



# INCOME IN RETIREMENT THROUGH PLATFORMS: AN ANALYSIS BY THE LANG CAT

LATEST  
EDITION



the lang cat

This document is a review by the lang cat of the Zurich Intermediary Platform's (ZIP) income in retirement capability. For this increasingly important aspect of platform service, we review how the ZIP proposition stacks up, taking into consideration its peers in the market.

## LET'S BE CLEAR

Zurich commissioned the lang cat to write this document. A paid analysis can feel a bit conflicting and weird for both you and us so we always set some ground rules.

Before conducting our research, we agreed with Zurich who the peer group should be. It probably won't surprise you to hear that we arrived at the 14 leading UK adviser platforms who collectively account for 95% of AUA.

When we use the term 'leading', we're talking about scale, new business market share and depth of proposition. This, then, is a valid comparison set for ZIP; it's up against all the big boys and there's no hiding place.

The paper you are about to read therefore is an analysis of income functionality across the market. Our main job here is comparing ZIP to its competitors – but of course you can use all the info here to compare other platforms against each other.

The views we express here are our own and Zurich had no editorial control over content or influence on the figures and analysis. At the lang cat we stake our reputation on our independence so we don't say here anything we wouldn't say if we weren't being paid. You'll just have to trust us on that.

Right, everyone still friends? Good. Let's get cracking.

PLATFORM	REFERRED TO AS
Aegon Retiready	Aegon
AJ Bell Investcentre	AJ Bell
Ascentric	Ascentric
Aviva Platform	Aviva
Cofunds	Cofunds
Axa Wealth Elevate	Elevate
Fidelity FundsNetwork	FFN
James Hay Modular iPlan	James Hay
Nucleus	Nucleus
Novia	Novia
Old Mutual Wealth	OMW
Standard Life Wrap	Standard Life
Transact	Transact
Zurich Intermediary Platform	ZIP



## THE BACKDROP – OR THE IMPORTANCE OF BEING IN CONTROL OF RETIREMENT INCOME

### THE WAY THINGS ARE

Of all the recent legislative changes in the financial services sector, pension freedoms is the heavyweight. You now live in the future, where DC pension savings above the minimum pension age, which is normally 55, are freely accessible. And people have been accessing their pensions freely; unsurprisingly, more money is flowing into drawdown than ever before.

The reality then is that the industry – advisers, providers, and, er, consultancies – have to do their collective bit to ensure that consumers can make appropriate use of their savings in the significant, and longer than you might think, income stage.

And that's what this analysis is about. It's looking at how platforms in general, and ZIP in particular, supply advisers with the tools and products to create the targeted incomes that clients need in retirement. It's no longer a 25% lump sum followed by a monthly payment that stays more or less the same until you die – with nothing left at the end. It's no longer just about the pension. It's individual. It's complex. It changes over time.

### WHAT PLATFORMS ARE

This brings us on to what platforms are to their customers.

The average age of an advised platform client is 58. The average full retirement age is 64 – and both of these are on an upward trajectory. The reason the average client age on a platform is so high is simply to do with when people reach the point of a) needing proper financial advice and b) having accumulated enough assets to be able to afford it. This means that the typical accumulation part of the platform client experience is late stage – when retirement planning is getting properly serious – and the in retirement part is typically longer; maybe by a factor of 4 or 5 times depending on when they start, and their longevity.

**The bombshell is that clients typically spend a bigger part of their platform experience in retirement than accumulation. For the customer at least then, adviser platforms in the UK are things that they want to deliver them an income at least as much, but probably more, than assisting them to accumulate assets. And it's no longer just about the pension.**

So platforms need to be good at income.

Is ZIP? Buckle up and let's have a look.

### ZIP: AT A GLANCE

Before taking you into the detail of ZIP's income functionality here's our 20 second overview to get you settled:

