MORNINGSTAR Wealth

Building a Centralised Retirement Proposition:
A Practical Guide for Advice Firms

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Contents

Introduction

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Across the advice profession, we're seeing firms deliver thoughtful, outcome focused retirement advice. Firms consistently invest time and expertise in understanding the risks clients face in decumulation and navigate an increasingly complex regulatory, tax and product landscape.

Centralised Retirement Propositions (CRPs), highlighted by the FCA, provide firms with a practical framework to support consistency, robustness and good client outcomes in retirement. As such, CRPs are not prescribed solutions, but practical tools to help firms demonstrate that retirement advice is deliberately designed for clients in decumulation.

As markets, regulation and client expectations continue to evolve, so does the need to review how they articulate, evidence and strengthen their approach to retirement advice, supporting regulatory scrutiny, adviser confidence and long term business resilience, without prescribing a single "right" solution.

Who this guide is for

Designed to support advice firm leaders, compliance and risk teams, investment specialists and advisers alike. It's not about prescribing a single approach or replacing professional judgement. Developed in collaboration with Verve, this guide serves as a practical guide for advice firms seeking to formalise their CRPs.

Using the guide to build your CRP

This guide aims to support you build your CRP. You'll find next steps and action points at the end of each section. Also included is a checklist to help you formalise your CRP. This will keep you on track and ensure you are aligned with everything highlighted throughout the guide.

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Verve introduction

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How we approached this guide

We wanted to challenge the usual take on a CRP; that it's a rebrand of a CIP or a big, daunting project that asks firms to rip everything up and start again. What we see in practice is usually something quite different.

Most firms are already doing a lot of the right things when it comes to retirement advice, so the thinking is there, the care is there, and the client outcomes are there. But the structure around it all – documentation, consistency, and the ability to show how and why decisions were made – is what's missing.

And that's a clarity issue, not a capability one!

So instead of asking, "how do you build a CRP?" we've started somewhere else: **What are firms already doing, and how do you turn that into something robust and repeatable?**

As a firm, we support more than 2000 advisers a year. Our view comes from working closely with them across our proposition, compliance and paraplanning programmes to review, build, document, shape and refine their retirement propositions.

Across those conversations, one message comes up over and over. You don't need to reinvent your process; you need to fill the gaps and make it visible.

What this guide covers

This guide is built around the questions firms actually ask about CRP when they get into it properly:

- what is a CRP, beyond the comparison to a CIP?
- why does it matter, from a business and client perspective?
- what does a good, clearly defined retirement advice process look like?
- how do you take what already exists in your firm and turn it into something consistent and scalable?
- where do things tend to get messy, and how do you deal with that?
- how do you make sure your CRP works in real life, and not just in a document?

In our experience, building a CRP rarely calls for a perfect model, or starting from scratch.

Rather it takes what's already happening, sharpens it and structures it into something firms can stand behind with confidence.

Regulatory background and retirement income review

Before getting into the CRP, we need to understand why it exists and what it is about the regulatory position of the FCA that drives it. There have been articles, guidance papers and reviews done by the FCA over the years (see the resources section at the end for references to these) and these inform the thinking behind the concept of the CRP.

Clients have a great deal of flexibility with how they access their retirement savings. If we look at the changing demographic, a growing retiree marketplace, auto-enrolment encouraging greater retirement savings, staggered or phased retirement, increasing characteristics, it is not surprising that the regulator has placed significant focus on the retirement advice space.

The terminology Centralised Investment Proposition is not a new industry concept and is in fact heavily referenced in the FCA's FG12-16 'Replacement business and centralised investment propositions' from 2012. However, the concept of a CRP only really came into the spotlight in the findings published by the FCA in their Thematic Review TR24/1, 12 years later.

The FCA's Thematic Review into retirement income was instructed following the recognition that more flexibility meant more decision making which in turn leads to higher risk for consumers. With wider options available outside of secure income sources (defined benefit, annuities), the 'decision' around retirement and how that is going to be funded has led to significant work in the financial planning industry in this space.

The review was for the regulator to:

- obtain detailed insight to the market,
- understand whether advice models considered specific needs of clients in decumulation, and
- understand whether retirement outcomes and suitable advice are being delivered, avoiding foreseeable harms

The review led to mixed conclusions from the regulator, and has shaped further publications, such as the FCA's good practice and areas for improvement in retirement income advice (a large focus, in fact a whole chapter, centred on CRPs). CRPs are not a regulatory requirement for firms, however the regulator directly references the benefit of CRPs in the ability to deliver consistent and suitable advice where they have designed their advice proposition to meet the needs of their customers.

