

# pension transfer advice.

## IMPORTANT INFORMATION!

If you are now or have ever been a member of a pension scheme or schemes which have certain benefits attached, then you must decide whether you want us to make a personal recommendation to you to remain in, or transfer out of it.

The schemes to which these notes apply are those with 'safeguarded benefits' which are likely to be company pension schemes known as defined benefit schemes or final salary schemes. There may be other pension arrangements with safeguarded benefits and if you are unsure if you are a member of any such scheme, your Adviser will be able to help.

If you are a member of a scheme with safeguarded benefits, there are special rules which apply for your protection.

If you wish to receive a personal recommendation a Pension Transfer Specialist will prepare a report for you; this is known as Pension Transfer Advice. Unless you receive this report, no advice or recommendation will have been given to you to remain in or leave a pension scheme which contains safeguarded benefits.

The Pension Transfer Advice is separate from any investment report you might receive from us and the advice fee is based upon the cash equivalent transfer value (CETV) of the scheme(s) under consideration (see later). It is important to remember that the outcome of the advice might be to do nothing and remain in the scheme.

Your Adviser will be able to help you understand the matters you should take into account when deciding whether or not you would like to receive a personal recommendation to transfer out of or remain in a pension scheme with safeguarded benefits.

### **As a guide, some general considerations you should take into account are:**

1. It is not generally considered to be in an individual's best interests to leave a scheme with safeguarded benefits.
2. The Pension Protection Fund (PPF) provides an element of protection to members of many defined benefit (final salary) pension schemes where an employer becomes insolvent and there are insufficient assets to provide the benefits promised by the scheme. It should be noted that the government does not underwrite the scheme.
3. Transferring out means that you are unlikely to have any certainty over future income and/or fund value.
4. These schemes provide a known income for life and very often provide other benefits such as a widow/widowers pension on death as well as protection against the eroding effects of inflation.
5. They place no personal investment risk on you, whereas under most alternative arrangements the investment risk is borne by you personally.
6. They are generally inflexible in that you are unlikely to have any ability to vary the income or influence the pension fund investments.
7. There are unlikely to be any capital sums paid out on your death whereas other schemes allow the fund value to be passed to beneficiaries (albeit these payments may be taxable).
8. Personal circumstances such as health and marital status may influence whether or not a transfer is likely to be in your best interests.
9. Transferring out of a pension scheme with safeguarded benefits is usually irreversible.



## The advice process

If you ask for a personal recommendation in relation to a scheme with safeguarded benefits, your Adviser will undertake a detailed fact-find to ascertain details of your;

- Personal circumstances
- Needs and priorities
- Attitude towards the scheme benefits under consideration
- Attitude towards investment risk
- Capacity for loss
- Previous knowledge and experience

This will allow the Pension Transfer Specialist to assess your attitude to risk in respect of making any transfer out.

We will also write to your scheme provider to obtain full scheme information before undertaking a detailed analysis to determine whether we believe a transfer is in your best interests. The Pension Transfer Specialist will then prepare a written report setting out the recommendation.

## The timescales

Your pension scheme will provide a 'cash equivalent transfer value' quotation which is typically guaranteed for 3 months from the date of issue. Obtaining your scheme specific information may take some time because we are reliant on third parties to provide this. However, we will endeavour to undertake the relevant analysis and provide our advice within the guaranteed period. We cannot be held responsible if we are unable to complete the process within the guaranteed period due to delays with obtaining information from third parties.

## The costs

We will charge a fee based upon the CETV. The fee is calculated using the following scale:

| Transfer value                   | Advice fee    |
|----------------------------------|---------------|
| First £100,000                   | 2% plus VAT   |
| Next £200,000: £100,001-£300,000 | 1% plus VAT   |
| Thereafter                       | 0.5% plus VAT |

For example, if your transfer value is £100,000 we will charge a fee of £2,400; if your transfer value is £300,000 we will charge a fee of £4,800.

- The fee will be paid before beginning work.
- The fee is non-refundable irrespective of the final recommendation.

Full details will be set out in a 'personalised charges' schedule, which you will need to agree to before we start work.

**Call us on 0800 028 3200. Email us at [mywealth@wealthatwork.co.uk](mailto:mywealth@wealthatwork.co.uk) or visit [www.wealthatwork.co.uk/mywealth](http://www.wealthatwork.co.uk/mywealth)**

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