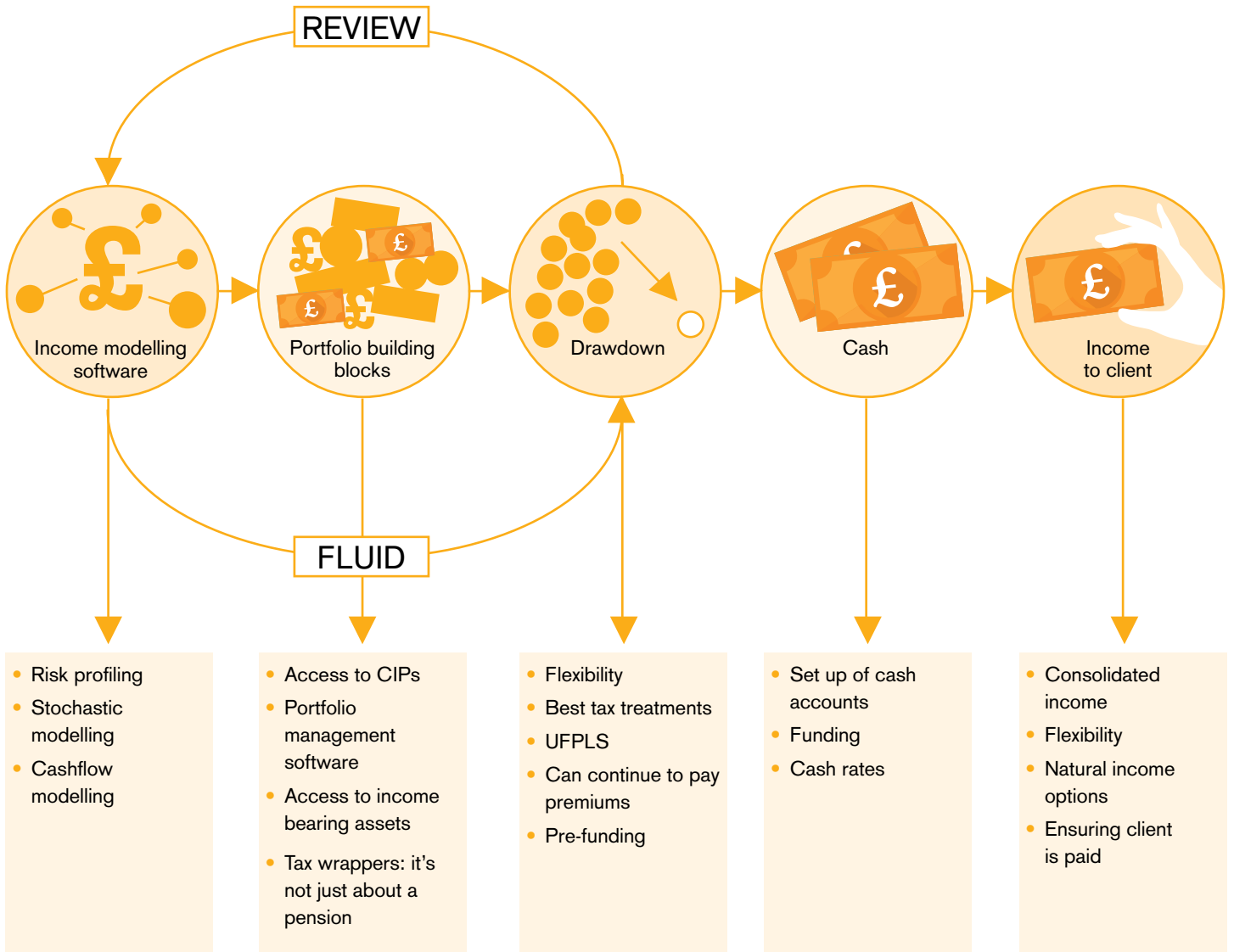
- It's a whole of market wrap with access to collective investment funds, Exchange Traded Instruments (ETIs) and cash vehicles
- It has the ability to run CIPs across DFM, adviser's own and in-sourced model portfolios
- ISA, SIPP and GIA wrappers are available
- It's got a range of both advice and portfolio management tools
- Most of the tools – the big ones – are third party and integrated into the platform
- It's got one of the prettier front-ends in the market
- It offers family linking for up to three generations of family. That could be a lot of people
- Pricing is on the market:
  - a tiered structure that starts at 0.35% for the first £100K and tapers down to 0.22% on holdings over £1m
  - SIPP investment carries a £75 annual admin fee
  - The only extra charges are for trading exchange traded assets



## INCOME IN RETIREMENT: THE BUILDING BLOCKS

### THE DAYS OF JUST A FIXED INCOME FROM A PENSION ARE GONE

First off, here's a short graphic showing the areas we cover in this analysis. Naturally, each client's experience – especially these days – is tailored and there is unlikely to be a simple linear beginning and end. Planning can happen before or after assets are moved into drawdown and it's usually an ongoing process. However, we've separated out what we think the building blocks required to plan and deliver client income through a platform are.



## THE MAIN EVENT: PROPOSITION ANALYSIS

### 1. THE BASICS

Let's start with some of the more basic mechanics: pension withdrawal and pre-funding. Two fundamental pension building blocks.

What it is	Drawdown flexibility and pre-funding.
Important because	First of all, you need the functionality to pay out the income. Pre-funding is useful to ensure everything happens quickly – clients naturally expect money to move swiftly these days; T+4 is not all that much fun.

