

# *Reviewing the Simplified Prospectus*

**Financial Services Authority  
David Geale**

# UK experience with Disclosure



- **Key Features Document / Simplified Prospectus**
- **The current experience**
  - How/when to use this information?
  - Length
  - Content
  - Tech info/jargon
  - Comparability

- **Getting the messages across to consumers requires them to actively engage with the documentation**
- **Why do consumers not engage?**
  - Confusion
  - Lack of transparency
  - Locating key information
  - Appetite?

# Ideal consumer information



- *Give consumers the information they need about a product and its charges so that they can make an informed choice about whether to buy it; and*
- *Ensure that the information is presented in a format and at a time that helps consumers make comparisons between products and providers*

# The key messages:



- **Product summary – aims and risks**
- **High level suitability**
- **Consumer commitment**
- **Guarantees (or lack of)**
- **Flexibility**
- **Charges and their effects**
- **Next steps**

# Engaging the consumer



- **Brief summary identifying key messages**
- **Stand out from other marketing literature**
- **Engaging and easy to read**
- **Q&A structure**
- **Colour/Brand**
- **Timing**

**keyfacts**

## Personal Investment Plan Provided by Halifax Life Limited (Halifax Life)

<p>The Financial Services Authority (FSA) is the independent regulator of financial services. It requires us, Halifax Life, to give you this important information to help you decide whether our Personal Investment Plan is right for you.</p>	
<p><b>1 What is the Personal Investment Plan?</b></p>	<ul style="list-style-type: none"> <li>The Personal Investment Plan is an investment plan that aims to increase the value of the money you invest.</li> <li>You can invest a lump sum and you can also choose to invest a regular monthly payment.</li> <li>You can choose to invest in up to 20 of the investment funds we offer.</li> <li>There is no fixed date when this plan ends so you can choose to cash it in when it suits you but there may be a charge for doing this.</li> <li>It also provides some life insurance cover.</li> </ul> <p><i>For more details see the 'Personal Investment Plan' brochure</i></p>
<p><b>2 Who is it right for?</b></p>	<ul style="list-style-type: none"> <li>This plan could be right for you if             <ul style="list-style-type: none"> <li>you want to invest a lump sum for at least five years;</li> <li>you want to invest regular payments for at least five years;</li> <li>you want to take advantage of the tax benefits of investing in a plan that offers some life cover. You'll need to consider these carefully as they will depend on your own circumstances and there may also be disadvantages.</li> </ul> </li> </ul> <p><i>If you have any doubts about whether this plan is suitable for you, you should speak to a personal financial adviser</i></p>
<p><b>3 What are the benefits?</b></p>	<ul style="list-style-type: none"> <li>The plan offers you a wide range of funds that invest in different types of assets.</li> <li>You can switch funds at any time. We presently don't charge for this and you won't normally have to pay tax on any gains at the time you make the switch.</li> <li>This plan can be arranged under a trust as part of your Inheritance Tax planning.</li> </ul> <p><i>For more details about the other benefits see pages 3 - 5 in the 'Personal Investment Plan' brochure.</i></p>
<p><b>4 What are the risks?</b></p>	<ul style="list-style-type: none"> <li>You need to think about how much risk you want to take when you're choosing which investment funds to put your investment in.</li> <li>The funds we offer have different levels of risk. If you need help in choosing the right fund you should seek help from an adviser.</li> <li>Many of our funds invest in shares, which can go up and down in value – and there is a risk that they could end up worth less than you paid in.</li> <li>However, your money could grow more in a shares fund than in a fund which offers lower risk – you need to balance up how much risk you want to take for the chance of more profit.</li> <li>If you take out regular withdrawals any growth may not be enough to replace this.</li> <li>Some of our funds invest overseas and so might be more likely to be affected by large changes in value, because of changes in exchange rates.</li> <li>If you decide to cash in all or part of your plan we have the right to delay making payment if there has been a delay in cashing in the investments within your plan. For most funds this delay can be up to one month. However for the Property Fund, we can delay for up to 6 months.</li> </ul>

# Other important information



- How to use?
- Positioning
- Timing

# Consultation



- **Industry views**
- **Cost/benefit exercise**
- **Further testing**

# Consumer Testing – How did it fare?



- **Received positively by both consumers and advisers**
- **Seen as simple and succinct**
- **Q&A format worked well answering 'key questions'**
- **Confidence in decisions**
- **Adviser views**

## Consumer reaction:



*“This is the first thing I wanted to pick up and read because it’s one sheet and you have got highlighted areas – so immediately you feel this is something that is easy to read.”*

## Consumer reaction:



***“If I get the answers to these questions at least I would be in a fairly good position to understand what I was being offered and what it was going to mean in the long term”***

# Quick Guide Simplified Prospectus



- ***Meets Simplified Prospectus aims:***
  - *Clear understandable info*
  - *Engaging*
  - *Standard form*
  - *Aids comparability between products and product types*
- ***Flexibility***

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