



PASA (DRAFT) Code of Good Practice

Defined Benefit Transfers: Code of Good Practice (the
Code)

Consultation Document

February 2020

Disclaimer

The document is for guidance only and does not purport to constitute legal advice. It is not exhaustive and nothing in this document can be relied upon as evidence of compliance with any other legal or regulatory requirements. This document relates to circumstances prevailing at the date of its publication and may not have been updated to reflect subsequent developments. Following the document's guidance does not relieve a party of its legal and regulatory obligations and following the guidance may not prevent a claim being brought against a party.

Status of a PASA Code of Good Practice

Codes of practice are not statements of the law and there is no penalty for failing to comply with them. Nevertheless, codes have a legal effect; they must be taken into account by the regulator, a court or tribunal, if they are relevant to what is being decided.

DB Transfers Code of Good Practice (the Code) Consultation

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Acknowledgements

PASA is grateful to the authors of the Code and their employers.

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1. Introduction

The time taken to process defined benefit (DB) transfers varies hugely. Some transfers take months to execute. Unfortunately, delays damage relationships with scheme members and lead to a breakdown of trust. This can result in members making decisions which aren't in their best interest, or worse still, increase the risk of becoming victims of pension scams. Scammers often refer to the time taken to process a transfer to create an impression of trustees seeking to hold on to money belonging to the member.

The complex nature of safeguarded rights creates a challenge for running an efficient and standardised transfer process putting the member at the heart of every step.

PASA is mindful of finding the balance between member protection and a member's statutory right to take their pension in a different shape or form, via a flexible arrangement. We're committed to driving high standards, improving transfer option communications and, helping members make informed choices in a secure environment.

There are lots of members who could already be making poor choices, the key objective of the PASA DB Transfers Working Group is to create a framework to help deliver balance. As an industry, we must come together and work to implement this Code. This Code sets out to create faster, well-communicated, efficient and cost-effective strategies scheme administrators and wider stakeholders can execute.

In July 2019 the Working Group released Guidance focusing on what we defined as a 'Standard' or straightforward Case. It was originally intended this Guidance would be Part 1 of a two part release with Part 2 covering 'Non Standard' Cases. It was subsequently agreed, rather than produce a Part 2, we would create a Code of Good Practice (the Code) to cover all DB transfers and look to consult with the industry prior to finalising.

Throughout this Code we have raised questions which we invite the industry to provide responses to within the timelines set out below:

- Consultation launched February 2020
- Response to Consultation required by 30 April 2020
- Code expected to be released 01 September 2020
- Schemes/Administrators will be given 12 months to comply with the Code

Responses should be sent to PASA at: info@pasa-uk.com

Ideally we would like respondents to answer the questions set out but we would also welcome additional views beyond these.

When submitting your responses, please:

- Respond via email to the address given above by the deadline shown
- Provide your name, the organisation you represent and contact details for any clarification we may seek
- Provide responses in the order of the questions in the document. However, you may answer as many or as few of the questions as appropriate to you
- Where possible, please try to illustrate your views with examples if you think it helpful
- We will accept multiple responses from the same organisation

DC to DC transfers

While it's not the focus of this Code to look at DC to DC transfers, we recognise many administrators have harmonised their internal DB and DC transfer processes to the extent possible. We also recognise members often have DB and DC benefits within the same scheme. PASA encourages applying best practice principles across different types of work or business areas.

