

Consumer
Research

41

Financial Services Authority

*KeyFacts Quick Guide:
Research Findings*

Prepared for the
Financial Services Authority
by DVL Smith

July 2005



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Foreword

In July 2005 we published Consultation Paper (CP) 05/12** *Investment product disclosure: proposals for a Quick Guide at the point of sale*¹. In the CP we set out our proposal that firms selling investment products should give consumers a 'Quick Guide' before they buy.

Our latest proposals build on our approach in CP170: *Informing consumers: product disclosure at the point of sale (Feb 2003)*² where we first proposed the use of a 'Quick Guide'. Since then we have refined our approach by working with industry and commissioning extensive independent testing of the document. This report sets out the results of the most recent consumer research.

We are publishing this research as part of our commitment to transparency and accountability. Our aim is to publish the results of any substantive research we undertake in support of our policy development process.

FSA, Retail Investments Policy
July 2005

¹ http://www.fsa.gov.uk/pubs/cp/p05_12.pdf

² http://www.fsa.gov.uk/pubs/cp/cp170_newsletter.pdf

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Copies of the report can be downloaded from the publications section of the FSA website - http://www.fsa.gov.uk/Pages/Library/Other_publications/Consumer/index.shtml

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1. Executive summary

1.1 Aim

The Financial Services Authority (FSA) has made a commitment to reconfigure the financial product information currently provided to customers who are looking to invest in such products as pensions, ISAs, unit trusts, bonds etc.

Currently, customers are provided with a Key Features Document (KFD) which explains the main points about the financial product they are considering investing in. However, previous FSA research has identified that consumers tend not to read KFDs or interact with this document effectively, for one or more of the following reasons.

- Uncertainty about the exact role of the documentation.
- Failure of much of this material to stand out and identify itself as being important.
- A perception that it appears boring and impenetrable.
- The reliance that many consumers have on advice delivered verbally by the adviser.

Notwithstanding the hard work that the Association of British Insurers (ABI) has undertaken to improve the KFD information (via its Raising Standards Initiative), the extent of the progress that can be made is somewhat restricted given existing rules.

It is in response to the above that the FSA is in the process of developing a 'quick guide', designed to summarise and present the important product features in a more succinct and impactful way than has been achieved in the past. This document will also signpost the pathways to further information held in other product literature which consumers are given. The working title for the document is the KeyFacts Quick Guide (KFQG).

The aim of this new initiative is to encourage more consumers to engage with product-disclosure documentation at some level.

1.2 Objectives

The specific research objectives were to establish (in comparison to the current Key Features Document):

- whether the KFQG 'stands out' in a pack of documentation (both in colour *and* in black and white);
- whether the customer prefers to engage with the KFQG before looking at any other piece of documentation and why (or why not);
- whether advisers see the KFQG as a useful tool to talk through with the customer; and
- how consumers use the KFQG alongside the pack of information given to them at the point of sale, and whether it stimulates increased engagement with information contained within the pack.

1.3 Methodology

A qualitative research approach was adopted which consisted of 36 face-to-face interviews with consumers of financial products and 10 face-to-face interviews with financial advisers. For the purpose of the research, the FSA developed various investment product information packs to reflect the type of information that consumers would typically receive, either from their adviser or directly from a product provider before the purchase. The two types of investment products represented were personal pensions and investment bonds. Within each product category, both direct-offer sales packs and advised sales packs were represented. Figure 1 (in Section 2.3) outlines the various elements included in each pack.

The product packs were then divided into two sets, and a KFQG relevant for the product type was inserted in one of the two sets. Where the KFQG was inserted was varied (see Figure 2 in Section 2.3). This allowed some assessment to be made as to whether the positioning of the KFQG had any impact on its stand out. In addition, there were versions of each of these packs presented in black and white rather than in colour.

In the consumer interviews, respondents were asked to review a product pack (half of the respondents had the first pack pre-placed) as though they were considering a purchase. If the KFQG was included in the pack, its use was observed and discussed. A second pack was then introduced which varied from the first (either in the inclusion of the KFQG or its position within the pack) and the use of this pack was compared with the use of the first pack. For the adviser interviews, only one pack containing the KFQG was used to guide discussion.

1.4 Key findings

The research suggests that in large part, both consumer and adviser respondents support the inclusion of the KFQG with the current product information. In its current format, the KFQG was seen as a clear and simple initial guide to a product.

The key findings were as follows.

- The KFQG, in large measure, ‘stands out’ in a pack of product information, and was seen as clearly identifiable as the ‘quick and simple’ guide to the product.
 - The overall appearance e.g. Q&A format, title, one page, helps convey this.
 - Whilst it was easily recognisable no matter where it was placed within the pack, the KFQG was more immediately recognisable as an important document to read first when placed on top.
 - Applies to both colour and black and white versions of the packs, although the black and white packs as a whole were less engaging.
- The KFQG engages the consumer and was widely viewed as a welcome addition to the current product information.
 - It was seen as a simple, succinct ‘entry’ to the product/pack, a document which answered ‘key questions’.
 - A useful ‘script’ or preparatory document to aid discussion with the adviser.
 - Engenders confidence in less financially sophisticated consumers.
- The KFQG helps to inform consumers about the overall suitability of the product they were considering purchasing, and successfully signposts to further information.
- The KFQG was endorsed by all adviser respondents, however its envisaged role amongst them was mixed.
 - Some adviser respondents claimed it would be a useful overview for consumers to access prior to consultation, but recognised the logistical difficulties of this.
 - For some it was viewed as a helpful checklist to run through with consumers to check their basic understanding and to support verbal communications.
 - Most considered the addition of the KFQG as an enhancement to the ‘documents of record’.