	AEGON	AJ BELL	ASCENTRIC	AVIVA	COFUNDS	ELEVATE	FFN	JAMES HAY	NOVIA	NUCLEUS	OMW	STANDARD LIFE	TRANSACT	ZIP
Is UFPLS supported?	✓	✓	✓	✗	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓
<b>FLEXI ACCESS DRAWDOWN</b>														
Is flexi access drawdown supported?	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Can existing (in-house) capped be converted to flexi-access?	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Can capped that has been transferred in be converted to flexi-access?	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Can transferred in capped be retained as capped?	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Can contributions continue to an account in drawdown?	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>PRE-FUNDING</b>														
Regular contributions?	✗	✗	✗	✗	✓	✓	✓	✗	✓	✗	✓	✓	✓	✓
Switching?	✗	✗	✓	✓	✓	✓	✗	✓	✗	✗	✓	✓	✗	✓
Rebalancing within a model portfolio?	✗	✗	✗	✓	✓	✓	✗	✓	✗	✓	✓	✓	✓	✓
Inter-wrapper transfers?	✗	✗	✗	✗	✗	✗	✓*	✗	✗	✓	✗	✓ <sup>^</sup>	✓	✓
Pension tax relief?	✓	✗	✓	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓
Withdrawals?	✗	✗	✗	✗	✓	✓	✓	✗	✗	✓	✗	✓	✗	✓

\* Bed & ISA facility

<sup>^</sup> Only if going from general account to ISA

As you can see, the majority of platforms support the full range of things that might need to be achieved in relation to pension withdrawal. There's not a single no in the drawdown conversion stakes and it's only Nucleus and Aviva who don't support UFPLS, citing lack of demand (note that both use the Bravura technology). So the market is doing fine here, including ZIP.

Pre-funding is a bit of a different story – it matters more to some than others. However, we'd bet that if you offered clients a choice between a product that pays out income straight away to one which can make you wait the better part of a week, they'd take the former. As we've shown in previous analysis, ZIP does well here, as does Standard Life, Cofunds, Elevate and a couple of others. The key line for this analysis is the bottom one for withdrawals – a surprising 8 from 13 providers don't prefund withdrawals.

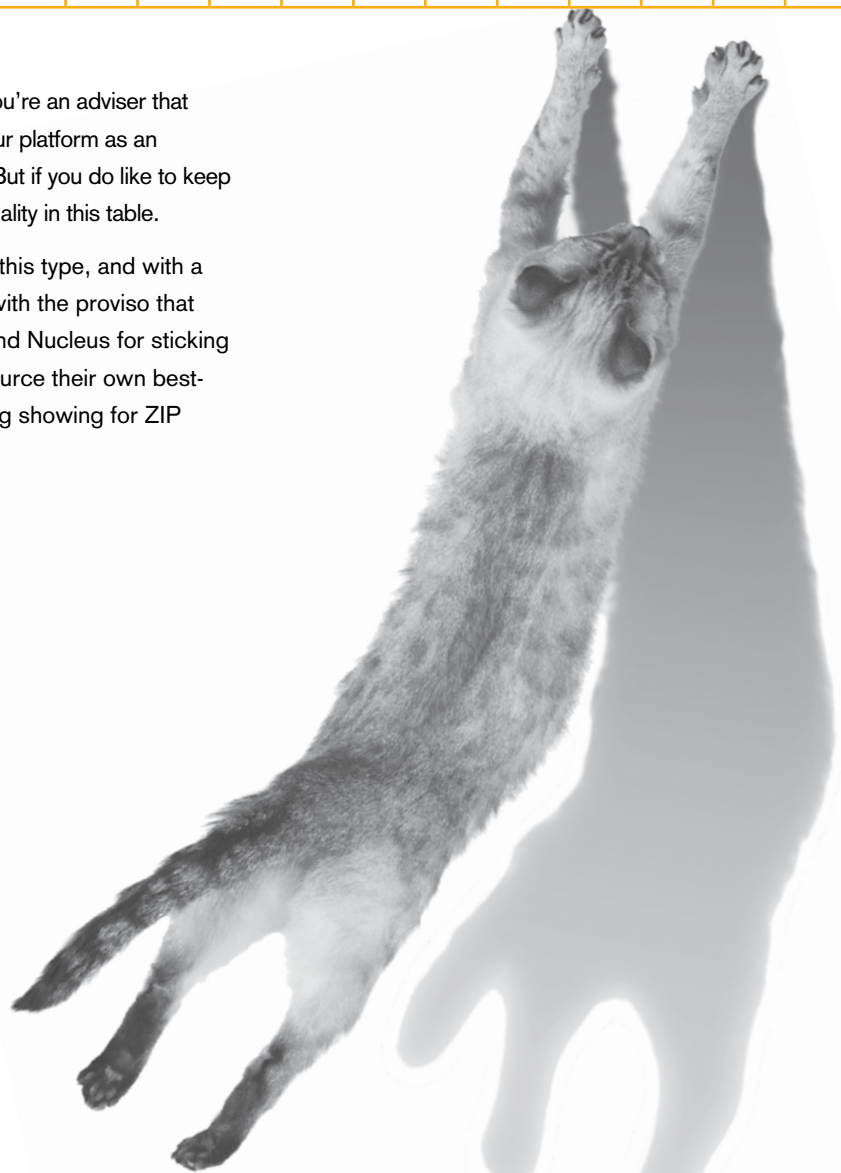
## 2. MODELLING TOOLS

What it is	Modelling an appropriate income for the client based on available, and or projected, assets – risk profiling, cashflow modelling, tax wrapper optimisation.
Important because	To create, and help implement, the best income plan based on wealth and goals.