2. Impact of Pension Schemes Act 2015

Pension freedoms, public awareness of high transfer values and increased adviser activity have resulted in the volume of transfer quotation requests more than doubling in recent years. This has resulted in increased workloads and associated costs. As a consequence of increased workloads, the transfer process has often slowed. Pension scams have also increased, putting member savings at risk. Priority must be given to effective safety checks protecting members from those transactions showing red flags on due diligence. **However, transactions which do not cause the scheme administrator, or trustees, to flag concerns should be processed as speedily as possible.**

Some elements of a transfer are outside the control of the transferring scheme administrator. For example, waiting for documentation from a member or their adviser, reliance on a third party to calculate transfer values or awaiting confirmation from HMRC as to the *bona fides* of the prospective receiving arrangement. While processing can't proceed in their absence, the Working Group explored ways to minimise 'down time' to benefit the whole end-to-end member experience. PASA expects all parties involved in the transfer process to aim to meet the timescales set out in this Code and they should monitor their success in doing so. In the event a third party causes delay in processing a transfer, the administrator should make this known to the third party and the member. Delays should be called out to avoid frustrating everyone in the process. Administrators may not be able to control the third party, but they should seek to influence the process to improve the service for the member.

It's important to note whilst this Code is voluntary, we anticipate the Pensions Ombudsman will reference it when reviewing complaint cases, as a source of what good industry practice looks like.

During the drafting of the original Guidance and subsequently this Code, PASA was part of a working group led jointly by the Financial Conduct Authority (FCA) and The Pensions Regulator (TPR), to create a 'Transfer Template' improving the quality of scheme and member information available on transfer cases. The Transfer Template is available to members and their advisers. The Transfer Template aims to reduce follow up data requests from advisers and improve the quality of advice through improved understanding of the securities and benefits of safeguarded rights. The Transfer Template remains a key element of this Code and can be found in [Appendix 4](#). The TransferTemplate is available separately on PASA's website <https://www.pasa-uk.com/guidance/db-transfers/>. Further details of the context around the Transfer Template are set out on within the Code.

3. Objectives and Principles of the Code

Objectives

- **Improve the overall member experience through faster, safer transfers**

This Code sets out the expected timescales for processing transfers. It promotes the principle of administrators taking a lead on the end-to-end member experience and highlights where third parties cause unnecessary delays and collaborating to improve transaction speed.

- **Improve communications and transparency in the processing of transfers**

Keeping members and stakeholders properly informed and pro-actively managing expectations reduces the need for chasing and raising queries. Clarity around the scheme benefit basis improves understanding and leads to better quality advice. Each communication should add value to the member and their advisor by keeping them informed of the transfer's progress. Providing appropriate additional information to increase awareness of the next steps, associated timeframes and any circumstances which could affect those timescales.

Some schemes and administrators already provide a good level of detail in their communications, but not necessarily at the same stages as set out in this Code. If it can be demonstrated the aims and principles set out here are being achieved, there's no need for changes to existing processes.

Some administrators communicate via email or member portals, therefore reducing their environmental footprint. PASA encourages the use of efficient and secure methods of communication and we wouldn't expect these processes to change as a result of this Code. However, the content should be reviewed against the Principles set out below.

- **Improve efficiency for administrators**

Using standard forms and templates with clear instructions will result in members and advisers receiving the required information promptly. Using the Transfer Template will standardise transfer information and improve efficiency, saving time and resources. The Transfer Template seeks to avoid repetitive requests for further information. Administrators may also wish to consider automating transfer calculations and processes for greater efficiency and effectiveness.

Principles

1. Member communications should be fair, clear, unbiased and straightforward.
2. Members [and other stakeholders] should be kept informed of any delays in processing
3. Administrators should work with other stakeholders to encourage adherence to the Objectives of the Code.
4. Communications should be designed to reflect best practice, adhering to template documents where possible.
5. Working practices and processes should be designed to comply with the Code including the target timescales listed

Consultation Question 1

Please provide your views on how the construction of the Principles can be applied at a practical level and the positive impacts they can have individually and collectively.

We would be particularly interested in any suggestions on how we could improve the framework of Principles.

4. Scope of the Code

Whilst one of the overall objectives of this Code is to improve efficiency in processing all transfers, it's important to acknowledge there are varying degrees of complexity of cases. We have covered this distinction below as well as other references:

Standard Case

- The request constitutes a request for a guaranteed transfer value; and
- The request is received via the standard business as usual process
- The scheme administrator has the benefit of some or full automation to calculate the transfer value or access to transfer values automatically calculated by the Scheme Actuary

Consultation Question 2

Please provide your comments on whether these constitute a workable definition for a 'Standard Case'?