2. Background

2.1 Development of the KeyFacts Quick Guide

The FSA has made a commitment to reconfigure the financial product information currently provided to customers who are looking to invest in such products as pensions, ISAs, unit trusts, bonds etc.

Currently, customers are provided with a Key Features Document (KFD) which explains the main points about the financial product they are considering investing in. However, previous FSA research has identified that consumers tend not to read KFDs or interact with this document effectively, for one or more of the following reasons.

- Uncertainty about the exact role of the documentation.
- Failure of much of this material to stand out and identify itself as being important.
- A perception that it appears boring and impenetrable.
- The reliance that many consumers have on advice delivered verbally by the adviser.

Previous research has shown the following.

- Consumers will go to information that looks most likely to provide them with the information they need.
- What the documentation looks like will immediately impact on the consumer. It needs to be engaging, not marketing 'bumph', not 'government like' but still important.
- A document works best when a few key messages are identified.
- The main issue is clarity and how attractive the information looks rather than the number of pages - although shorter documents are better than longer ones.
- Consumers are able to pick up key messages in a well-structured document.

It is in response to the above that the FSA is in the process of developing a 'quick guide', designed to summarise and present the important features in a more succinct and impactful way than has been achieved in the past. This document will also signpost the pathways to further information held in other product literature which consumers are given. The working title for the document is the KeyFacts Quick Guide (KFQG).

2.2 Research objectives

The overall aim of the research was to test the success of the KeyFacts Quick Guide in generating product disclosure, specifically the key features of a product. That is, to pinpoint the extent to which the document is in a form that is likely to be read by consumers when provided in a pack of information, understood, and then used in a constructive way in aiding financial decisions.

These insights will in turn form the basis for gauging consumer preferences for, and behaviour in relation to, the KFQG and the current Key Features Document.

The specific research objectives were to establish (in comparison with the existing Key Features Document):

- whether the KFQG 'stands out' in a pack of documentation compared with the current Raising Standards Key Features Document (both in colour *and* in black and white);
- whether the customer prefers to engage with the KFQG before looking at any other piece of documentation and why (or why not);
- whether advisers see the KFQG as a useful tool to talk through with the customer; and
- how consumers use the KFQG alongside the pack of information given to them at the point of sale, and whether it stimulates increased engagement with information contained within the pack.

2.3 Research methodology

A qualitative research approach was adopted which consisted of 36 face-to-face interviews with consumers of financial products and 10 face-to-face interviews with financial advisers (5 tied, 5 non-tied). All consumer respondents were currently in the market to purchase an investment product, and represented a range of more and less financially sophisticated consumers. In addition, a minority of these respondents were direct-purchase consumers, compared with the majority who tend to make their purchases via an adviser.

For the purpose of the research, the FSA developed various investment product information packs to reflect the type of information that consumers would receive, either from their adviser or directly from a product provider prior to purchase. The two types of investment products represented were personal pensions and investment bonds. Within each product category, both direct-offer sales packs and advised sales packs were represented, with 12 respondents receiving direct-offer sales packs and 24 receiving advised sales packs. Figure 1 outlines the various elements included in each pack.

Figure 1: Description of various product packs

Direct-offer sales pack for personal pensions

All A4 in size and contain combination of:

- Non-raising standards KFD
- Customer guide
- Guide to investment option
- Application form
- Illustration
- Covering letter
- White envelope, plastic cover and front cover (except black and white packs)

Direct-offer sales pack for investment bond

All A5 in size (not black and white) and contain combination of:

- Raising standards KFD (including illustration)
- Portfolio step-down option
- Guide to investment in out with-profits fund
- Portfolio guide to investment bonds
- Application form
- Covering letter
- White envelope (except black and white packs)

Advised sales pack for personal pensions

All A4 in size and contain combination of:

- Non-raising standards KFD
- Customer guide
- Guide to investment option
- Application form
- Illustration
- Clear plastic folder and front cover (except black and white packs)

Advised sales pack for investment bond

All A4 in size and contain combination of:

- Raising standards KFD
- Portfolio step-down option
- Guide to investment in out with-profits fund
- Portfolio guide to investment bonds
- Application form
- Illustration
- Clear plastic folder (except black and white packs)

The product packs were then divided into two sets, and a KFQG relevant for the product type was inserted in one of the two sets. Where the KFQG was inserted was varied, as shown below. This allowed some assessment to be made as to whether the positioning of the KFQG had any impact on its standing out. In addition, there were versions of each of these packs presented in black and white rather than in colour.