This is where we start to see differences from the perception of a CRP simply being a CIP, but focusing on the investments in retirement, to a process more focused on retirement advice as a whole. This guide recognises this by highlighting all the sections key to an effective CRP.

Centralised Retirement Propositions: Regulatory context

This diagram summarises the key FCA/FSA publications referenced in the CRP guide and why each matters when building and evidencing a CRP. It is designed to help compliance and governance teams link CRP content to the regulator's focus areas.

FCA/FSA publication

TR24/1: Retirement income advice thematic review (March 2024)

What it is: FCA thematic review into retirement income advice; includes findings on CRPs and advice files.

Why it matters to a CRP: Brought CRPs firmly into focus as a practical tool to show retirement advice is deliberately designed for decumulation and can deliver consistent outcomes.

CRP implications (what to evidence): Evidence a retirement specific advice framework (not just a CIP re label), with defined decision logic, controls, and monitoring over time.

Retirement income advice: good practice and areas for improvement (June 2025)

What it is: FCA "bite sized" good/poor practice article following the thematic review; focuses on information collection, risk profiling, and sustainability of withdrawals.

Why it matters to a CRP: Sets out what FCA sees as fundamental to good outcomes in decumulation and where firms fall short in practice.

CRP implications (what to evidence): Evidence robust KYC/fact finding for decumulation, appropriate risk profiling (including capacity for loss), and a documented approach to sustainability/withdrawals.

Undertaking cashflow modelling to demonstrate suitability of retirement related advice (March 2024)

What it is: FCA article highlighting concerns and good practice for cashflow modelling use and how it can cause misunderstanding if done poorly.

Why it matters to a CRP: CRPs commonly rely on cashflow to evidence sustainability; FCA explicitly highlights foreseeable harm where assumptions/outputs are not handled properly.

CRP implications (what to evidence): Evidence

- A consistent approach to assumptions
- A process to check inputs/interpret outputs,
- Clarity on limitations and how advice uses cashflow.

FG12/16: Replacement business and centralised investment propositions (July 2012)

What it is: (FSA-era) finalised guidance covering suitability and governance risks in CIPs and replacement business.

Why it matters to a CRP: Helps frame how "centralised propositions" should be designed and evidenced; provides historical regulatory grounding for CIP governance (and by extension how CRPs should avoid "one size fits all").

CRP implications (what to evidence): Evidence: clear target markets/segmentation, suitability rationale (including costs/charges), and governance around the firm's centralised frameworks.

FG11/05: Assessing suitability – risk a customer is willing and able to take (March 2011)

What it is: (FSA-era) finalised guidance on establishing and checking risk (including capacity for loss) and making suitable investment selections.

Why it matters to a CRP: CRPs must show retirement ready risk assessment (risk tolerance + capacity for loss) and how risk feeds into strategy selection.

CRP implications (what to evidence): Evidence: risk profiling approach fit for purpose, treatment of capacity for loss, and documentation showing risk drives investment/withdrawal decisions (not the other way around).

Service proposition

Product Intervention and Product Governance (PROD)

A firm's 'PROD' is their approach to the products and services it offers to clients. A firm is required to have thought about what service they offer, what products they use to support this service and to make sure that clients use products that were designed for them.

To meet your PROD requirements, you should have a documented process for:

- the service offered to clients
- how you segment (and subsegment) clients
- how your product target markets are matched to these segmented clients.

Clients in this area are likely to fall into one of the following groups:

- existing clients entering drawdown
- existing clients buying an annuity
- new clients entering drawdown
- new clients buying an annuity
- existing clients now in the period leading up to retirement/ decumulation
- new clients in the period leading up to retirement/ decumulation

If you do not have a dedicated decumulation segment or subsegment covering these types of client, now would be the time to formalise one. Even if you have one, review it against the following questions:

- how does my service for decumulation clients differ from accumulation clients?
- are we charging appropriately?
- what minimum charges should apply?
- how do we handle falling asset values if charges are based on AUM?
- what are the limits to transactional work (annuity business for example)?
- are the following service features different for decumulation clients?
    - cashflow planning creation and updates
    - annual/biannual meeting and updating
    - frequent planning actions (rebalancing to cash targets

Your CRP will set out what happens to clients in these groups, in your segments and in your subsegments. Before you can create your CRP you need to know who it is serving.