Is any further clarification required on what constitutes a Standard Case/any additional categories of case etc?

Non Standard Case

- Cases requiring significant manual intervention
- Partial transfers
- Overseas transfers (a transfer of a person residing overseas, involving an overseas adviser or an overseas scheme) (quotation timescales unlikely to differ from standard case if known at quotation stage)
- Where further due diligence is expected by the Pension Scams Industry Group's Code of Good Practice (the Scams Code) (likely to only be relevant as a Non Standard Case from Settlement Stage onwards)
- Transfers which require the specific trustee/employer consent

Consultation Question 3

Please provide your comments on whether these generally constitute a workable definition for a 'Non Standard Case'?

Is any further clarification required on what constitutes a Non Standard Case/any additional categories of case etc?

Out of Scope

The following transfers are considered out of scope of this Code:

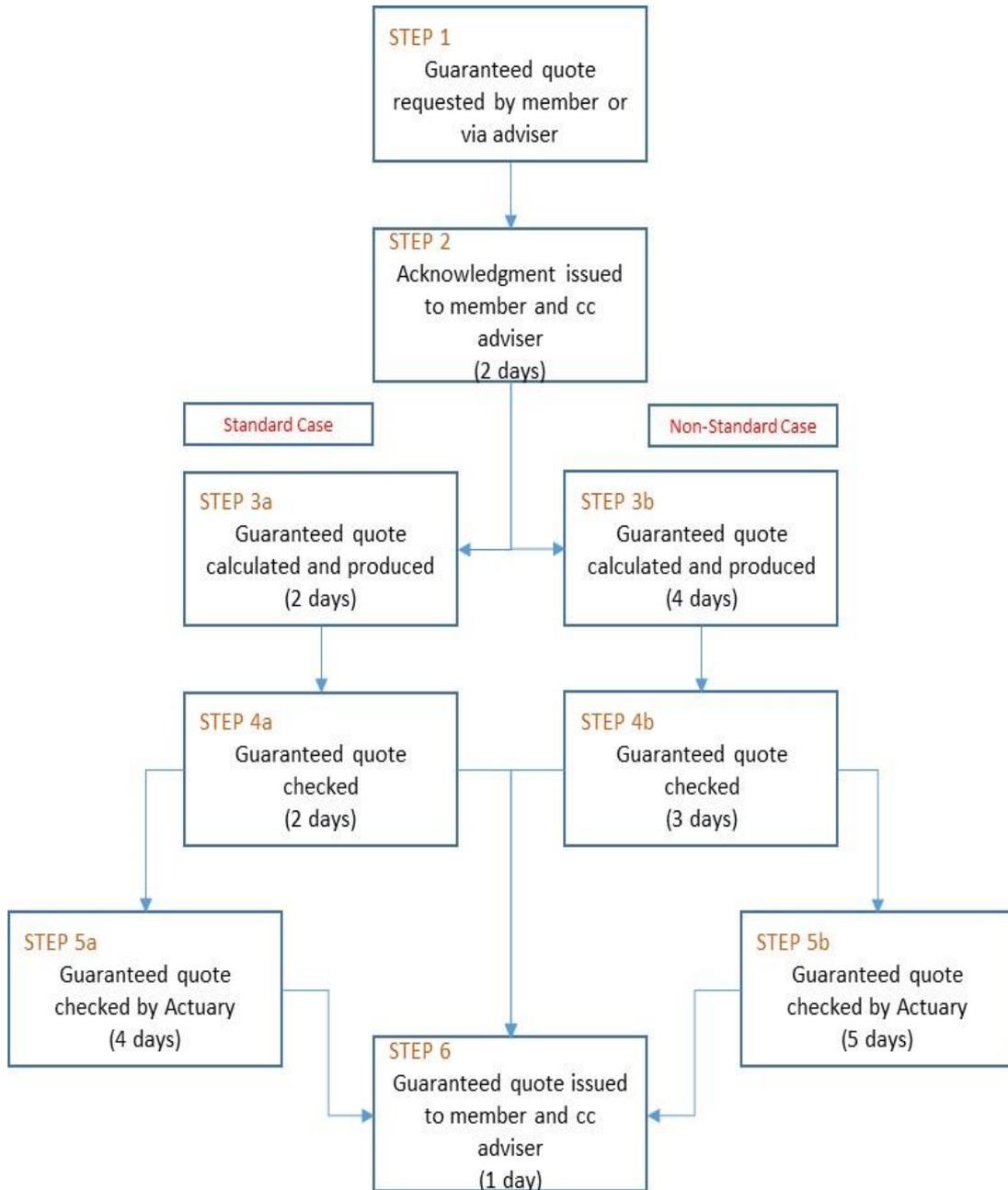
- Bulk transfers including TUPE Transfers
- Bulk member options exercises
- Schemes in wind up, or following an insolvency type event including schemes in a PPF assessment period
- Illustrative transfer values (eg for active members)
- Pension Sharing cases