Figure 2: Placement of KFQG within product packs

Option	Set 1	Set 2
1 (14 interviews)	Pack with KFQG at front	Pack with no KFQG
2 (10 interviews)	Pack with KFQG randomly placed	Pack with no KFQG
3 (12 interviews)	Pack with KFQG at front	Pack with KFQG randomly placed

The interviews themselves consisted of a combination of observation and discussion. Respondents were presented with a product pack and asked to look through it as though they were considering a purchase. Half of the respondents had a product pack pre-placed to allow them to immerse themselves with the documentation prior to attending the interview. The various elements of the product pack were then discussed, with particular emphasis placed on the KFQG (when relevant). Next, respondents were presented with a second pack and once again their behaviour was observed and discussed. With the introduction of the second pack, the discussion was further focused on the inclusion of the KFQG or on how the different placement affected consumer use of the pack, and the information therein.

For the adviser interviews, only one pack containing the KFQG was used to guide discussion, which centred on the potential benefits and/or reservations associated with the KFQG.

3. The product purchase and sales advice process

The focus of this research report is to provide feedback on the effectiveness of the KFQG to 'stand out' and 'engage' consumers in comparison to the KFD within the pack of documentation. It is not within the remit of this research report to fully explore attitudes towards the investment product purchase decision and the sales advisory process. However, it is helpful to bear in mind that approach to purchasing is very much part of the context within which product documentation, and specifically the KFQG, will be viewed. As such, before we look in detail at the specific issue of the effectiveness of the KFQG in comparison to the KFD, we look at three core issues which help the reader to understand the way in which product documentation, and the KFQG in particular, will be considered. These are:

- the consumer product purchase mindset;
- the role of written information; and
- the importance of timing (i.e. why it is important to understand when a consumer receives product documentation).

3.1 The consumer product purchase mindset

The research identified various issues that characterise individuals' approach to the purchase of investment products. For the majority, investment products such as pensions and bonds were seen as complicated, confusing and of limited interest. There was also a general feeling amongst consumers that they were presented with a huge amount of detailed product information. In addition, there was a widely held perception of information being overly 'technical' and complex. Consumers typically place a priority on knowing the answers to a few basic (but important) questions.

- How much money should I put in?
- How much money will I get out?
- How much risk is involved?

For the majority of respondents, a deeper appreciation of investment 'mechanics' was seen as the remit of the specialist. Hence, there existed a heavy reliance on financial advisers to process information and knowledge. Information provided face to face by advisers tended to be favoured, and was usually considered to be adequate. Many felt little need/desire to read additional product material once they were sufficiently convinced that the adviser had told them all of the relevant information they felt was required. Written information was often seen as a record of the transaction rather than as an aid to product decision making.

3.2 The role of written information

The research identified three broad categories of consumer respondent with respect to their consumption of financial product information.

- **Majority: a cursory glance**

For the majority (which includes individuals with a range of financial sophistication and confidence levels), a quick scan over the product information was often felt to provide the necessary reassurance that they have 'looked under the bonnet' and taken an active role in the purchase decision process. Respondents reported that the Personal Illustration was most likely to receive attention, as it was felt to address the key priorities identified earlier (money in, money out, risks). They recognised the importance of documents such as the fund guide, portfolio step-down option etc and claim that they save this type of information and read it when necessary (i.e. if their circumstances were to change).

- **Minority: read in detail**

A minority of respondents claimed to read product information in detail. These individuals tended to be more familiar with the overall structure of products and appreciated detailed coverage of product 'mechanics' (e.g. investment options, fund guide, portfolio step-down option etc). Many of them tended to purchase products directly from the provider and therefore reviewed product information on their own.

- **Small minority: do not refer to documents**

A small minority of respondents fail to engage with product information on any level. These respondents were either ultra confident/sophisticated with an inherent knowledge of financial products or ultra nervous consumers who found even the very basic information challenging. The confident consumer respondents often felt that reading product information was not worth the time and effort required, since it would not make any difference to the product's performance. The nervous consumer respondents often had a strong relationship with their adviser which they felt negated the need to read product literature.

The role of the adviser, in large measure, is fundamental to product decisions. The adviser was often viewed as an interpreter between complex, generic information and 'tailored solutions' for the consumer. Consumers did expect, and many advisers claimed, that key information about relevant financial products was provided by the adviser and tailored to the consumer's individual circumstances. However, with this attitude there was a danger that perhaps the adviser may overestimate the extent to which the client fully understands the information, and that consumers are placing too much faith in their ability to fully grasp the information during the sitting.

3.3 The importance of timing

The research showed that the concept of the KFQG document was widely endorsed. The idea of a succinct and easy to understand document on the key facts was considered helpful. In addition, the notion of providing 'signposting' to further, more detailed product details contained within the pack as a whole was welcomed. Thus, reactions were positive, with most claiming that, in principle, they would be likely to read/look at it.