There are implications for Consumer Duty here too. 'Price and value' applies to the service you offer as well as the products the client uses. A service proposition reflecting the realities of decumulation will help demonstrate value and a clearly segmented client bank will help show the role of price and the lack of cross subsidisation.

What does the FCA see as good practice in the area of client servicing? From the retirement income review, the regulator noted, as good practice, that 'one firm had an ongoing service process flow document describing what was expected of advisers during ongoing reviews. It also gave information to customers detailing what would be covered in ongoing reviews'. This is not decumulation exclusive, but it does show where having this formalised as part of your CRP can help improve outcomes.

Takeaway

Your CRP will set out what happens to clients in different groups, segments and subsegments. Before you can create your CRP you need to know who it is serving and need to make sure your PROD is up to date and fit for purpose.

Action points

- Check your service proposition and your PROD. Are decumulation clients covered? What is your fee proposition for this type of client?
- Consider what you want and need to offer decumulation clients and how that already fits or can fit with your existing proposition.

Knowing your client

You know what you offer clients as a service, so what does the retirement income process look like? There are two parts to this, the first being the service that happens when a client enters into a decumulation strategy, and the second being those already in decumulation.

Before getting into the process, it is worth highlighting how Consumer Duty is served here. 'Avoiding foreseeable harms', 'consumer support' and 'products and services' are parts of Consumer Duty that the retirement income process can make or break. Ensuring the process meets this is what the CRP has to demonstrate from both a practical point (as in give the advisers the means to do the doing) and from an evidence point of view.

While the fact finding process should be obvious to us, there can be differences between those in accumulation and those in decumulation. It is important therefore for your KYC to reflect these differences. Some examples of decumulation-specific KYC are:

- detailed health and lifestyle information
- longevity (family history)
- further information on clients DB pensions/guaranteed sources of income
- information on other client sources of income (business interests, rental property)
- details on any outstanding debts/liabilities
- timeframes

Understanding the income requirement

You then need to focus on the income need, beyond headline figures. Questions to be asking include:

- is income essential, discretionary, or a combination of both?
- how flexible is the income requirement over time?
- what proportion of income must be secure versus market linked?

Whatever fact find template you use, do you have a process for capturing the most relevant information in decumulation advice? The CRP should document this process.

Takeaway

The approach to collecting client information can differ for those in decumulation. There are certain elements to the advice that are more important when looking at retirement income. Your CRP should clarify the firm's approach to this part of the process.

Action points

- Check your fact find process and whether this differs between accumulation and decumulation clients
- Check what type of information you are collecting, internally and externally. There should be a process for what is collected to enable the most effective decumulation advice (i.e. state pension forecasts, DB statements and so on).

Assessing risk

The industry is increasingly recognising the benefit of a separate approach to decumulation when it comes to risk assessments. If you use an attitude to risk questionnaire does this differentiate between accumulation and decumulation or is it 'one size fits all'?

Within the risk profiling process, you also need to think about how risk is used to determine what type of retirement income product is used, and what type of investment strategy within drawdown is suitable.

Inflation risk is more acute for decumulation clients and sequencing risk is a significant factor for income drawdown advice. These are risks that you need to show you are assessing against the client's circumstances to determine the most suitable outcome.

Naturally this all helps 'avoid foreseeable harm' when it comes to Consumer Duty and the very nature of decumulation means there are foreseeable harms just not apparent in the accumulation side.

Looking at the FCA again for good practice, they noted 'a firm used a software tool to assess attitude to risk and capacity for loss. The firm recognised the questions were designed for accumulation so supplemented this with a questionnaire and discussion focused on retirement objectives and income needs, including preferences for this to be secure.' It is ultimately about evidencing that there is process for decumulation, and it is not bundled into the accumulation process.

Takeaway

Risk in accumulation is different from risk in decumulation and a way to assess clients in the accumulation phase may be completely inadequate when it comes to decumulation.

The assessment of risk is not a scientific set of steps so there is no magic bullet or right answer. For your whole advice process, not just the CRP, it is about evidencing the process taken and ultimately showing how decisions around risk are made.