Consultation Question 4

Please provide your comments on whether you would expect any other cases to be considered 'out of scope'?

5. Processes

a) Standard Cases calculated by the administration team



Total maximum expected time: 7 - 10 working days (or 12 -15 working days where referral to the actuary for review or sign-off is required)

Consultation Question 5

Please provide your comments on whether these timescales are realistic and achievable?
 Please give examples to support your answers where appropriate.

STEP 1:

Member contacts the scheme administrator to request a quote. If the request is received from a member's adviser (IFA) it should follow the administrator's own procedures regarding letters of authority.

STEP 2:

It adds value for the member to receive an acknowledgement letter containing important information for them to consider. This acknowledgment should include information on Pension Scams and financial advice considerations including reference to the Pensions Advice Taskforce (PAT) Gold Standard set out by the Personal Finance Society (PFS). (<https://www.thepfs.org/about-us/initiatives/the-pension-transfer-gold-standard/understanding-the-pension-transfer-gold-standard/>).

Administrators should include a copy or link to the PAT Consumer Guide with each acknowledgement letter. This sets out what the member should expect from an accredited adviser when considering a transfer out of a DB scheme. A link to the consumer guide (printable) is included here https://www.thepfs.org/media/10121248/pension-transfer-gold-standard-logo-consumer-guide-a5-size_print-no-crops_-p1.pdf and a link to the web-friendly version is available here <https://www.thepfs.org/media/10121247/pension-transfer-gold-standard-logo-consumer-guide-a5-size-web-p1.pdf>

The key objectives of this acknowledgment are to:

- Acknowledge the member's request
- Tell members they need to seek appropriate independent financial advice – introducing them to how they can get help on decisions about whether and how to proceed, thus reducing the risk of the member making a poor choice and wasting time
- Provide the member with a better understanding of the process and early notice of the associated timescales for getting the quote and potential settlement.

An example acknowledgment letter is included in [Appendix 1](#).

If possible, the administrator should start [Step 3](#) at the same time as [Step 2](#) to reduce the time taken for the member to receive their transfer quotation.

When providing time expectations to members, administrators should consider using calendar days rather than working days. This should be consistent across all communications.

Where schemes are able to issue the transfer quote within 5 working days, the acknowledgement shouldn't be needed. However, the administrator should ensure the key components of the acknowledgement letter are included with the quote to add value to the member.

STEP 3

Deciding whether to transfer benefits can be extremely difficult for members, and finding and working with an appropriately qualified financial adviser can take a long time. It's therefore important members are given as much time as possible to explore their options.

If data issues are discovered or a quote isn't able to be calculated accurately, a holding letter should be issued to the member (and/or his/her financial adviser) explaining the delay and/or requesting additional information if appropriate.