Notwithstanding the positive reaction to the KFQG document, the comments made by respondents about their use of financial product related information in the past and their heavy reliance on face-to-face advice from advisers make defining the likely use of the document difficult. Most respondents claimed that they would read the KFQG. However, in reality, the extent to which it is likely to be used may vary depending on the type of consumer e.g. their level of financial sophistication or experience.

Less financially sophisticated respondents claim that they are likely to value this document. Indeed, of all the documents presented to them, they claim if they were to read anything it would be the KFQG. However, notwithstanding the practical and logistical difficulties, many of these respondents saw the document as a 'pre-adviser' document, and stipulate that once they have met with an adviser, the likelihood of them reading such information decreases. As indicated, more financially sophisticated respondents were less likely to read the KFQG as it was seen as overly simplistic for their needs.

While all respondents acknowledged the usefulness of the KFQG, their perceptions of what it would be useful for differed. The consumer respondents saw the KFQG as one or more of the following.

- **A preparatory document that can serve as a 'script' for meetings with an adviser**
Although the consumer respondents held the belief that advisers would cover this material, they did feel that the KFQG served to bring key elements to the fore and made the consumer 'better armed' at the initial meeting to ask important questions. This use is, of course, premised on consumers having access to the document prior to meeting with the adviser, which poses practical and logistical difficulties, and conflicts with the current chronology of events and when such literature is made available to the consumer.
- **An overview of the key features of the product they have discussed with the adviser and are likely to purchase**
Again, given the reliance on face-to-face professional advice, availability after meeting the adviser is likely to reduce the level of claimed likely usage.

- **An easy to follow guide to further information within the pack**

Whilst many consumer respondents originally were of the view that product information is 'unfathomable', the KFQG was felt to act as a valuable starting point for their information search. Not only was it seen to provide a 'distilled' overview, it was also considered to 'whet the appetite' and had a tendency to draw some of them further into the accompanying information.

Adviser respondents took a largely similar view, stating the KFQG to be one or more of the following.

- **An overview of key facts for consumers to come armed with to the first consultation**

However, the logistical difficulty of this is well recognised.

- **A checklist of key facts to discuss the category merits and check the consumer's basic understanding at the end of the meeting**

Adviser respondents claimed that this was already similar to current practice, albeit the information provided was tailored to the needs of the consumer and usually provided verbally. But some, albeit a minority, felt a written checklist may help/support their verbal communication. In practice, some respondents felt the use of the KFQG as a checklist may appear overly bureaucratic and forced.

- **A document (along with others) to be given to the client after the meeting, to be used for reassurance/future reference on what had been purchased**

In this capacity, the document loses its likelihood to be read, as consumer respondents themselves have stated less importance is placed on written documents after meeting with an adviser.

4. Summary of overall response and behaviour

4.1 KFQG a welcome addition

Overall, the vast majority welcomed the KFQG as an addition and enhancement to the product pack. It was considered a simple, succinct document which answers key questions and highlights the main areas of interest and concern. Both consumer and adviser respondents recognised the benefits of the KFQG as a simple guide or 'entry-level' introduction to key aspects of financial products.

4.2 KFQG 'stands out' in the pack

Irrespective of its placement within the pack, the vast majority were able to find and pinpoint the KFQG as a potential 'first step' in fathoming product documentation. However, the consumer respondents employed various approaches towards deconstructing and examining the product pack, and the way in which they arrived at the KFQG. Three typical scenarios emerged.

- **Involved choice**
Represents a minority of respondents who pull all documents out of the pack, lay them out and decide which to read first. In this situation the respondent is comparing the look and content of the KFQG with other product information.
- **Read as given**
Respondents pull out and review each document in the order it appears within the pack. They assume documents are placed in the packs in order of importance/how they should be read. If the KFQG was situated as the first document then it was immediately seen as a good introduction to the product.
- **Flick and pick**
Without taking documents out of the pack, respondents have a quick, cursory glance through and then either select the document that appeals to them most or read the documents as given.

The majority of respondents fell within the last two categories.

Regardless of whether the packs were in colour or black and white, the KFQG was able to stand out from the rest of the pack, although generally all documents in black and white looked less engaging and/or more daunting. The document was overall identified as a 'quick and simple' guide, and as such, an 'entry-level' introduction to the product. The overall appearance and design, the question and answer format, the structure (one page, double-sided), and the apparent simplicity of language connotes simplicity (plus for some the title reinforces this), which in turn encouraged immersion and engagement with the document.

4.3 KFQG priority for many

Once respondents found the KFQG, it was often claimed that it would be the first (and in many cases only) document in the pack they would read.

"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. It's a summarisation, it must be because it's one sheet and the fact that they have listed questions and answers with highlights, and given you references where to go from there. It seems to be the first point, or the central point, that from this you go to."

As mentioned before, the format and design of the KFQG connote simplicity and accessibility. Indeed, it was seen as a welcome contrast to what was considered to be 'complex' and 'convoluted' documentation contained within the pack, and in part was seen as a 'default' selection for those who are lost by much of the other information.

