



clear thinking for Financial Services

## Making RDR Work

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After 4 long years of consultation and debate, it's tempting to view the Retail Distribution Review as a kind of never-ending tale. But despite all the twists and turns, there will be an end to this story and it's approaching faster than many in the industry appreciate.

On January 1st 2013, the retail investment business will look very different and given the scale of change that's involved, that really doesn't seem very far away at all.

So far, operational focus amongst providers has been on new business and the end of initial commission. But there are far more widespread implications. Once advisers start to collect fees from products for an ongoing service, a whole new world of complexity opens up.

Those fee schedules will be subject to change or termination at any time and providers will have to deal with the fallout. Customer approval, trail disclosure, in-force illustrations, tax charges, debt management - all of these and more need to be woven into an already complex landscape of servicing processes.

That's a lot of work to add to what, for many providers, is an already bulging change agenda. Fortunately, Altus has already done a lot of this thinking and can offer a real kick-start to your operational preparations for RDR. Just read on to see how we can help.



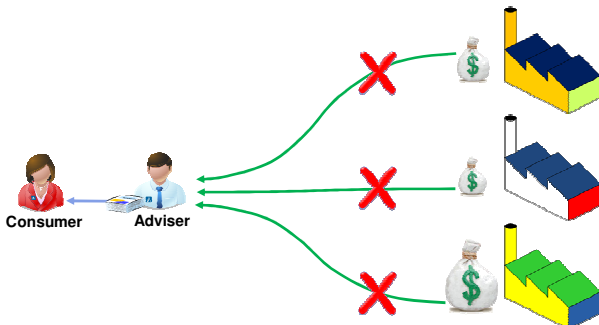
## Making RDR Work

### The Issue

Like it or not, the Retail Distribution Review is coming. In January 2013 the retail investment landscape is set to undergo a sea change and, for product providers in particular, it's time to start plotting a course now.

Some believe they already have it covered with products which support factory-gate pricing and variable fees but the change required is both deeper and more subtle. The shift from a "push" model where providers control the timetable and mechanics of remuneration to a world where advice charges are "pulled" by consumers will have far-reaching implications for both sales and servicing.

#### The end of the "Push" model



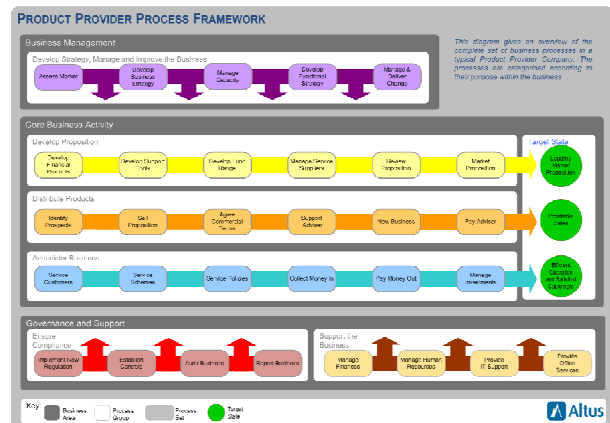
Whether it be changes to existing procedures to accommodate new disclosure rules or a whole new process to deal with unscheduled changes to advice charges, there is a lot to think about.

### The Altus Approach

With in-depth knowledge of Financial Services, Altus has been using its own industry reference models to analyse the changes embodied in RDR and to develop a set of materials which product providers can use to accelerate their operational preparations.

Starting with our established inventory of the end-to-end processes in a provider organisation, we identified all those areas where RDR will have a significant impact. Some, like illustrations for New Business were obvious; others, such as the tax treatment of withdrawals to fund adviser charges are more subtle.

