

# ICAEW Traffic Guide to 'Financial Advice' regulation

[www.AutoEnrolment.co.uk/Advice-Guide](http://www.AutoEnrolment.co.uk/Advice-Guide)



The Institute of Chartered Accountants in England and Wales (ICAEW) has produced a Personal Finance Planning Traffic Light Guide to Regulation, with a chapter specifically about automatic enrolment.

Many accountants and payroll companies are not engaging directly with clients on automatic enrolment because they are concerned that recommending a particular pension scheme might constitute giving financial 'advice'.

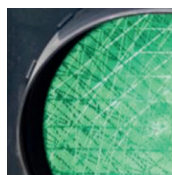
In these cases, many accountants either:

- Direct their clients to a financial adviser - costly for their clients; or
- Avoid auto enrolment altogether – losing clients to competitors

These accountants are missing out on an opportunity to engage with their clients on automatic enrolment

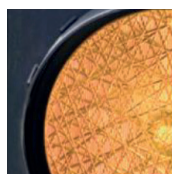
## Automatic Enrolment Traffic Light Guide Excerpt

### Not Regulated...



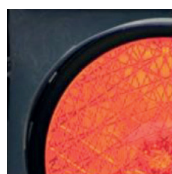
- Discussions with employers on the relative merits of an AE compliant pension scheme
- Recommending a specific pension scheme to employers and carrying out the transaction
- General discussions with employees on the different types of pension products available. Providing the employee with the name and contact details of an appropriately authorised firm (but not passing the client's details to the adviser) which is capable of providing financial advice which will meet the client's needs

### Regulated - Cannot be done without a DPB licence



- Passing client's details to an appropriately authorised firm with the client's consent for the adviser to contact the client
- Explaining and evaluating advice given by an appropriately authorised firm and identifying whether this is suitable or not, but not giving alternative advice
- Implementing investment planning in cooperation with an appropriately authorised firm
- Arranging to make payments into, or to place property into, a personal pension scheme, including a self invested pension scheme at the request of a client, but not recommending the acquisition of any rights in such a scheme

### Regulated and requires FCA authorisation



- Discussions with an employee on the relative merits and suitability of a specific pension contract e.g., a particular self-invested personal pension offered by company X
- Recommending that an employee purchases a specific personal pension contract

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