Action points

- ✓ Look at your attitude to risk process. Is the approach geared toward accumulation clients?
- ✓ Review the need for risk and capacity for loss approach. These should naturally differ and is there a consistent approach you can and should take to both?
- ✓ Establish how your ongoing review process monitors risk and possible needs for changes (increases/decreases).
- ✓ Consider how sequence of returns risk and inflation risk impact on all of the above.

Cashflow

Cashflow is very common now in decumulation and is increasingly being referenced by the FCA. It is not mandatory (at least not yet), and it is possible to give compliant retirement income advice without it. Firms do tend to appreciate that the process of evidencing suitability can be enhanced by using a cashflow process.

If you are already using cashflow, the two most important parts for your CRP is your **process for using it and the limitations of the tool**.

The process for using it includes:

- the type of cashflow you are doing (deterministic vs stochastic)
- the assumptions you use (inflation, growth rates etc)
- what stress testing you do (major loss details, care assumptions)
- what type of 'what ifs' you build in (spouse death, living longer etc).

Top tip: Create a cashflow policy

A policy protects anyone in the firm from having to work out what assumptions they should be using, and what journey they should be following when creating or updating a cashflow forecast. There is efficiency here but perhaps more importantly, and thinking from a firm risk perspective, there is consistency in the output.

Limitations

The next element of cashflow is knowing the limitations. This guide will not go into all the possible limitations but you need to make sure your CRP includes detail on how far cashflow is being used to determine suitability of the advice you give, and not instead being relied upon as the arbiter of advice. Examples of limitations that you would want to account for are:

- client circumstances change; this is heightened for those with variable income sources or those expecting windfalls/major expenses
- all the underlying assumptions will be incorrect to various degrees
- the more a forecast relies on a disciplined approach each year the more likely it will be to fall down at some point
- the more a forecast relies on a future plan (downsizing at 80, reducing spending at 75 etc) the more likely it is to be at risk

The retirement income review notes as good practice 'The firm sets out clear expectations that a CFM should be used for all investment related income advice. The firm has realistic and evidence-based assumptions for sustainable withdrawal rates, investment returns and inflation.'

Takeaway

Cashflow forecasting acts as a major influencer of the advice process in decumulation and it is important that the CRP acknowledges the role of cashflow forecasting, the 'rules' behind using it and the limitations of it.

Action points

- Consider your approach to cashflow. Are you happy with how it is used (if it is) already? This is in terms of the tools used and the method (stochastic/deterministic).
- Consider what assumptions the firm uses and whether these are formalised internally already or used on a case by case basis.
- Review how the advice is ultimately influenced by cashflow. What does cashflow do in terms of supporting the advice and when does the firm not rely on it?

Product selection

The selection of a product or products come down to an internal research and selection methodology. Firms will already have some kind of processes for any or all of the following:

- selecting a lifetime annuity
- choosing to use a fixed term annuity
- using a purchased life annuity
- using drawdown/UFPLS

Research process

Most firms without a CRP will have a very clear path in doing the above. It is just not written down or formalised. An example of a journey into the selection of a lifetime annuity might look like this:

Ensure necessary client information is obtained -> Research annuity products -> Cashflow updates based on research -> Select annuity if advice determines this as a suitable outcome.

Research tools

When it comes to tools, the CRP should be clear on what is used, when it is used, what limitations there are, and what alternative processes happen where the tool cannot be reliably used.

Takeaway

Selection of a retirement product is done by research processes and using research tools. The CRP makes it clear what the process looks like and what tools are used to support that.

The CRP also shows what the firm does when there are potential issues with the process.

Action points

- Think about the process from KYC to product application. Is it consistent across segments or similar clients? What steps happen?
- Think about the product selection journey. You will either rely on a centralised platform and investment proposition and/or a process of researching the right product. Again, is this consistent and is the approach followed by all within the firm?
- Consider how the above changes for those outside your target segments. Is the process for them determined by the individual at the time or is there a methodology to follow?

Investment strategies

Everything outside the purchase of an annuity will involve the use of investments. The CRP will inevitably have to account for what you use, how you determine when to use it and the process around review and monitoring. The use of investments may or may not be delivered via a platform and may span multiple tax wrappers.

The role of the CIP

A Centralised Investment Proposition (CIP) should handle the 'what' in terms of the investments your firm uses. The CRP instead looks at how the CIP is used to support the delivery of decumulation advice.

