

The holy grail of corporate wraps

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Managing pensions partner Steve Bee tells Lee Jones how the firm's new employee benefits service will enable advisers to become consultants



Paradigm managing pensions partner Steve Bee is putting together a business that he says will allow IFAs to also become employee benefits consultants, helping employees accumulate and then dissimulate their assets.

Paradigm has recently announced a deal with Staff care, an employee benefits administrator, to work alongside Paradigm's in-development corporate wrap to create what Bee says will be "the holy grail" of corporate wraps which will offer all work-based benefits solutions to employees online.

Bee says: "I would refer to this as a modern pension scheme. Through our system, employees can pick and choose what they want - they will get the occupational pension obviously, definitely after auto-enrolment but there will be all sorts of additional things, disability benefits, dental care, life insurance, medical insurance, childcare vouchers and even corporate Isas will all be available."

Bee says Paradigm's 323 IFA members can use this system to auto-enrol employers and then become their external EBC rather than just an IFA.

He says: "It gives them the chance to transition from distributors for insurance companies to be instead a true benefit consultancy for employers and employees.

"It is a new angle for IFAs. Right now, they have a choice to make - they can hold on to the past as long as it stays around or they can move on and transform their business. That is transforming from just product distributors to EBCs, making long-term relationships with employers and employees in the workplace. Things will develop past that. Advice has its place but it only has its place when people have the assets and the workplace is the place where

people should be accumulating assets. Then, once they have those assets, the adviser can give financial advice, which regular EBCs can't, meaning IFAs will have a real power in this space."

Bee: 'Those IFAs who think they can hide behind this priesthood that believes the 'we know more than you do so we are important' philosophy will soon find that those days are over'

Bee admits that such a flexible benefits system are available already but only at the UK's biggest firms. He says that by acting as external EBCs, IFAs will be able to market the service to the majority of small and medium-sized enterprises in the UK.

He says: "We are looking at companies with employees of between 20 and 400 where you would not usually find such sophistication. But I have to say there is no reason why we cannot do what we are doing for a two-man firm or even 20,000 employees - we are very excited about what we can do with this."

One of the biggest hurdles for auto-enrolment and the future of accumulation in the UK is getting employees engaged with saving.

Paradigm hopes to combat this with the creation of its consumer-facing website, jargonfreepensions.co.uk. The website, tailored to the Facebook generation, offers pension education through a series of plain-speaking pages and facilities.

Bee says: "Someone needs to leverage the internet age and employ that to pensions. Pensions without knowledge is not worth having and that is where jargonfreepensions.co.uk fits in."

Bee says Paradigm is still developing exactly how the site will work with the flexible benefits system but says it will incorporate mobile technologies to keep employees informed.

He says: "I will be pledging to all our member firms that every time an employer pays any money into it at all, the employee will get a text or an email telling them exactly how much your employer has contributed and how much their pot is worth."

Bee says bombarding employees with information will help stimulate interest in accumulation, something that most see as the biggest hurdle in closing the pension gap.

He says: "We will also have apps to help them play 'what if' to see how much they are saving and to compare where they stand compared with national averages - all these things will get people talking and not talking in a jargon governed by a priesthood that has frankly had its day but in plain English."

Bee says Paradigm will be rolling out its benefits system by November 5, allowing its IFAs to go to employers and inform them about auto-enrolment and says it will be fully integrated with the corp.-orate wrap by the summer of next year. He also expects Paradigm will take on another

200 RDR-ready IFAs before auto-enrolment, many of whom he says will choose to become EBCs.

He says: "Those IFAs who think they can hide behind this priesthood that believes the 'we know more than you do so we are important' philosophy will soon find those days are over.

"Most people think the golden age of pensions is long gone, they think years ago we had fabulous pensions and the ones we will have in the future will be rubbish. I think the opposite is true, the best pension schemes we will ever have in this country have not been built yet. All that we are doing with our flexible benefits systems were not possible in the so-called golden age of pensions but they are today. We think this is a glimpse of what is coming."

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