	AEGON	AJ BELL	ASCENTRIC	AVIVA	COFUNDS	ELEVATE	FFN	JAMES HAY	NOVIA	NUCLEUS	OMW	STANDARD LIFE	TRANSACT	ZIP
Do you have a risk profiling tool that produces different asset allocations depending on the time horizon of the investment?	✗	✗	✗	✗	✓	✗	✓	✗	✗	✗	✓	✗	✗	✓
Does your risk profiling tool match to in-house drawdown portfolios?	N/A	N/A	✗	✗	✗	✓	✓	N/A	N/A	✗	✓	✗	✗	✓
Do you offer a cashflow modelling tool that works into drawdown?	✓	✗	✗	✓	✓	✓	✗	✗	✓	✗	✗	✗	✗	✓
Can off-platform assets be factored into income modelling?	✓	✗	✗	✗	✓	✓	✗	✓	✓	✗	✓	✓	✗	✓

You may or may not care about this section. If you're an adviser that prefers to use off-platform tools and only use your platform as an execution venue, none of this is likely to matter. But if you do like to keep it all in one place, you'll need the kind of functionality in this table.

It tends to be the lifecos who offer toolsets of this type, and with a few exceptions that's what we see here. So, with the proviso that we're not criticising platforms like Ascentric and Nucleus for sticking to their strategy and assuming advisers will source their own best-of-breed tools elsewhere, this is another strong showing for ZIP alongside Elevate, OMW and Cofunds.



### 3. MANAGING CENTRAL INVESTMENT PROPOSITIONS

What it is	How model portfolios, including adviser's own, DFM or in-sourced can be run to support income delivery.
Important because	This is overwhelmingly how advisers deliver investment propositions now, and because staying invested through retirement is the new normal.

	AEGON	AJ BELL	ASCENTRIC	AVIVA	COFUNDS	ELEVATE	FFN	JAMES HAY	NOVIA	NUCLEUS	OMW	STANDARD LIFE	TRANSACT	ZIP
Can model portfolios be run in drawdown?	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Can multiple model portfolios be held by a client within a single wrapper, i.e. drawdown, ISAs?	✗	✓	✓	✗	✗	✓	✓ (GIA only)	✗	✗	✓	✗	✓ <sup>^</sup>	✓	✓
If yes to above, what is the maximum number?	N/A	up to 2 in SIPP	no limit	N/A	N/A	no limit	no limit	N/A	N/A	10	N/A	no limit <sup>^</sup>	10	no limit
*If yes to above, can this cope with different portfolios?	N/A	✓	✓	N/A	N/A	✓	✓	N/A	N/A	✓	N/A	✓ <sup>^</sup>	✗	✓
**Is there access to WoM DFMs?	✗	✗	✓	✗	✗	✓	✓	✗	✓	✓	✓	✓	✓	✓
Do you offer in-house portfolios to support income in retirement?	✓	✗	✗	✗	✗	✗	✓	✗	✗	✗	✓	✓	✗	✗

\* By this we mean, can they be any mixture of self-managed, DFM and outsourced portfolios?

\*\* By this we mean do you offer a subset of DFMs chosen by you or will you add any DFM an adviser asks for subject to an appropriate bi-partate agreement being signed?

<sup>^</sup> It's possible to split money between a DFM on investment hub and an adviser's own model portfolio within a single wrapper. You can only have one adviser's own portfolio per wrapper and there is no limit on investment hub.

This is another example of retirement planning becoming increasingly complex and changeable; platforms need to have this level of sophistication to cope.

So model portfolios can now be run in drawdown right across the market, big tick there. What is less common however is the ability to run multiple portfolios within a single wrapper. 'I say chaps, why would one want to do this?' you ask. 'Because a client might have more than one goal in retirement which needs a different portfolio or asset allocation and it's nice to be able to separate them out.' we reply.

The mix might be all the same type of portfolio (by which we mean, say, 2 different model portfolios from the same DFM) or different types (perhaps a DFM portfolio for longer term money and an adviser-managed portion for shorter term needs). Around half of the platforms in question can cope with this within the same wrapper. A

workaround is of course to have multiple wrappers (and not all can do this) but it's probably a messy affair. For example, it's likely to disrupt the income being paid to the client, will involve more than one set of documentation and will make reporting more complex. For those platforms that levy a charge for drawdown (it's a small list of Cofunds plus Standard Life for off-platform assets only) extra pension wrappers increase those charges.

The Standard Life position on multiple portfolios in a wrapper is worthy of some extra explanation. It is this: you can only have one adviser's own model portfolio in a wrapper but multiple DFM portfolios via Investment Hub (the DFM portal). So the guys from Lothian Road get a tick here but we're not sure how often >1 DFM is ever used for a single client. Maybe you can tell us!