As highlighted earlier in this guide, there are unique risks in decumulation. Your CIP may or may not therefore cover the following questions when thinking about the investments selected and how these can be used in a CRP:

- how attitude to risk and capacity for loss influence volatility budgets
- how sequencing risk and time horizon shape asset allocation
- how income variability preferences influence the use of growth vs defensive assets

Importantly, the CRP should make it clear that risk assessment drives investment strategy, not the other way around.

The CIP may deal with what investments are used based on the firms' investment philosophy and a peer comparison of options in the space, while the CRP will look at how these fit with different client segment requirements from an investment. It should be clear from the CRP that whatever your client is invested in has had a process by which it was selected.

Takeaway

The CRP should not be a CIP, and it should not get into what investments are used. It should instead cover how the CIP is used to deliver decumulation advice. To do this, the CRP would be showing how selection happens, how risk is assessed and managed and how ongoing portfolio management happens (bucketing, rebalancing and so on).

Action points

- Consider how investment strategies are chosen. Even if they are from the CIP, how are they actually selected in practice, across tax wrappers and with and without cash allocations? These are all areas that should be formalised.
- The role of cash should be clear, whether it's a set stream of income set aside and how this is monitored and managed for clients to whether there is only a process of selling down units for income payments and if that creates tax considerations.

Delivering retirement income products

Delivering a CRP involves using a wide range of products. The key here is to document the process for selecting the providers used. This may be the steps taken to determine the annuity provider from the open market, the steps taken to determine who from a panel of centralised providers is used for a drawdown recommendation and the process used where a centralised solution is not available or appropriate.

As with the previous section on investment strategies, the CRP should outline the process for selecting a provider from the market or a provider from the centralised options rather than providing new due diligence.

Decision framework

There will be some kind of process to how clients move from initial exploration stage to full product recommendation. You will likely have your own internal path of how one client ends up with an annuity and one ends up with drawdown.

The CRP should show how the firm thinks about this process. A way to envision what you need to do here is to think about what you would want to see from a particular client during an initial meeting before you felt comfortable recommending a course of action. This will likely show you what the decision path looks like.

You will be ultimately selecting the retirement income strategy from one of the below:

- full annuitisation
- full drawdown
- blended or phased strategies
- temporary drawdown with deferred annuity consideration
- access to investments (regular and periodic)

The CRP should explain when each approach is typically considered appropriate, and what factors would normally rule it in or out.

Annuities

Annuities contain various features and elements that need to be selected when recommended. If the process involves obtaining quotes with different features and seeking client input, or testing against cashflow, you must formalise and document the process.

The final part of annuities rests on the fact the selection of each contract is not driven by a centralised proposition or a panel, but an open market process. As highlighted in the research section, you want to be clear in your CRP about:

- the tools used to research annuities
- how the tools are used
- how the results are compared
- how a provider is decided upon
- limitations of the tools

You also want to formalise a process for quoting on an impaired/enhanced basis. This will include the completion of core client information along with a health questionnaire.

Understanding the drawdown income process

When placing clients into drawdown and building a regular income, there is a process involved that can differ from firm to firm and certainly from pension provider to provider. The key questions here are:

- what date(s) is income paid?
- can the date of income payments be selected by the client, from a choice or freely?
- can cash buckets be replenished automatically, or is the process manual?
- if the process is manual who in the firm is responsible and what steps do they take?

You will have also considered the withdrawal options by now, and this might be one or some of the following:

- natural income vs capital withdrawals
- percentage based withdrawals
- guardrail based approaches
- bucketing or time segmented strategies

Rather than naming a 'preferred' method, the CRP should describe how the firm decides which approach is suitable, based on income stability, risk tolerance, capacity for loss and sequencing risk.

Finally, you will be linking investment strategies back to outcomes. You will do this by summarising:

- how the chosen investment approach is expected to support the agreed income strategy
- how sustainability is assessed over time
- what the firm does if expected outcomes are not being met

The retirement income review summed this up by giving us this best practice insight: 'Recommended solutions were clearly linked to objectives, risk profile, tax efficiency and sustainability. The firm had a detailed CRP which set clear parameters for advisers, while allowing some flexibility dependent on customer needs'.

Takeaway

The CRP will give any reader an idea of how you get to the point of recommending different decumulation products. It is not an exact step by step for every possible scenario but a general decision tree type framework.