There were however, a small minority of respondents who were unlikely to prioritise the KFQG. These were those respondents who were typically more financially sophisticated and/or direct-purchase consumers who prefer to read all of the product information presented. For these respondents, the KFQG was seen as too simplistic or superficial for them, or alternatively a summary of the Key Features Document which they already planned on reading. Therefore, the KFQG was not seen by these respondents as a priority document in the pack; however, its value was noted and many did claim that they accept its inclusion and considered it to be a useful inclusion for others. Most of these respondents did report that they would save the document themselves as it was felt it could prove a valuable reference in the future.

Figure 3 outlines the key elements of the KFQG and respondent reactions to these.

Figure 3: Breakdown of KFQG by specific element

	Consumer respondent reaction
KeyFacts logo	<ul style="list-style-type: none"> • Quickly identified document as important summary information • Could be made larger/more prominent
Introduction	<ul style="list-style-type: none"> • Often skipped by respondents • On prompting, inclusion of the FSA gives the information ‘authority’
Questions	<ul style="list-style-type: none"> • Considered an appropriate set of questions • Good/‘real’ outline of main issues/areas welcome information • Often mirror unprompted questions raised by respondents
Bullet point answers	<ul style="list-style-type: none"> • Majority appreciated succinct, easy to follow answers/insights on ‘basics’ • Some claims of not enough information provided by answers
Signposting	<ul style="list-style-type: none"> • Majority noticed signposting unprompted • General claim would search for additional signposted information if answers on KFQG deemed insufficient/appetite whetted/further detail desired
Format	<ul style="list-style-type: none"> • Q&A format draws reader in; clear, easy to identify main points • Shading draws attention to areas where more detail available • Use of bullets makes answers appear less daunting than a wall of text

4.4 KFQG as a route map - taking consumers deeper

As outlined above, the KFQG was viewed as a valuable document in itself. In addition to this, the inclusion of ‘signposts’ to additional information did encourage some - albeit only a minority - to further immerse themselves in the more detailed documentation contained within the pack. Indeed, a number of respondents pointed out that the use of shaded panels to highlight the signposting to additional, more detailed information draws their attention to, and enhances the value of other documents included in the pack, in particular the KFD. Overall, the KFQG was seen as helping to ‘demystify’ the complexity and detail of product literature and encouraging engagement with top-level information, and, for some, more detailed information held elsewhere.

It is perhaps worth noting that where signposts include the referencing of specific page numbers, it was more likely to result in respondents easily finding and immersing themselves in further information. Where signposts only highlight a broad area of further information available within a document then the level of effort that would be administered to find, and then actual engagement with this information, was dependent on the level of the individual's interest in knowing this more detailed information, and whether the information itself looked accessible/complex. There was often a tendency for most respondents to again report that if there was an area where they would desire further detail, they would rely on the adviser rather than attempt to make sense of this detail solely by themselves.

4.5 Format and content

The format and content of the KFQG was highly praised by both consumer and adviser respondents. As previously mentioned, the various elements (as outlined in Figure 3) combined to create a document that was seen as succinct, easy to read, relevant and informative. However, the following areas for improvement/consideration were identified.

- The KeyFacts logo does not always immediately catch the eye; addition of "read first" signposting could prove useful.
- The title in the right-hand corner was not immediately noticeable.
- Text spacing (particularly on the KFQG for personal pensions) was seen as somewhat 'squashed' and could benefit from greater spacing.
- Printing the KFQG on a heavy card rather than paper would help distinguish it from other documents within the pack.
- Additional information called for:
 - a section addressing the question "what happens if I die?", particularly for information on personal pensions;
 - explanation of technical language such as ISA or With-Profits funds; and
 - signposting to the Personal Illustration contained within the pack.

4.6 The KFQG communication of the core messages

During each interview, DVL Smith evaluated the performance of the KFQG in communicating the key messages that the FSA expects the document to convey. The messages were classified into two categories: overall and specific.

- Overall messages

There are two elements here which are:

- that the KFQG is a brief overview of the issues and there are other documents/sources they can read/use for more information; and
- that the KFQG should help consumers decide whether this product is suitable for them.

- Specific messages

The research also addressed the success with which each KFQG (both investment bond and personal pension) communicated other more specific product-related issues.

- They cannot get at their money until retirement so they may be better off with another investment vehicle if they think that they might need their money before then (personal pension version of KFQG only).
- There is no fixed maturity date but that they should think of it as a five-year-plus investment (investment bond version of KFQG only).
- Whether there are guarantees on their money (normally not).
- The level of risk they take depends on which fund(s) they pick, so they should think about their choice of fund.
- No one can tell them how much they will get back and some of the factors which will affect this.
- There are charges which are important to them because they will reduce the value of their investment.

In most part, the important messages at an overall level were widely understood, namely, that the KFQG is a brief overview and other documents can be used to obtain more detail, and that the document is there to help consumers decide whether the product is suitable to them. The mapping out of the *realities* of the product in a succinct, easy to follow, open fashion was appreciated, and was considered helpful in providing a *check* that the product was appropriate to them, their needs and their circumstances. Generally, it was felt that the document struck a good balance between highlighting the overall potential *benefits* and the potential *pitfalls* of the product. The inclusion of the introductory paragraph “help you decide”, when noticed, also helped to explicitly register this purpose of the document. Overall, the document was felt to provide a useful *introductory* understanding or confirmation of understanding of the key characteristics of the product at a general level.

