

FCA reforms – addressing the advice gap

February 2026



In December 2023, the Government and the FCA **opened discussions** about how they could ensure people have access to the right support to navigate complicated financial decisions. These discussions resulted in three proposals, targeted support, simplified advice and further clarification of the advice / guidance boundary. In this hot topic we look at recent developments and what we can expect over the coming year.

1

Targeted support

A new form of support allowing authorised firms to provide suggestions that are appropriate to consumers with the same high-level characteristics.

2

Simplified advice

A new form of advice that makes it easier for firms to provide affordable personal recommendations to consumers with more straightforward needs and smaller sums to invest.

3

Further clarification of the advice / guidance boundary

Providing greater certainty for authorised firms on scenarios where they can provide support that does not constitute regulated advice.

1

Targeted support

In December 2025 the FCA issued its **near-final rules for targeted support** ("TS"). TS will be separate to and subject to different standards from the regulated activity of "advising on investments". It will allow FCA-regulated firms to make ready-made suggestions to groups of consumers who have common characteristics. This could, for example, mean directing them to products or to take action with their existing products. Firms will only be able to provide TS if they are authorised by the FCA to do so.

The new rules are expected to take effect on 6 April 2026 and the FCA estimates that at least 18 million people could be offered TS within a decade. It could therefore have a major impact on the retirement experience of millions of people in the future.

Trustees of occupational pension schemes can provide support to their members in relation to their in-scheme benefits without requiring FCA authorisation. This means trustees (or firms they have partnered with) will be able to provide support to their scheme members akin to TS (such as segmenting communications based on member characteristics) in relation to their in-scheme benefits. However, if trustees wish to offer support to members in relation to particular FCA regulated products, this would constitute the new regulated activity of TS and, as such, would need to be provided by an FCA-regulated firm with the correct authorisation.

It is expected that firms will develop TS propositions for members of their GPPs and may decide to mirror these arrangements for members of their master trusts. In fact, the FCA encourages them

to consider how they can achieve comparable consumer outcomes across both types of scheme, in line with the Consumer Duty.

The FCA recognises this is a complex area for trustees to navigate and is committed to working to find practical solutions.

Guided retirement

Trustees should also be preparing for the introduction of **guided retirement** which is due to be phased in from 2027. TS and guided retirement are intended to work in tandem, to enable members to make informed choices, while also providing default solution(s) for those who cannot or do not want to make complex financial decisions themselves. Trustees and providers will need to think carefully about the interaction between TS, which will likely take the form of some form of call to action, and guided retirement which is intended to minimise the need for active decisions from members about their retirement income. It will be important to find ways to manage any tension between the different messaging members may receive.

Subject to Parliamentary approval of the Pension Schemes Bill, the FCA is planning to issue a discussion paper on the framework for implementing guided retirement in spring / summer 2026, alongside a DWP consultation on its corresponding policy for trustees. It is expected that these papers will clarify the interaction between TS and guided retirement.

2

Simplified advice

The FCA has also set out its initial **plans to reform the framework for simplified advice**. “Simplified advice” is seen as a way of offering focused affordable advice to consumers who want individual recommendations but who are not looking for holistic advice. For that reason, the adviser would take a narrow approach focusing on a consumer’s specific need and only take account of essential information relevant to that need, as opposed to their overall financial position.

Although it is already possible for firms to provide broad or narrow regulated advice, the FCA believes simplified advice will complement both TS and its holistic advice services. In early 2026, it plans to consult on simplifying and consolidating its existing investment advice rules and guidance to reduce unnecessary complexity. This will include creating clearer expectations when firms provide more simplified or holistic forms of advice. Trustees may wish to keep a watching brief on such developments to assist with their understanding of the broader advice / guidance landscape.

3

Clarifying the advice / guidance boundary

The FCA is aware that firms and OPS trustees are keen to offer greater support in the form of information and guidance to consumers / scheme members but are hesitant to do so because of fears of inadvertently crossing the advice boundary. A previous attempt was made to **clarify the boundary** in August 2023 but this was not intended to make any changes to it.

In June 2025, the **FCA committed** to consolidating, simplifying and clarifying existing guidance on the boundary at the same time as it issues new guidance for firms providing targeted support.

Actions



- + New rules could soon have an impact on existing guidance / advice set ups, so firms and trustees will need to understand any changes that could affect them. Becoming familiar with the various FCA publications and identifying any training needs would be a good first step.
- + Master trust trustees should liaise with their provider to understand how it intends to address TS and the impact on proposed / current guided retirement solutions.
- + Once the relationship between TS and guided retirement is clearer, firms and trustees should review their member communications and existing support strategy to understand what changes need to be made.