The transfer value quotation and information should follow the Transfer Template. This Transfer Template includes the relevant detail at member level, but should be supplemented by access to the scheme level detail in either hard copy or soft copy.

For a copy of the Transfer Template please see [Appendix 4](#); A copy of this can be found on PASA's website.

Consideration – with the increased volume of requested transfer quotes since Freedom and Choice, schemes should take all reasonable steps to maximise automation in the calculation routine.

Consultation Question 6

Recognising the benefits of automation in both processing times and consistency of output, and also the costs of implementation, we are keen to understand the industry's views on how much emphasis we should place in the Code on automation and are there any considerations around this? We acknowledge schemes with a smaller membership may be different.

Consideration – where possible, transfer quotes for members over the scheme's minimum retirement age should be accompanied by an early retirement quote. Member advisers will need this quote to explore all options in order to improve member outcomes. Whilst projections can sometimes be run by the member adviser, having a quote produced by the scheme will reduce the risk of advisers incorrectly projecting a member's benefits. It's also important for a member, in deciding what course of action to take, can see all the options available within the scheme to make an informed choice.

Consultation Question 7

What is the industry's view on the Code's desire to provide early retirement information along with the transfer pack as a standard approach – acknowledging commercial issues and the extent of automation?

STEP 4

All quotes should be checked via the scheme administrator's usual practices.

STEP 5

TPR's guidance on transfer values states '*Trustees should discuss with the actuary and the administrator how best to ensure that calculations are carried out correctly. This might be achieved by the trustees asking the actuary to undertake sample checks on a range of cases. In addition, it would be good practice for trustees to have transfer values over a certain amount routinely checked.*'

A common trigger for a quote to be referred to the scheme actuary for checking is the size of transfer value. As market conditions move over time, the size of transfer values can too. Transfer values have been high in recent years, which has caused more cases to exceed the scheme's referral criteria. It's not uncommon for the review of the calculation to include the actuary recalculating the transfer value and then checking it, rather than just checking the calculation produced by the administrator. Trustees should, where possible, agree service levels with the scheme actuary for checking transfer quotes referred to them. This should be shared with the administration team to help them estimate timescales in the acknowledgement letter. Any quote passed to the actuary should contain all the relevant information for the actuary to be able to review the case.

Consideration - Schemes should proactively review their referral criteria on a regular basis to consider the number of transfer values which need to go to the actuary.

STEP 6

To maximise time for the member to consider whether to proceed with the transfer, quotes should:

- Be issued by first class post or by secure electronic means
- Include all the necessary forms to proceed including the standard Section 48 declaration which requires the financial adviser to confirm they've provided the member with appropriate financial advice – see [Appendix 2](#)
- Include a self-addressed return envelope where issued by post
- Include clear instructions on how to complete the forms – see [Appendix 3](#)

- Include clear instructions on the supplementary information a member is required to submit, such as ID

Section 48 declaration –the industry uses/supplies very different forms in discharge packs. It's worth noting under S48 of the Pensions Schemes Act 2015 the member only needs to take advice if their safeguarded benefit exceeds £30,000¹.

Appendix 2 provides a copy of acceptable wording. PASA encourages standardisation across the industry. It reduces the risk of queries between advisers and administrators which can hold up processing. This has been updated since the release of the Guide to reflect changes brought about by the Senior Manager and Certification Regime (SMCR).

It's not a requirement of S48 of the Pension Schemes Act 2015 for advisers/members to confirm the nature of the advice the member received to the scheme. The relevant section on the Pension Schemes Act 2015 is set out in **Appendix 2a**.

