the allocation is agreed, a report can be produced and download summarising the recommendations, although disappointingly the process then reverts to a manual one to action the recommendations.

## Focus on usability

A useful addition to the system is the addition of an alerts function that the adviser can use to send an email to themselves should key events occur. The alert is a nice feature to help keep the adviser ahead of the market and to help them appear proactive to their clients.

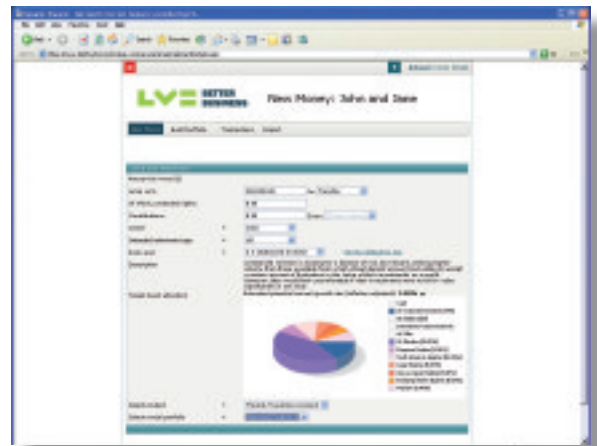
As well as helping the adviser in identifying the ATR and fund selection, LV= also has a client extranet system that provides an element of client management. The extranet is well designed and easy to navigate. LV='s focus on usability is once again apparent. It has a good search facility to help find a specific client quickly, or to search for all

clients with similar characteristics. You can imagine several scenarios where this advanced search could be very useful; for example, if a fund manager is leaving and the adviser wants to suggest that the clients move out of that fund.

The extranet also provides the ability to give an up-to-date valuation of any of the clients' portfolios. Contract enquiry links are also available to users

unlike most application forms in the market that change according to data inputted to speed up data entry. Given the strength of some of the other tools in the LV= kit-bag, we would like to see further work applied to streamline this process.

The e-commerce world of income drawdown, like the annuity world we have previously covered, is not as advanced as the protection and investment



of 1st - The Exchange in order to provide valuations in Adviser Office. Links will soon be in place with IntelliFlo too. Further integrations are planned with Plum, True Potential, Enable and JCS. The extranet also supports online fund switching.

Where LV= has not currently streamlined the process is in the area of quote-and-apply services. There is some logic in leaving this to last, because the firm argues that the quotations are inherently complex so often need call centre involvement. Its current process therefore involves a call to LV= and an administrator then creates the quote. The call centre's system then generates an application that is intelligent enough to shorten the application form to include only the relevant questions. However, once created this is static,

markets. Nevertheless, LV= has created a series of tools that can add genuine value for the adviser. We would like to see more integration between the tools and for them to extend to support electronic quote-and-apply services. However, the start LV= has made is very promising and is focused on meeting advisers' needs.

## KEY INSIGHTS

- This is a niche market area;
- There is a clear sense of purpose from LV= management;
- At Retirement prioritises deliveries to meet adviser needs;
- It chooses credible technology providers with experience in the space;
- It seeks feedback in order to validate solutions and identify what extensions and adaptations are needed.

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