Action points

- Think about how retirement products are decided on, whether that is withdrawals from investments, accessing DB schemes (particularly early), using drawdown or purchasing an annuity. There is an internal decision tree or framework happening and this should be consistent across segments or similar clients.
- Understand how the providers and strategies used for drawdown help deliver what you are recommending and what the client needs. This could be in terms of managing risks, providing income (or capital growth) or complimenting other income sources.

Guardrails and outliers

Guardrails

A CRP is most effective when it makes explicit how decisions are made and where the firm draws boundaries. Clear decision logic supports consistency; defined assumptions and guardrails support resilience.

Introducing limits and guardrails is the biggest opportunity to elevate the CRP. A guardrail framework makes clear when advice remains within the firm's comfort zone and when it must be challenged.

Examples a CRP could set out include:

Income sustainability guardrails

- withdrawal rates or income levels that require escalation or additional review
- probability based thresholds when using stochastic modelling
- stress test outcomes that would prompt reconsideration of strategy

Investment risk guardrails

- maximum levels of volatility or drawdown considered appropriate for certain client segments
- trigger points for reducing risk following market falls
- circumstances that would re open discussions around annuitisation

Process guardrails

- when additional oversight or second line review is required
- when an outcome falls outside the normal CRP framework and must be documented as an exception

Guardrails support adviser judgement by ensuring that higher risk decisions are made consciously, consistently, and with appropriate challenge.

Conflicts and trade-offs

There will be conflicts when it comes to retirement income advice. These conflicts can be between what the client's objectives or pre-conceived notions about what will be suitable, and what your research shows. There may also be scenarios where there are no positive outcomes for a client without compromising on something (retirement age/spending plans for example). You will need a process to ensure a confident approach to how conflicts and trade-offs are being managed.

Outliers

There will be clients that do not fit within the CRP process. These are your outliers and the process in which you manage these clients can be covered in the CRP. You will want to make it clear:

- how a client is determined as an outlier or someone outside the standard CRP process
- what additional steps might be needed at governance level (peer review, sign off and so on)
- what resources are available (research tools to rely on)

Effective guardrails and a process for outliers ensures that all clients benefit from good outcomes, and the avoidance of foreseeable harms.

Examples of foreseeable harms in retirement income advice include:

- income that is not sustainable under reasonable stress
- volatility that materially disrupts essential spending
- strategies dependent on uncertain future actions without contingency
- clients misunderstanding variability or permanence of income

Takeaway

Guardrails help your CRP show where you draw lines and how you deal with the natural issues that decumulation advice can bring. By documenting how decisions are made in this area you will be protecting clients and your business.

The process for outliers helps ensure it is evident that all clients, no matter their circumstances or needs, go through the CRP process.

Action points

- Consider what happens with conflicts in client objectives and the realities of their financial position. Is there a process for recommending alternative, insistent advice or a breaking of a relationship at certain junctures?
- Review what happens when it comes to insistent advice, execution only and instances where the client rejects the recommendation.
- Think about what the advisers in the firm do when it comes to withdrawal rates exceeding reasonable expectations of return.
- Finally, understand what currently happens with clients who do not fit within our segments or who do not fall within the CRP.

Embedding the CRP across the business

You've documented your retirement proposition and used the process to find gaps and inconsistencies. You may have identified new ways of working at different parts of the processing. The final part is embedding this within the firm.

The CRP will likely touch all roles in the business. From the administration side to client support, to paraplanning and of course to the adviser, all will be involved along the way.

Training and competency

Training and competency (or T&C) is not a one and done process. It should be a continuing commitment to improvement and continuing adaptation to a changing industry and advice landscape.

A fresh T&C programme focused on retirement income using the pieces within the CRP will strengthen the quality of retirement income and ensure the CRP is being faithfully followed.

The CRP should in theory allow a mystery shopper to arrive at your firm and see any adviser and receive a very similar journey from start to end, even if the actual advice might differ as it can when judgements have subjectivity to them.

Ongoing reviews and monitoring

There should be a commitment to reviewing the suitability of the CRP and looking at how effectively it works for the client and the business. There could be commercial implications from implementation, risk and compliance implications or operational issues. The regulatory environment changes as does your business so having a structure to report and review how the CRP works is key.

Consider how the implementation of the new CRP (whether it contains new or existing elements) will affect the file review process. There may now be minimum standards across different parts of the advice journey that will need to be reflected in what you or your file reviewers are looking for when checking business written.