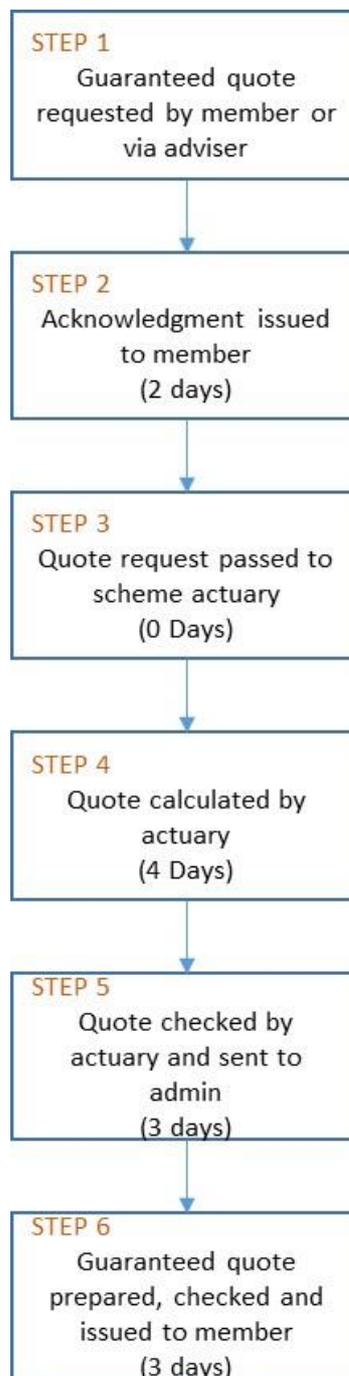
Consultation Question 8

Please provide any other comments you have to help us improve this part of the process.

¹ In particular, it should be noted it's not the value of the benefits to be transferred considered in relation to the advice threshold – but the total value of safeguarded benefits under the scheme (regulation 5(1) SI2015/742)

Cases calculated by the actuary

It's worth noting we haven't made a distinction between Standard and Non Standard Cases as it's the general consensus all cases referred to the actuary for calculation, rather than checking or reviewing, are likely to be Non Standard.



Total maximum expected time: 9 - 12 working days

STEP 1 & 2

As per previous process.

STEP 3

If a quote request needs to be passed onto the scheme actuary, this should be done promptly (i.e. no later than the day of acknowledgment). This should contain all the relevant information for the actuary to calculate the case.

The scheme trustees should, where possible, agree service levels with the scheme actuary for calculating transfer quotes referred to them for calculation. This should be shared with the administration team to help them estimate timescales in the acknowledgement letter.

Referrals to the scheme actuary for calculations are typically cases which are manually calculated due to limited automation or particularly complex benefit structures. Whilst it can be difficult to resolve this, administrators and actuaries should continually seek to increase the level of automation across all benefit categories where the volume of transactions and the risk justifies it.

STEPS 4 & 5

All quotes should be checked via the scheme actuary's usual practice.

The scheme actuary and/or administrator should ensure quotes are in an agreed standard format.

STEP 6

The quote should be produced in line with the Transfer Template in [Appendix 4](#).

As per previous process.

Consultation Question 9

Please provide any other comments you have regarding the processing of cases set out in this Section.

6. The Transfer Template: working together to protect member interests

There's been significant industry concern around both delays in processing transfers and the quality of financial advice available. The industry has been working together to develop standards to help protect member interests and improve industry practices.

Improving and following standards helps protect schemes and providers against possible maladministration claims.

It's important to provide financial advisers with high quality information and data quickly to ensure the member is able to make a properly informed decision. Valuable time can be spent with questions and answers being exchanged, often with a lack of understanding as to why questions are asked or why particular data is needed. Sometimes advisers fail to appreciate the benefit structures and flexibilities, leading to frustration on all sides.

The FCA and TPR brought industry representatives together to create a standard transfer template which contains all required scheme and member information. The template includes examples of every type of calculation allowing advisers and the analysts supporting them to ensure the advice given is robust. This is the 'Transfer Template' which is attached in [Appendix 4](#).

The Transfer Template has been designed to be used by both advisers and administrators.

Data requirements in the Transfer Template are simplified into scheme and member level data. Scheme level data should be set up once and provided thereafter whenever an adviser requests information about the scheme. Member information will be requested by the adviser only once per member. The overall objective of the Transfer Template is to maximise the probability members will get good quality advice, based on an accurate understanding of the benefits and options under the transferring scheme. Access to standard information in a consistent format has significant potential to reduce the cost of advice, helping to deliver better value for the member.