The research evidence also suggests that, in most part, consumer respondents understand the specific messages.

- **They cannot get at their money until retirement so they may be better off with another investment vehicle if they think that they might need their money before then (personal pension version of KFQG only)**

This product was readily understood to be a long-term investment. The vast majority of respondents were clear before seeing the document that a pension was a product that involved paying money out on retirement or - albeit to a slightly lower proportion - on death.

- **There is no fixed maturity date but they should think of it as a five-year-plus investment (investment bond version of KFQG only)**

This message was understood; it was widely felt that this message was explicitly communicated at various points within the document.

- **Whether there are guarantees on their money (normally not)**

The document was felt to communicate this message very effectively, and there was widespread understanding that the final plan value will depend on a variety of factors, and that figures quoted elsewhere within the pack do not constitute a guarantee, but simply guidance. The references made to where guarantees do apply were generally picked up; the heading "Are there any guarantees?" did help to draw attention to, and as a result, raise understanding of this issue.

- **The level of risk they take depends on which fund(s) they pick, so they should think about their choice of fund**

This issue was felt to be explicitly communicated in the document. Again, the inclusion of a dedicated section to this area was appreciated.

- **No one can tell them how much they will get back and some of the factors which will affect this**

There was quite widespread acknowledgement that various factors (for example, amount paid in, length of time invested, performance over time, charges etc) will have an impact on what they get back. The fact that there is no guarantee of what they get back was a source of frustration to some, but accepted as 'the way investments work' by most.

- **There are charges which are important to them because they will reduce the value of their investment**

This message was widely understood. The highlighting of potential variability in charges between each company and fund was in particular considered a useful 'prompt to action' by some and would result in some consumers seeking comparisons, which they might not otherwise have done.

4.7 Comparative evaluation: KFQG versus the current KFD

As outlined throughout this chapter, the KFQG was seen as an excellent addition and enhancement to the product pack, and the 'first port of call' document. For most, the KFQG represents the most effective document presented, and an improvement over the current KFD in terms of ability to 'stand out' in the pack, and to engage customers with, and engender understanding of, the overall key aspects of financial products. This was, in large measure, the case amongst those who were presented with a pack which contained a KFQG positioned at the front of the pack and those where the KFQG was positioned randomly in the pack.

Furthermore, in those instances where respondents were first presented with a product pack which did not contain a KFQG, although the current KFD initially attracted most interest, on being presented with a second pack containing a KFQG, the KFQG was the document preferred by most. It was seen as a more simple and succinct 'entry-level' introduction to the core characteristics of the product in comparison to the current KFD.

5. Conclusion

The research suggests that in large part, both consumer and adviser respondents support the inclusion of the KFQG with the current product information. In its current format, the KFQG was seen as a clear and simple initial guide to a product.

The key findings were as follows.

- **The KFQG, in large measure, 'stands out' in a pack of product information, and was seen as clearly identifiable as the 'quick and simple' guide to the product.**
 - The overall appearance e.g. Q&A format, title, one page, helps convey this.
 - Whilst it was easily recognisable no matter where it was placed within the pack, the KFQG was more immediately recognisable as an important document to read first when placed on top.
 - Applies to both colour and black and white versions of the packs, although the black and white packs as a whole were less engaging.


- **The KFQG engages the consumer and was widely viewed as a welcome addition to the current product information.**
 - It was seen as a simple, succinct 'entry' to the product/pack, a document which answered 'key questions'.
 - A useful 'script' or preparatory document to aid discussion with the adviser.
 - Engenders confidence in less financially sophisticated consumers.

- **The KFQG helps to inform consumers about the overall suitability of the product they were considering purchasing, and successfully signposts to further information.**

- **The KFQG was endorsed by all adviser respondents, however its envisaged role amongst them was mixed.**
 - Some adviser respondents claimed it would be a useful overview for consumers to access prior to consultation, but recognised the logistical difficulties of this.
 - For some it was viewed as a helpful checklist to run through with consumers to check their basic understanding and to support verbal communications.
 - Most considered the addition of the KFQG as an enhancement to the 'documents of record'.

6. Appendix

KeyFacts Quick Guide - personal pension (front)



Quick Guide Personal Pensions

Key facts

This Key Facts Document gives you the main points about the pension plan you are buying. The Financial Services Authority (FSA) is the independent regulator of financial services. It requires us, Accent Plc to give you this important information to help you decide whether a pension is right for you.

You should read this document carefully and keep it with your other plan documents.