Following SM&CR, the FCA is focused on accountability, and now in the light of Consumer Duty, monitoring outcomes is more important than ever. The first part is having the CRP in place, the next is monitoring the effectiveness and compliance with it throughout the firm. Therefore considering your Management Information, your Training and Competency scheme to ensure that the CRP is being followed. Or if poor outcomes are being identified, then changes to the CRP are needed.

It is clear that this is an area of focus for the regulator, and likely to be a consistent theme. The release of the 'CP26/10 – Simplifying investment and pension rules' is suggesting more focus on firms implementing regulation proportionate to their firm, and less prescriptive rules. Therefore the focus on more centralised processes, and their monitoring, is more prevalent than ever.

Takeaway

Having a CRP with all the right intentions will be futile if the people that need to follow it are not sufficiently trained or competent enough in the area. Accompany the CRP with a defined plan for how to identify training and competency needs and rectify any shortcomings that arise.

Action points

The main statements you want to answer within the CRP are around training and proficiency.

- Think about what training needs might come out of all the steps taken so far. Is it technical knowledge, understanding processes better, getting used to tools? You will need to show how you bring existing and new members up to speed with what the CRP needs?
- Similarly think about what the minimum technical standards are. What do advisers, paraplanners and administrators need to aid in successful delivering the CRP?
- Finally think about who owns the CRP going forward and when/how any reviews are initiated and managed.

Conclusion

If you are like most firms, you will already have the elements of a CRP in place, just not formalised and documented. We know that firms might not know where to start in documenting this, and we have hopefully shown the way in which you can do this, if you have not already. Even if you have done this, a refresh may reveal new insights.

Consumer duty

A CRP that captures your whole process will also help you in your Consumer Duty obligations. You will be able to show, in a way that may not be as evident without a CRP, how:

- you are using the appropriate **products and services**
- you help clients avoid foreseeable harm
- you are recommending products that offer fair value to clients, and so meet the **price and value** outcome
- you are providing the essential **consumer support**

Instead of trying to meet these on a case by case basis, a CRP incorporating these outcomes if followed can essentially guarantee they are met.

Protecting clients

Whether you are the only adviser or one of multiple, a CRP will help protect the clients ultimately served. It will do this by providing:

- a consistent framework for the adviser(s) to follow
- appropriate actions at each stage of the journey

Morningstar close

A CRP is a practical enabler; supporting advisers to do what they do best, while delivering outcomes at scale in a controlled and sustainable way.

It supports stronger governance, operational resilience and a more scalable retirement advice proposition; helping adviser businesses grow, adapt and remain resilient as the retirement landscape continues to evolve.

We hope you find this guide and resources helpful, and look forward to your feedback.

Ben Lester, Head of Distribution Morningstar Wealth.

Resources

FSA Assessing suitability: Replacement business and centralised investment propositions

https://www.fca.org.uk/publication/finalised-guidance/fg12-16.pdf

FCA Thematic Review TR24/1 – Retirement income advice thematic review

https://www.fca.org.uk/publication/thematic-reviews/tr24-1.pdf

FCA Retirement income advice: good practice and areas for improvement

https://www.fca.org.uk/publications/good-and-poor-practice/retirement-income-advice-good-practice-areas-improvement

FCA Undertaking cashflow modelling to demonstrate suitability of retirement-related advice

https://www.fca.org.uk/firms/undertaking-cashflow-modelling-demonstrate-suitability-retirement-related-advice

FSA Finalised guidance – Assessing suitability: Establishing the risk a customer is willing and able to take and making a suitable investment selection

https://www.fca.org.uk/publication/finalised-guidance/fsa-fg11-05.pdf

Resources

Centralised Retirement Proposition checklist

You've read the guide and are ready to think about what you need to create your CRP. Mark off items in this checklist as you cover them within the CRP. This gives you a building block approach to creating your CRP.

This checklist supports firms in designing and documenting a Centralised Retirement Proposition in line with regulatory expectations. While CRPs are not a formal regulatory requirement, the FCA expects firms to be able to demonstrate how retirement advice is designed, delivered and governed.

Stage 1 Your service proposition

	Complete
We have a dedicated service proposition for decumulation clients	
Our service proposition can transition ongoing clients from accumulation to decumulation	
We have a segment(s) specifically for decumulation clients	
Our decumulation proposition reflects what we can and wish to offer clients.	
The commercial side of our proposition reflects the realities of what we are offering.	

