

# Advisers hit out at Webb for saying no advice will be needed

Advisers have hit out at pensions minister Steve Webb for saying it will be unnecessary for small firms to seek advice over auto-enrolment.

Giving evidence to the work and pensions select committee last week, Webb said the similarity between more vanilla auto-enrolment products will mean advice is not needed.

He said: "I almost want to say I do not want most firms to have to seek out a lot of expensive advice. We are resourcing the Money Advice Service and The Pensions Advisory Service,

so there will be a lot of general information but there will not be specific individual tailored expert financial advice. Our goal is to make that not necessary, it would be crazy.

"Big firms will be able to afford employee benefit consultants to look at the market. But further down the track, we clearly do not want small firms to be spending money on advice if that is not necessary. If what people are providing is a fairly standard product at a low charge I do not want firms to be agonising about

whether they go with firm A or firm B because it will be a simple product."

Steve Bee, who has launched Jargon Free Benefits to help firms with auto-enrolment, says choosing the right product is only a small part of the challenge that IFAs could help small firms with.

He says while large firms have human resource departments to comply with auto-enrolment regulations like keeping records on who is enrolled, who is not and why, small firms do not.

Bee says: "To say IFAs have no place in helping employers comply with complex pensions regulations is nonsense. To say they only have a role in advising about products is out of date, it is only 2 per cent of it. The rest is compliance."

Webb also said low earners will not pay an IFA for advice on auto-enrolment and most IFAs will not want to offer advice on small pots.

LEBC senior consultant Greg Nicholls says: "Webb is saying that people with small pensions do not need or des-



**Webb: 'We clearly do not want small firms to be spending money on advice if that is not necessary'**

erve the same level of advice as those with big pensions but the product they choose still has a big effect on their

retirement income. Getting advice is key to getting the best product at the outset and in the future."