1. What is a Personal Pension Plan?	<ul style="list-style-type: none"> The Accent Personal Pension Plan is a savings plan that lets you save for your retirement in a tax-efficient way. Your money will be invested in one or more of the funds available – you can choose which ones. When you retire you must use the money you have built up to help provide an income for life. <div style="background-color: #e0f2f1; padding: 5px; margin-top: 5px;">For more detail about the Accent Personal Pension Plan see our <i>Personal Pension Plan Customer Guide</i> and our <i>Guide to Investment Options</i>.</div>
2. Who is it right for?	<ul style="list-style-type: none"> A personal pension could be right for you if you want to save for your retirement and you're happy to lock your money away until then. But if you think you might need to get at your money early there are other tax-efficient products you could consider, such as ISAs. A personal pension is not a stakeholder pension plan or a company scheme. You should consider whether these types of pension plan would meet your needs at least as well as our Personal Pension Plan. <div style="background-color: #e0f2f1; padding: 5px; margin-top: 5px;">If you have any doubts about whether this plan is suitable for you, you should speak to a financial adviser.</div>
3. What are the benefits?	<ul style="list-style-type: none"> The Accent Personal Pension Plan helps you save a sum of money in a tax efficient way, which will give you a pension which is an income for life when you retire. It also helps you save a sum of money to provide benefits for your dependants on your death, either before or after retirement. You have the option when you retire of taking a tax free lump sum, in exchange for a smaller pension. <div style="background-color: #e0f2f1; padding: 5px; margin-top: 5px;">For more detail about these benefits see page 3 of our <i>Personal Pension Plan Customer Guide</i>.</div>
4. What are the risks?	<ul style="list-style-type: none"> To choose which funds to put your savings in you need to think about how much risk you want to take. Generally, the higher the risk you choose the more profit you can make, but the losses can also be higher. Many 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. However, your savings 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. If you start the plan with a single contribution and then cancel it within 30 days, you may get back less than you've paid in. What you get back at your chosen retirement date isn't guaranteed. It will depend on our investment performance and on interest rates at the time you start taking your pension. <div style="background-color: #e0f2f1; padding: 5px; margin-top: 5px;">You can get more details of the funds available and the risks involved in our <i>Guide to Investment Options</i>.</div>

KeyFacts Quick Guide - personal pension (back)

<p>5. What is my commitment?</p>	<ul style="list-style-type: none"> • Make sure you don't need to get at the savings in your plan before you retire. A personal pension is a long term commitment designed to provide an income when you retire – you won't be able to cash it in. • To have the best chance of getting the income you want from this plan, you need to keep up your contributions. • On a regular basis (say, once a year) you should think about increasing your payments to get the income you want, especially if your salary is increasing. <p>To find out more about what you have to do, please see our <i>Personal Pension Plan Customer Guide</i> and the <i>Key Features</i> leaflet.</p>
<p>6. What will I get back?</p>	<ul style="list-style-type: none"> • The final plan value will depend on a number of things. For example, how much is paid in, how long the payments are invested for, how well our investments perform over the term of your plan, and charges. • Your pension will depend on interest rates at the time you decide to convert your plan to a pension and other factors such as your age and health. <p>For more information please see your <i>Illustration</i> and page 4 of our <i>Personal Pension Plan Customer Guide</i>.</p>
<p>7. Are there any guarantees?</p>	<ul style="list-style-type: none"> • Our funds have no guarantees • Investment returns may do down as well as up and you may get back less than you have paid in. <p>For more information please see our <i>Guide to Investment Options</i>.</p>
<p>8. How flexible is it?</p>	<ul style="list-style-type: none"> • You and/or your employer can make regular payments or single payments. The total of these payments must not be more than the limits set by the Inland Revenue. • You can make one off payments at any time to top up your plan. The minimum payment is £20. You can also choose to make single payments by cheque. • You can switch your investments between the various funds to change the mix of investments or change the investment choice for future payments, though there may be conditions for doing so. • You can start taking a pension at any time between ages 50 and 75, even if you're still working. You must start taking it by age 75. You can take a pension in stages if you want to. You can start taking a pension before the age of 50 only if you're in severe ill health, or if the Inland Revenue has approved this for your job. <p>For more detail about the flexibility please see our <i>Personal Pension Plan Customer Guide</i>.</p>
<p>9. What are the charges for?</p>	<ul style="list-style-type: none"> • We charge for managing your plan and investments. We take the charges out of your fund value. • How much you are charged is important to you because charges reduce the value of your investment in the plan. • There is an annual charge of up to 1% of the value of the funds you accumulate. If your investment is valued at £600 throughout the year, this means we deduct £6 that year. If your investment is valued at £7,500 throughout the year, we will deduct £75 that year. • The charges of each pension company and each fund will be different – so it's worth shopping around. One way of doing this is by using the comparative tables on the FSA website at www.fsa.gov.uk/comparative tables. <p>Your financial adviser may rebate some of the charges back into your plan.</p> <p>You can get more information about any charges in our <i>Personal Pension Plan Customer Guide</i>.</p>
<p>10. What do I do now?</p>	<ul style="list-style-type: none"> • Is this plan right for you, or do you have any further questions? • If this plan was arranged by a financial adviser then this will usually be your first point of contact. • If you don't have a financial adviser, an adviser in your area can be obtained by calling the IFAP (Independent Financial Adviser Promotions) helpline on 01179 711177.

keyfacts Quick guide

Portfolio: An investment bond

The Financial Services Authority (FSA) is the independent regulator of financial services. It requires us, Accent Plc, to give you this important information to help you decide whether an investment bond is right for you.