## 4. AVAILABLE ASSET TYPES

What it is	Assets that can be useful for creating all or part of an income portfolio.
Important because	To allow the unfettered creation of income portfolios, whether in a model portfolio (MPS in the table) or something less structured.

	CORPORATE BONDS		STRUCTURED PRODUCTS		GUARANTEED FUNDS		INCOME (SOLUTION) FUNDS		MONEY MARKET FUNDS		INVESTMENT TRUSTS	
	Availability	MPS?	Availability	MPS?	Availability	MPS?	Availability	MPS?	Availability	MPS?	Availability	MPS?
AEGON	Red	✗	Red	✗	Yellow	✗	Yellow	✓	Yellow	✓	Yellow	✓
AJ BELL	Green	✓	Green	✓	Yellow	✓	Yellow	✓	Green	✓	Yellow	✓
ASCENTRIC	Green	✓	Green	✗	Green	✓	Green	✓	Green	✓	Green	✓
AVIVA	Red	✗	Green	✗	Red	✗	Green	✓	Green	✓	Green	✓
COFUNDS	Red	✗	Red	✗	Red	✗	Red	✗	Green	✓	Red	✗
ELEVATE	Green	✓	Red	✗	Green	✓	Green	✓	Green	✓	Green	✓
FFN	Red	✗	Red	✗	Yellow	✓	Yellow	✓	Yellow	✓	Yellow	✓
JAMES HAY	Green	✗	Green	✗	Green	✗	Green	✗	Green	✗	Green	✗
NOVIA	Yellow	✓	Yellow	✗	Red	✗	Yellow	✓	Yellow	✓	Yellow	✗
NUCLEUS	Green	✓	Green	✗	Red	✗	Green	✓	Green	✓	Green	✓
OMW	Red	✗	Red	✗	Red	✗	Yellow	✓	Green	✓	Red	✗
STANDARD LIFE	Green	✗	Green	✗	Green	✗	Green	✓	Green	✓	Green	✗
TRANSACT	Green	✓	Green	✓	Green	✓	Green	✓	Green	✓	Green	✓
ZIP	Green	✓	Red	✗	Red	✗	Green	✓	Green	✓	Green	✓

KEY	<b>WHOLE OF MARKET</b>  More about philosophy than existing range – the platform is happy to add any asset based on adviser demand, usually subject to compliance	<b>LIMITED RANGE</b>  There is access to a specific range of assets in this category	<b>NOT AVAILABLE</b>  No assets of this type can be accessed through the platform
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Don't adjust your set, this table is supposed to be horizontal.

The widest ranges are on offer from platforms which really hold themselves out as open architecture – Ascentric, James Hay and Transact in particular – though James Hay has some work to do on model portfolios. ZIP has a few income bearing asset types missing which some competitors have worked hard to include – structured products and guaranteed funds. The former is probably the bigger miss.

We're not saying these types are for everyone, mind; we know plenty of advisers who'd rather stick needles in their own eyes than use them.

All in all, ZIP is pretty much on the market with an ability to accommodate a wide range of asset types that might be attractive for creating more bespoke income portfolios. Importantly, it can include assets like bonds and investment trusts in model portfolios – a minority sport, perhaps, but still important to those who value it.



## 5. CASH

What it is	Platform cash accounts, cash funding and other cash vehicles. Things with the word 'cash' in them, but not the word 'near'.
Important because	Central to the ability to manage and pay income...because income is paid in cash, see?

	AEGON	AJ BELL	ASCENTRIC	AVIVA	COFUNDS	ELEVATE	FFNI	JAMES HAY	NOVIA	NUCLEUS	OMW	STANDARD LIFE	TRANSACTION	ZIP
<b>CASH ACCOUNTS</b>														
Is there a central platform cash account?	✗	✗	✗	✗	✓	✓	✗	✗	✓	✗	✗	✓	✓	✓
Are there wrapper specific cash accounts/elements?	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓
<b>OTHER CASH VEHICLES</b>														
Fixed term deposit?	✗	✓	✓	✗	✗	✓	✓	✓	✓	✓	✗	✓	✓	✗
Instant access?	✗	✓	✗	✗	✗	✗	✗	✓	✓	✗	✗	✗	✓	✓
<b>CASH MANAGEMENT</b>														
Is there a minimum balance requirement?	✓	✗	✓	✗	✗	✗	✗	✗	✓	✓	N/A	✗	✓	✗
Can auto disinvestment maintain a specific cash holding?	✓	✗	✗	*N/A	*N/A	*N/A	✗	✗	✓	✓	N/A	✗	✓	*N/A
Can the order of assets for regular sell-down be selected?	✓	✓	✗	✗	✓	✓	✓	✓	✗	✓	N/A	✗	✓	✓
Can specific assets be protected from being automatically sold?	✗	✗	✗	✗	✓	✓	✓	✓	✗	✓	N/A	✗	✓	✓
If there is insufficient cash, does auto sell-down happen to ensure the client is paid?	✓	✗	✗	✓	✓	✓	✗	✗	✓	✓	N/A	✗	✓	✓
<b>INTEREST</b>														
What is the current interest rate on cash?	0.40%	0%	0.05% - 0.40%	0.10% below NatWest base	0.4% below base rate	0.40% - 0.65%	0.4% below BOE on ISA Cash Park, 0% on Intl Bond Bank Account. Pension 1% below subject to 0.25% min	0.00001% (15/16ths of 1% below base)	0.15%	^ 0.16% - 0.55%	N/A	0.30%	0.34%	0.30%
Is the platform charge levied on wrapper cash and/or cash account?	✓	✗	✗	✓	✓	✓	✓ (on pension)	✗	✓	✓	N/A	✓	✓	✓ (except ISA and cash account)

