



CTC Software

UK retirement savings providers help investors make better 'pensions freedom' drawdown decisions with CTC Software and A2Risk

A tried and tested product for decumulation, easy integration and cost effectiveness led CTC Software to select A2Risk's ATRQ System for investor attitude to risk.

"A2Risk and CTC have strong intellectual property. Together, we complement each other and that's a great message for clients who want to get moving quickly on decumulation."

**Philip Hodges, Commercial Director,
CTC Software**

- *CTC chooses A2Risk to extend its support for the retirement advice process*
- *A2Risk offers existing market-tested ATRQ decumulation solution*
- *ATRQ easily adapted to fit CTC's Retirement Hub*
- *ATRQ pricing fits with CTC's value proposition*
- *ATRQ investor profiles correspond to segmentation in systems used by CTC clients*

Investment firms and insurers implementing the new retirement drawdown options from UK 'pensions freedom' reforms can now source a complete toolset for decumulation after CTC Software chose to partner with A2Risk.

Following 2014–15 pensions reform, UK retirees have a radically greater range of drawdown options, from self-management of a defined contribution pot through to partial drawdowns or straight annuities.

"We estimate the drawdown reforms affect £1.75 trillion in assets, because 'pensions freedom' applies to both defined contribution and funded defined benefit pensions," says Philip Hodges, Commercial Director at CTC Software.

Addressing pensions freedom

"Pensions freedom creates a huge demand to model and illustrate decumulation, so investors can choose how they manage their income in retirement."

London-based CTC has been serving the pensions and investment industry since 1990. In response to recent reforms, the company has developed a complete Retirement Hub solution that retirement savers can use to make informed decisions about drawdown.

The company's clients - major insurers, wealth managers and SIPP providers – provide the web-based Retirement Hub toolset to advisers, existing investor customers and new leads in D2C platforms. The tools include financial planning questions and scenario modelling with an option to purchase an annuity, drawdown contract or withdraw cash.

Adding attitude to risk to Retirement Hub

Missing from the toolset, however, was the set of statements used to determine investor attitude to risk (ATR), something the company's clients were keen to see supported natively in Retirement Hub.

"In past, we had always been 'ATR-agnostic', we always had the framework to support ATR but let the customer provide their own set of questions," Hodges says.

"Our clients wanted us to provide a complete offering, they didn't want to have to fill in the gaps."

CTC began a market research exercise, investigating three major attitude to risk solutions and ultimately choosing the ATRQ System provided by A2Risk Ltd.

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"There were several reasons we chose A2Risk, but foremost was that they already had a product specifically for decumulation. A2Risk were also willing to adapt their solution to fit Retirement Hub and their pricing wouldn't make our solution unaffordable" he says.

Meeting FCA expectations

At A2Risk, Director Alistair Haig notes: "We've been closely monitoring what the FCA expects attitude to risk questionnaires to accomplish in its financial suitability regime and realised that existing questionnaires weren't designed for investors who are decumulating assets."

A2Risk co-founder Alistair Byrne adds: "We had originally developed a decumulation question in our ATRQ system for Vanguard in 2011 so our decumulation product has been research and market tested for more than five years now."

Modular and adaptable

The ATRQ System is easy for software companies to implement because it is modular and straightforward to adapt in a cost effective way.

ATRQ System has discrete accumulation, decumulation, retirement solver and high income investor components that can be licenced separately.

New bespoke questionnaires can be cost effectively and rapidly developed using an agile survey methodology developed by company founders Dr Alistair Byrne and Professor David Blake. And as a specialist investor behaviour company, lead A2Risk researchers are also available to work directly with software companies.

“Compatibility is another major reason we chose the A2Risk – the investor profiles the

ATRQ System produces fit with other solutions on the market,” Hodges at CTC says.

“For example, ATRQ System assigns investors to categories based on their risk profile and these categories match those used in the market leading distribution systems. ATRQ is also compatible with profiles built into the most widely used portfolio and asset allocation tools.”

Faster rollout to support decumulation

CTC and A2Risk are now working together to provide a single point-of-purchase for insurers and investment firms looking to capture a share of the decumulation market.

“A2Risk and CTC have strong intellectual property. Together, we complement each other strongly and

that's a great message for clients who want to get moving quickly on decumulation or who want to uplift their accumulation business as well,” says Hodges at CTC.

“Our decumulation product has been research and market tested for more than five years now”