The Transfer Template can be completed manually or automated, depending on administrator preference. The scheme level data, for example, could be set up in a data room, to which the adviser is granted access. This could create long-term time and cost efficiency for administrators. There would be a need for early investment in creating this framework which could also simultaneously improve the analysis of scheme benefits on the adviser side of the process.

Through this Code, we recommend administrators adopt the industry developed Transfer Template and ensure both the scheme and the member level information sections are fully completed and sent to members' advisers on request.

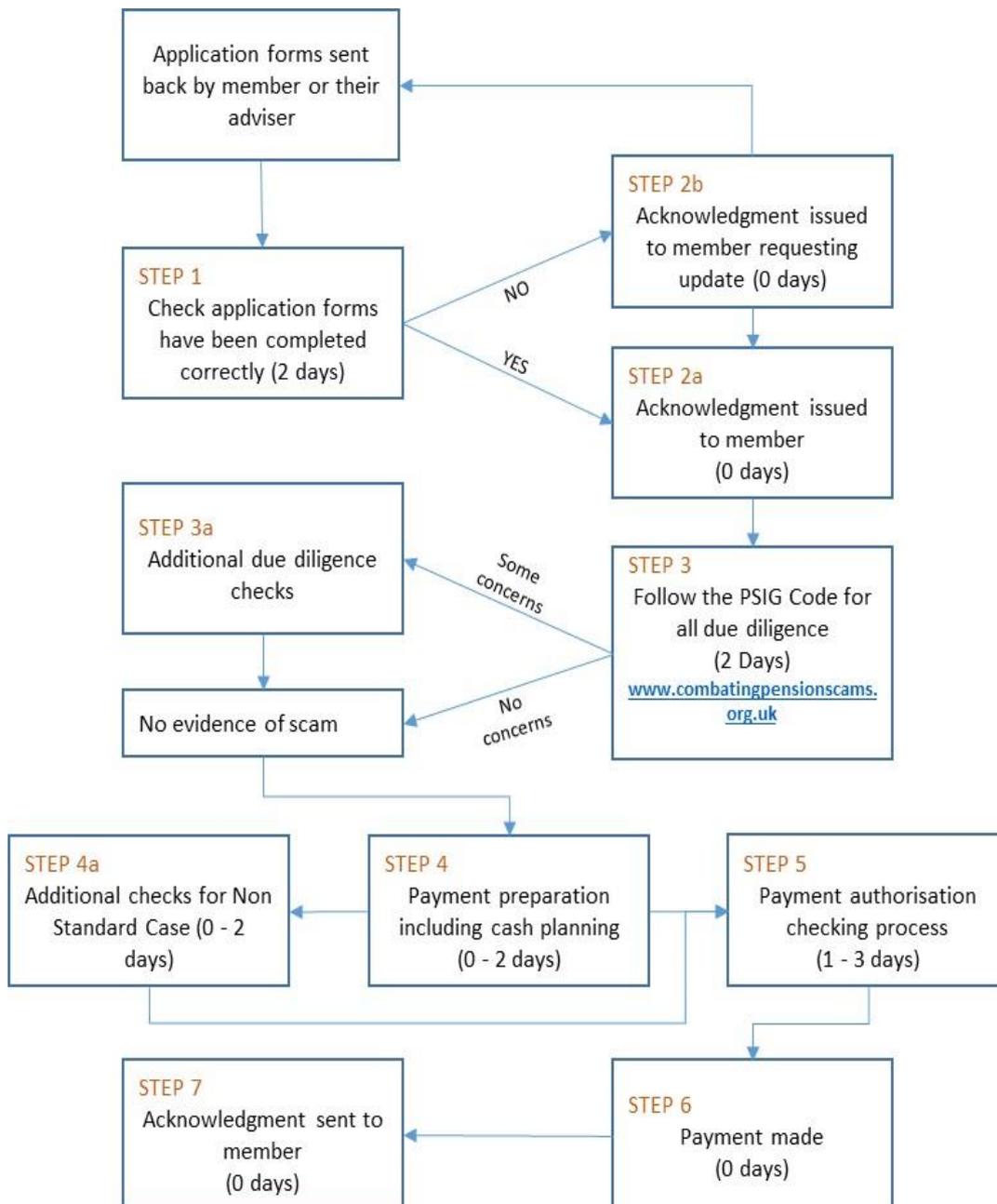
It should be noted the Transfer Template may be updated from time to time and the latest version will be available on PASA's website.