All rates correct at November 2015 unless otherwise specified.

^ Nucleus: different rates paid depending on wrapper. Transact: rate paid for the period 1/10/2015 – 31/10/2015.

\* We've said N/A here because these platforms don't need to have a minimum holding for disinvestment to maintain...because auto sell-down happens to pay liabilities instead.

There's an argument that a central platform cash account isn't essential. This is supported by the fact that many platforms have operated successfully for years without one and users of those platforms are not, so far as we know, sobbing into their Horlicks. However, with income in retirement and resulting cash flexibility being firmly in the zeitgeist we do know that creating one is high on the development agenda for several platforms that don't have one; it's usually a case of system barriers more than anything.

If you were designing a platform from scratch today, with no constraints, you would have one. This is because it's pretty much essential to deliver a single income payment – unless you can combine them in another way, we're not sure what that would be – and a central cash account carries various other consolidation and tax management uses. ZIP, Standard Life and Elevate – it's no coincidence that those three share FNZ underpinnings – operate this way, along with Transact and its proprietary system.

And now this brings us on to the minimum balance and disinvestment issue, as we like to call it at the lang cat, because it's finicky. Let's just set out the different options for funding a cash account in order to give the answers in the table on this one some context:

- Option a** No minimum balance and leave it all to the adviser, taking the view that it's up to them to manage the cash account – their client, their responsibility etc – with the exception of platform fees...which are always derived via disinvestment and have automation to ensure payment
- Option b** Minimum balance that disinvests to ensure that there is usually enough to cover the platform charge, regular adviser fees or both (this is usually 2%, which tends to be more than enough)
- Option c** No minimum but have intelligent automation that looks at all liabilities and disinvests accordingly to cover them – this negates the need to hold a minimum balance

What looks like good, bad or indifferent with this stuff is likely to be down to preference and you can see from the table there's a good mix of a) and b). Aviva, Cofunds, Elevate and ZIP occupy their own corner of the market where there is no minimum cash requirement but the systems are wired to ensure liabilities – including client income – are paid via automatic selldown. We think this is pretty cool; the last thing anyone wants is the client not getting a monthly income that's required to pay the bills...because somebody forgot to keep the cash account healthy.

Platforms earn interest on cash, and a common area of scepticism shared amongst advisers and Leith's leading independent platform consultancy (probably) is whether platforms play fair in passing on interest. Now, everyone's rates suck; it's the time we live in. The big difference is not rate, it's whether the platform charge is debited from cash or only invested assets, or whether interest is retained.

No-one comes out well here in our view. ZIP's interest rate of 0.30% (Zurich receives 0.40% and retains 0.10%) is competitive and, because there's no platform charge deducted on the ISA, 0.30% after charges is actually the best rate in the sector (for an ISA) only beaten by cases over £250K on Ascetric. Which isn't to say that it's anything to get excited about. If we do see rates rise, these kinds of differences will really come to the fore.

Staying with ZIP, because that's what this document is about, we notice that there are no fixed term deposits, which would enhance the offering, especially if or when interest rates rise. For now, it's no biggie, but we think it should be on the development list.



## 6. INCOME TO THE CLIENT

What it is	The coal-face of managing the actual payment.
Important because	Kind of the end bit. Arguably the most important because it's the number one thing a customer will shout about. "Where's my money? WHERE IS IT?"