<p>1 What is a Portfolio Investment bond?</p>	<ul style="list-style-type: none"> • It's a lump sum investment plan that aims to increase the value of the money you invest. • You can choose to invest in up to 10 of the investment funds we offer. • There is no fixed date when this plan ends so you can choose to cash it in when it suits you. However there may be charges for doing this. You can also take 'one-off' or regular withdrawals of money within certain limits without charge. • It also provides some life insurance cover. The amount we'll pay on death depends on the funds you've chosen. <p><i>For more detail about Portfolio see our 'Portfolio - Key Features', 'Portfolio - step down option important details about your bond' and 'Portfolio - Guide to investment in our with-profit funds' booklets.</i></p>
<p>2 Who is it right for?</p>	<ul style="list-style-type: none"> • This bond could be right for you if: <ul style="list-style-type: none"> - you want to invest a lump sum for at least five years; - you want to take advantage of the tax benefits of investing in a bond. You'll need to consider these carefully as they will depend on your own circumstances and there may also be disadvantages. • There are, however, also other ways of saving that might have more tax advantages for you. <p><i>If you are in any doubt about whether this bond is right for you, speak to a financial adviser.</i></p>
<p>3 What are the benefits?</p>	<ul style="list-style-type: none"> • Portfolio offers you a wide range of funds that invest in different types of assets. • You can change the funds you're invested in. We don't normally charge for this, and currently you don't have to pay tax on any gains at the time you make the change. This may change in the future. • This bond can be arranged under a trust as part of your inheritance tax planning. <p><i>For more details about the tax and other benefits see the 'Questions and answers' section of our 'Portfolio - Key Features'.</i></p>
<p>4 What are the risks?</p>	<ul style="list-style-type: none"> • You need to think about how much risk you want to take when you're choosing which investment funds to put your investment in. • 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. • 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. • However, your savings 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. • If you cancel your bond within 30 days, you may get back less than you've paid in. <p><i>To find out more about the different risk levels of our funds see our Fund Guide.</i></p>

KeyFacts Quick Guide - investment bond (back)

<p>5 What is my commitment?</p>	<ul style="list-style-type: none"> • You have to pay at least £5000 into your bond. • Although you can cash in your Portfolio bond at any time, you should see it as an investment of at least five years. This will give your investments a chance to grow after we've taken our charges. • Make sure that you can commit to investing your capital for at least as long as this or you may also face early cash in charges. <p><i>To find out more about what you have to do see the 'Your Commitment' section of our 'Portfolio - Key Features'.</i></p>
<p>6 What will I get back?</p>	<ul style="list-style-type: none"> • We can't tell you exactly because this depends on: <ul style="list-style-type: none"> - how much you've paid in; - how long you keep your bond; and - how well or badly your chosen funds perform. <p><i>For more information see your Illustration and the 'What might I get back?' section of our 'Portfolio - Key Features'.</i></p>
<p>7 Are there any guarantees?</p>	<ul style="list-style-type: none"> • For most funds there aren't any guarantees. • For our With-Profits Funds some bonuses might be guaranteed. • There is a money back guarantee at the end of five years under our With-Profits Guarantee Fund and Guaranteed Fund providing you haven't taken money out of the fund in the meantime. Taking money out within five years will reduce what you get back. <p><i>See page 7 of our 'Portfolio - Fund Guide' and page 13 of our 'Portfolio - Guide to investment in our with-profit funds'</i></p>
<p>8 How flexible is it?</p>	<ul style="list-style-type: none"> • You can't make additional payments into your bond. • You can change your investment into different funds. <p><i>For more information on changing your investment funds see page 6 of our 'Portfolio - Important details about your bond' booklet.</i></p>
<p>9 What are the charges for?</p>	<ul style="list-style-type: none"> • Our charges pay for setting up your bond and then the cost of managing it. We take these charges from the payment you make and from the funds you invest in. • We may take an extra charge if you take money out of your bond, either by cashing it in or taking withdrawals over the limits we have set. • Our charges are important because they reduce the value of your bond. The charges of each investment company and each fund will be different - so it's worth shopping around. • One way of shopping around is by using the comparative tables on the FSA website www.fsa.gov.uk/tables. <p><i>To find out the standard charges for each individual fund see page 4 of our 'Portfolio - Important details about your bond' and pages 10 to 22 of our 'Portfolio - Fund Guide' booklets. Sometimes a financial adviser will rebate some of the charges back into your plan. You can find information about limits on withdrawals in the 'Can I take money out?' section of our 'Portfolio - Key Features' booklet.</i></p>
<p>10 What do I do now?</p>	<ul style="list-style-type: none"> • Is this bond right for you, or do you have any further questions? • If you do have any questions speak to your financial adviser. They'll tell you what their advice will cost. • If you don't have a financial adviser you can find one by contacting us on 020 7777 7777.

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