#### Altus product provider process framework



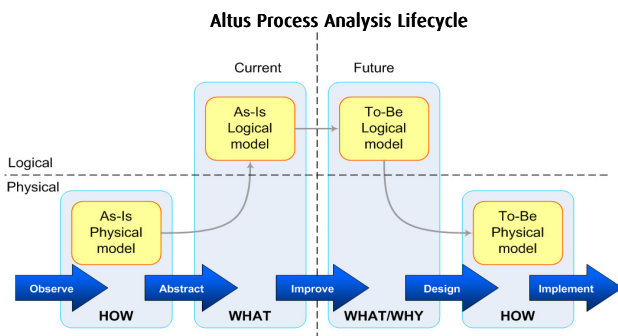
As a result of that analysis Altus has identified ten business processes which are likely to be most impacted by RDR:

- *Sign-up adviser firm*
- *Produce illustration*
- *Handle new business application*
- *Transfer in client assets*
- *Transfer out client assets*
- *Pay adviser*
- *Change adviser*
- *Terminate policy*
- *Deduct charges*
- *Issue statements*

For each of these processes, we then took a more detailed look at what would be required to deliver them post-RDR.

### The Altus Approach (cont.)

To do that we have focused on the underlying logic of each process rather than how it is physically implemented; an approach enshrined in our process analysis lifecycle.

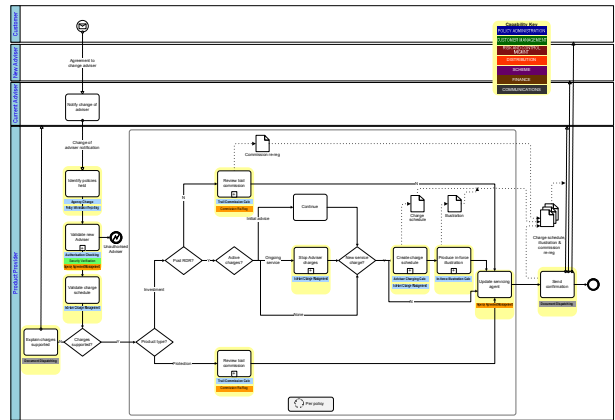


Using our As-Is logical models to assess the FSA's proposals, Altus has been actively engaged in the RDR consultation process from the first CP. Now, with the final shape of the rules clear, we have built on these models to show how we think the processes may look in the future.

Starting from the top, we've used a range of business focused Altus models to explore how the broad structure of each process will be impacted—particularly around adviser charging.

Having worked through the future shape of each process, we then added the detail to make it work. That means process maps with the necessary business logic to deal with different product types, distribution channels, charging structures and all with legacy business added into the mix.

Sample process map with capability overlay



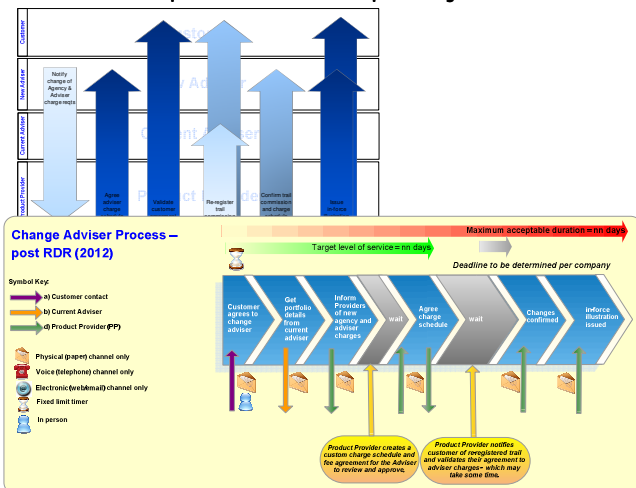
All of this analysis is now available in a complete off-the-shelf package of logical post-RDR models combined with tailored consultancy services to implement the processes in your organisation.

### The Benefits

What that package offers is an immediate short-cut to a wealth of practical analysis together with intuitive visuals which will enable your organisation to accelerate the operational phase of its RDR programme.

If you'd like to know more, then contact us using the details on the following page.

Sample interaction and viewpoint diagrams






## clear thinking for Financial Services

Altus understand Financial Services - the products, the processes, the people and the systems that make the whole thing tick. With years of experience in complex change programmes, we understand that successful solutions begin with the business.

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