
Great Ferment on the U.K. Retirement Scene

By Editor Test *Wed, Sep 22, 2010*

Within six months of retirement, workers in the U.K. should get two half-days off for retirement income counseling, and they should be provided with three competitive annuity quotes, says a major U.K. third-party administrator.

If HM Treasury decides to re-make the British pension system and remove the requirement that Britons buy annuities with their remaining tax-deferred savings at age 75—a requirement analogous to our Required Minimum Distributions—then the makeover shouldn't stop there, says a major U.K. third-party administrator.

[Xafinity Paymaster](#), a pension, payroll and annuity recordkeeper that currently makes payments to 600,000 annuitants each year for U.K. insurers, wants the British government to require that every retiree be provided with the three highest comparable annuity quotations, as well as compulsory use of a common annuity questionnaire and application form.

It also wants the creation of an independent advisory body for annuitants along the lines of the Citizens Advice Bureau to provide specific advice to individuals at retirement and believed this could form part of the National Financial Advice Service.

Keith Boughton, Xafinity Paymaster's director of insurance and payroll, suggested allowing all retirees the right to two half days off work within six months of retirement to get dedicated retirement advice either from their own financial adviser or a government/industry sponsored one.

"The government has the opportunity to overhaul completely the retirement process, which could at a single stroke benefit tens of thousands of retirees," he said. "The ability for retirees to shop around for the best pension at retirement via the OMO (open market option) has only been partly successful, and we believe that pension scheme providers must be compelled to provide the three best quotes; and this should be supported by a level of free and independent advice to individuals at retirement."

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