Stage 2 – Knowing your client

	Complete
Our KYC process is able to capture decumulation-specific information	
Our process is clear on what external information is needed (i.e. state pension forecasts)	

Stage 3 – Assessing risk

	Complete
We can assess attitude to risk in a decumulation specific context	
We can assess need for risk and capacity for loss understanding how this relates specifically to decumulation needs	
We incorporate sequence of return risk and inflation risk into decisions made on the level of risk to be taken.	
We have an ongoing review process to track how risk can and might change over time	

Tip: To help with the above, you may wish to create a standalone risk assessment guide or policy to help those within the firm understand the internal process.

Stage 4 – Cashflow

	Complete
We can document how cashflow is used to support the advice given, and the limitations we are aware of	
We have an internal set of assumptions (or process for deciding the assumptions) that any forecast uses	
We have a process for the tools we use, a method for ensuring competent and accurate use of these tools and a process for the use of additional tools	

Tip: A cashflow internal policy can again help. This can support users by showing the steps to follow when creating and maintaining forecasts. It can show what tools to use (and when), the assumptions to use, the stress tests to consider and the advice standards to follow when using it.

Stage 5 – Product selection

	Complete
We can show how products are selected, whether using internal resources (CIP) or external resources (research tools)	
Our process from KYC to product application is clearly outlined	
We have a process for product selection outside the standard process or those who fit within a defined segment	

Stage 6 – Investment strategies

	Complete
Our process for investment selection (whether from CIP or open market) is rationalised and documented	
Our methods for using and managing cash as part of investment strategies is clearly documented	
Rebalancing and tax management implications are included in the CRP	

Stage 7 – Delivering retirement income products

	Complete
We have a documented approach to making decisions on what decumulation products are used and when	
Our CRP is clear on how the chosen investment strategies are used to support the decumulation requirements of a segment/particular client	
Our CRP is clear on how the chosen providers support the decumulation requirements of a segment/particular client	

Stage 8 – Guardrails and outliers

	Complete
We have a process for insistent advice, execution only or where the client rejects the advice given	
We have a policy on excessive withdrawals and withdrawal rates	
We have a documented process for outliers or those outside our segments	

Stage 9 – Embedding the CRP across the business

	Complete
We have a process for rolling out the CRP, or rolling out the new elements contained within it	
We have a way of identifying and covering any training gaps that would effect the delivery of the CRP	
We have a training and competency programme to ensure ongoing development	
We have a policy related to the minimum technical abilities needed by different people within the team.	
We have a clear outline of who owns the CRP and who is responsible for updating it and what triggers there could be for this	

CRPs: Minimum standards

A CRP is a documented framework showing how retirement advice is **designed, delivered, monitored** and **improved**. This is with the aim of achieving good, consistent client outcomes. Use this page as a minimum standard benchmark. If you cannot evidence the elements below, you will have work to do.

CRP element and minimum standard – what a firm should be able to evidence

1 Defined CRP target market

A clear description of the client segments the CRP is designed for, supported by explicit negative target market statements. Evidence that investment strategies, withdrawal approaches and service features align to those target markets.

2 Documented decision logic

A consistent decision pathway linking client objectives → income needs → retirement income strategy → withdrawal approach → investment strategy → ongoing review. Professional judgement is applied within this framework and deviations are intentional and explainable.

3 Stated planning assumptions

Firm level assumptions covering, at a minimum, inflation, investment returns, charges and longevity. Ownership and review frequency of those assumptions are clear, and assumptions are understood as planning tools rather than guarantees.

4 Minimum sustainability and stress testing

A defined approach to assessing income sustainability, whether through cashflow modelling, stress testing, or a documented alternative. A minimum set of stresses appropriate for decumulation clients is identified and applied consistently.

5 Explicit limits and guardrails

Clear boundaries setting out when advice remains within the firm's normal comfort range and when further review or challenge is triggered. Alignment between withdrawal levels, investment risk and client capacity for loss is demonstrable.

6 Exception and escalation process

A documented process for handling cases that fall outside the CRP framework, including who approves exceptions, what is recorded, and how exceptions are reviewed and fed back into CRP design over time.

7 Ongoing service and monitoring

A clearly articulated ongoing service for retirement clients, including what is delivered and how often. Management information demonstrates that reviews are occurring, advice remains suitable, and outcomes are being monitored.

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