OPEN DOOR POLICY

BUILDING PROPOSITIONS

Open Door Blog #6

The Truth About CIP / CRPs

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Firstly Open Door Policy has 10 years' experience in building, documenting and maintaining a CIP style proposition, over literally hundreds of consultancy sessions with small medium and big firms. We know about this, we are an SME.

Secondly, everything is based on Regulator guidance and their ultimate aim of providing good client outcomes, not good firm outcomes, not good manufacturer outcomes.

There is a lot of white noise, lots of positioning by organisations who have an interest in one route or another. Let's cut through that by sharing the experiences as an unbiased, no agenda, agnostic consultancy.

1. The CIP/CRP is in effect a CIRP (Centralised Investment and Retirement Proposition), they should be as one, with an accumulation and decumulation strategy as a bare minimum. FG12/16 (The one about switching and CIPs) is ten years old. It's fine to take on board what was great guidance at the time but it's time to move on, to develop with that as a foundation.

2. CIRPs are not difficult to build, document and maintain. Anyone who says they are will probably have an ulterior motive. What they are, however, is big. It will take up a lot of a firms time to build a super strong proposition that's flexible, considers regulation and is adaptable. Don't think you can't do it, you can but be mindful of the 100's of hours this will take to make and document.

3. The CIRP should be yours and you should fully live and breathe it, understand it, love it like your first born child or even your favourite guitar / amp combo. If you adopt someone else's approach without understanding, editing and making it your own, you don't have a CIRP, they do.

4. As the great Monty Python said, You Are All Individuals. There is no right or wrong or a prescribed route, there is however logic and justification. Each and every CIRP should be unique to the firm, it cannot be anything else.

5. If you adopt a CIRP from a manufacturer you do not have a CIRP, you have their version of what a CIRP looks like. I would guess that it would lead to a solution that they can provide, and I am prepared to be challenged on that.

6. PROD is the driver. Sort out your client segmentation based on your beliefs and the needs of your client bank. Then look at the whole of the market and each and every Relevant Financial Instrument you could use. If the advice you take is to use MPS funds as your CIRP, it is not a CIRP. It is only one of dozens or Relevant Financial Instruments you could use, you should be considering everything out there.

7. Ask yourself one really simple question, sounds like a really bad Dad joke but "What's the difference between a risk rated multi-asset fund and an MPS?". What tangible benefit does a client get from using one over the other? I invite you to bust the myth on this one.

8. If you CIRP goes anything like this, you do not have a CIRP.
   (a) I use [insert fund / platform / product here] and the reason is [insert reason here]
   (b) My CIRP is shown in this document supplied by [insert manufacturer here]
   (c) My CIRP is a range of philosophies and documents I have found on the internet and put together
   (d) I found a template
   (c) My CIRP document is less than 5 pages long

9. Use, embrace, love and cherish tech. But make sure you do it as effectively as possible with a controlled roll out, making sure its fully understood and any risks mitigated. There are experts out there that can work with you on this.

10. Don’t believe the hype.

11. Don’t believe it’s complex.

12. Take advice from manufacturers in the spirit in which it is intended.

13. Make your CIRP your CIRP

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