	AEGON	AJ BELL	ASCENTRIC	AVIVA	COFUNDS	ELEVATE	FFN	JAMES HAY	NOVIA	NUCLEUS	OMV	STANDARD LIFE	TRANSACTION	ZIP
<b>INCOME TO THE CLIENT</b>														
Can there be one regular consolidated payment to the client (from across all wrappers)?	✗	✗	✗	✗	✗	✓	✗	✗	✗	✗	✗	✗	✓	✓
*If yes to above, can any date be selected?	N/A	N/A	N/A	N/A	N/A	✓	N/A	N/A	N/A	N/A	N/A	N/A	✗	✓
If no, can separate wrapper payments be paid on the same date?	✓	✗	✓	✓	✗	N/A	✗	✓	✓	✓	✗	✗	✓	N/A
Can wrappers be prioritised for regular withdrawals?	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Are there auto-alerts if there is not going to be enough cash to pay income?	✗	✓	✗	✗	✗	✓	✓	✓	✓	✓	N/A	✗	✓	✓
<b>NATURAL INCOME OPTIONS</b>														
Can it be paid to a tax wrapper cash?	N/A	✗	✓	✓	✓	✓	✓ for pension and offshore bond	✓	✓	✓	✗	✓	✓	✓
Can it be paid to a central platform cash account?	N/A	N/A	N/A	N/A	✓	✓	✗	✗	✓	✗	✗	✓	✓	✗
Can it be paid direct to client bank account?	N/A	✓	✓	✓	✗	✓	✓	✗	✗	✓	✓	✓	✓	✗
<b>CHECKING INCOME ON THE GO</b>														
Do you have a mobile app for client accounts?	✓	✗	✗	✓	✗	✓	✓	✗	✗	✗	✗	✗	✗	✗
Is the client platform fully optimised for mobile access?	✓	✗	✗	✓	✗	✓	✓	✓	✗	✗	✓	✗	✓	✓

\* Well, by 'any date' we mean between 1st and 28th cos an income payment due on 30th February would be pretty uncool.

All the clever functionality that goes into planning and creating a pot from which income can be paid is, naturally, vital. But flexible, sophisticated management control and reporting for the adviser to ensure your client gets paid is the king of all this – see our point earlier about how long people spend in decumulation as part of their platform experience. It's one of the few remaining areas where platforms can differentiate themselves. If you watch development roadmaps closely, you'll see more and more income management control popping up.

To put it another way, for many clients platforms are income machines. So do the machines work?

ZIP gets the most ticks and, along with Elevate and Transact, can offer a single, consolidated income from across all wrappers. An ability to do that does seem fundamental to us, so well done those three. Have 10 house points. ZIP and Elevate also allow any date for the income payment to be selected. Although being restricted to 3 or 4 dates that a platform's systems can manage is not a disaster, for something as significant as a main income stream it's useful to be able to align it accurately to clients' specific requirements.

Auto alerts are worth a mention and this goes hand in hand with the issue of whether or not auto-disinvestment will happen to ensure the client is paid. Some have neither auto-disinvest nor an auto alert. On this front, half our sample (including ZIP) will wake you up if there isn't enough to pay out what's due.

Some clients and advisers are designing natural income portfolios; in these situations it's good to have the option to get the income paid out to the client's bank account when it turns up (perhaps subject to a minimum). Most platforms do allow this; only ZIP, Cofunds, Novia and James Hay have computers that say 'no'. ZIP's argument is that it's consolidating income into operational cash before paying it out – which does make sense. Whether it's material to you as an adviser will depend on how you're going about managing the day-to-day admin of client portfolios.

Finally, we've all got one of those radiation-emitting devices in our pocket, and so we don't think being mobile friendly is a nice to have any more. Also, last time we checked, it's not 1995. As we look across the table, we're struck by the fact that 6 of our 13 contenders – nearly half, people! – don't have a mobile optimised experience for clients. Apps aren't the be all and end all; arguably a mobile optimised site which you can add to your home screen as a bookmark is just as good (although we think there are some great apps in the D2C platform market). ZIP is OK here; if you're one of the Sinful Six then it's time to get it sorted.





## 7. OTHER PRODUCTS

What it is	Other non-investment products that may be required when constructing holistic income.
Important because	To support more of clients' later stage needs under one roof.

	AEGON	AJ BELL	ASCENTRIC	AVIVA	COFUNDS	ELEVATE	FFN	JAMES HAY	NOVIA	NUCLEUS	OMW	STANDARD LIFE	TRANSACTION	ZIP
<b>LIFE COVER</b>														
Life cover that is linked to portfolio value?	✗	✗	✗	✗	✗	✗	✗	✗	✗	✓	✗	✗	✓	✓
Life cover based on a fixed value?	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Can life cover premiums be paid from the platform portfolio?	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✓	✓
<b>ANNUITIES</b>														
Is there any integration with an annuity portal?	✓	✗	✗	✗	✗	✗	✗	✗	✗	✓	✗	✗	✗	✗
If yes, does it recommend in-house annuities only?	✗	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✗	N/A	N/A	N/A	N/A
If yes, is it a WoM portal?	✗	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	N/A	N/A	N/A	N/A
<b>TYPES OF ANNUITY SUPPORTED</b>														
Lifetime?	✓	✓	✗	✗	✗	✗	✗	✗	✗	✓	✗	✗	✗	✗
Impaired?	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Enhanced?	✓	✓	✗	✗	✗	✗	✗	✗	✗	✓	✗	✗	✗	✗
Other?	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗

This section is probably, for now, leftfield. We don't think there is huge demand from advisers to have access to non-investment products via platforms compared to via traditional routes. This is partly because of how things are currently done and partly because, as you can see from the table, there isn't much available in the platform space...it's mostly toe-dipping for now. We've no doubt it will continue to evolve, however, it's a matter of how long it will take and that isn't easy to predict – other than 'longer than you think'.

ZIP therefore stands out, along with Transact, Nucleus and Aegon, as offering something different and starting to take platforms beyond just investment products and services. \*product placement alert\* ZIP's life cover, Investment Life Cover, tracks the platform portfolio value and protects against any drop in value of the original investment for a five year period. It costs 0.1% of the portfolio value if your client is under 65, 0.25% if they're over 65 and is paid for from within the portfolio. Could be useful for those entering retirement for the first time and protecting the nest egg, but that's up to you. We're not selling it.



## CLOSING

As you will see from the table below, ZIP ends up with a very strong moggly expression rating from us. We haven't included a 'who got the most ticks in the box' box, but if we did then ZIP would do very well.

Now, you're not stupid. The guys at Zurich no doubt were confident their platform's income functionality was strong before asking us to undertake this analysis; turkeys don't vote for Christmas. But as no specific third party research like this existed, they couldn't have been sure what we'd find out or how ZIP would sit against the competition in a detailed lang cat-style analysis.

### LOOKING TO THE FUTURE





If we're being picky (we have to be, it's our job see) there are a few asset types missing and access to income guarantee products (funds, annuities) could enhance the proposition in the income stakes. And going slightly bigger picture (and this applies to all platforms) the concept of an income portfolio going across the client's whole financial world – for example rental property, state








pension, DB income – to combine with the platform income stream like a bank account. We think that's some distance off and a lofty goal but one day that's what platforms will do.

### ROUNDING THINGS OFF

So we find what we find. ZIP does well. And, stepping away from the data for a moment, that's a general observation we have on the platform – it's highly functional, and (possibly as a result of being a bit later to market than others) includes lots of small areas of functionality which we know other platforms have on their development lists. **Retirement income these days is about so much more than just the pension and ZIP has clearly been designed to recognise this fact.** The challenge for ZIP is to demonstrate to you, the adviser, that this additional functionality means it's worth disturbing your existing pattern of platform usage if you're not already a supporter. Some of you are allergic to using big providers: that's fine; ZIP isn't for you. But overall, we find lots to like and relatively little to dislike here.

## THE HAPPY CAT/SAD CAT BIT – WRAPPING UP OUR VIEWS ON ZIP'S INCOME IN RETIREMENT FUNCTIONALITY

KEY			
Sad cat	Flat faced cat	Slightly smiley cat	Very smiley cat
			

FEATURE	COMMENT	CAT FACE
THE BASICS	Drawdown and pre-funding capability is very good.	
MODELLING TOOLS	Risk profiling tool that that can match different allocations to time horizons a particular strength – no real weaknesses.	
CIP MANAGEMENT	Competitive. No in-house drawdown portfolios and we think this is an area worth investigating.	
INCOME ASSET TYPES	Strong range which can all be accommodated in model portfolios, structured products arguably the omission that matters.	
CASH	A central cash account that allows a single consolidated income across all wrappers and assets. Slight gaps on natural income.	
INCOME TO THE CLIENT	Ensures the client is always paid and income can be checked using mobile devices – a key strength of ZIP, we think.	
OTHER PRODUCTS	Life cover linked to the portfolio value, that can be paid from the portfolios – overall ahead of the crowd and we expect to see more.	

**NOTES**

### **A FINAL NOTE: OBTAINING THE DATA**

Our approach to this research was VERY COMPLEX. No, that's not true. We simply sent a questionnaire to the peer group and we are hugely grateful that nearly all of them obliged. The UK platform sector has about it a creditable and voluntary transparency: this level of disclosure allows advisers to more easily compare things and get the right solution for clients. However, it still takes a certain amount of guts and confidence in one's (grammar) proposition to supply consultancies like us with this kind of information. Our secondary approach, where platforms were shy (only one, we won't say who because we're nice that way) was to use desk research combined with interviewing advisers. We are pretty sure these answers are right but we can't be 100% to the same degree we are of the others because some of this information is not in T&Cs or free to air. Therefore, we are more than happy to amend anything if someone from that platform (you know who you are, hi) reads this and we've got anything wrong. The date of publication is January 2016.

### **TAXI FOR THE LANG CAT: ALL ABOUT US**

We're a noisy consultancy based in Leith, Edinburgh, specialising in platforms, pensions and investments. We spend about half our time on advisory work with providers and advisers. Lots of proposition development, lots of take-to-market consultancy, lots of pricing and competitive positioning analysis. The rest of our time we spend on delivering very high quality PR, technical copywriting and marketing services. We also publish an annual Guide to Platforms and lots of other stuff. To find out more just visit [www.langcatfinancial.com](http://www.langcatfinancial.com)

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