Consultation Question 10

This is a vital element to the delivery of better member outcomes for members wishing to explore their options with a financial adviser. We are keen to understand how this template has been adopted since the release of the Guide and whether there is any feedback on the document itself?

It is the intention of the Code to include Practitioner Notes, so please share any examples or case studies on the adoption of this Template.

7. Settlement Process



Target time: 9 -11 working days

Consultation Question 11

Please provide your comments on whether these timescales are realistic and achievable?

Please give examples to support your answers where appropriate.

STEP 1

PASA recognises every administrator will have their own request handling processes. However, the aim here is to get the forms checked as soon as possible. We must avoid waiting until the day before the standard service level runs out before checking the forms. Early handling ensures any errors in forms are spotted in good time within the timescales set out in this Guidance.

The standard forms should include:

- Trustee Discharge
- Section 48 declaration (where relevant)
- Relevant ID (where required and/or not previously supplied)
- Receiving Scheme Warranty

Schemes providing members with guaranteed CETV quotes in line with Part 4ZA of the Pension Schemes Act 1993 will obtain a statutory discharge.

By way of context, if schemes are providing a guaranteed CETV in line with the Part 4ZA of the Pension Schemes Act 1993, the quotation must be guaranteed for three months from the calculation date and sent to the member within 10 working days of calculation. To accept the guaranteed CETV, the member must make a valid application in writing to the scheme trustees or manager within the guarantee period.

A member is deemed to make an application in writing on the date received by the scheme trustees or manager or on the date it's posted, if sent by registered or recorded delivery.

Receiving schemes must be willing to accept the transfer and members will have to provide evidence they've obtained appropriate independent advice if the value of safeguarded rights in the scheme exceeds £30,000.

Schemes will commonly seek to verify the member's identity before making payment. Payment must be made within six months of the guarantee date shown in the quote when all the legal conditions have been met. TPR has provided regulatory guidance on DB to DC transfers and conversions, and this includes guidance on the process and timescales.

The Regulatory Guidance is available at: <https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/db-dc-transfers-conversions-regulatory-guidance.ashx?>

Consideration – Look to embed online ID verification processes to reduce the need for members to provide paper-based ID. If paper-based ID is required, consider agreeing to accept appropriately certified copies rather than originals, unless originals are needed as a result of Crown Copyright rules.

See Joint Anti Money Laundering Steering Group Guidelines specifically Part 1, 5.3.72.
<http://www.jmlsg.org.uk>

Guidelines on who would be an appropriate person for certifying can be found in the link.
<https://www.gov.uk/certifying-a-document>

Consultation Question 12

When discussing the topic of what constitutes a valid application which would lock in the guaranteed transfer value, we discovered a wide range of practices. Ideally we would like some harmonisation on this. Whilst not a requirement by law, ID verification also attracts a wide range of application. We are interested in the views of the industry on this topic and whether harmonisation is feasible?

STEP 2a & 2b

Once forms have been checked, an acknowledgment should be sent to the member on the same day. This should either confirm the transfer will be processed subject to due diligence checks or any additional information required.

If the members application is received too late to lock in the guarantee the member should be informed a recalculation is required setting out timeframes which should be no longer than the original quote calculations as set out in this Code. Where an automatic recalculation isn't permitted under scheme rules, administrators should liaise with the trustees on a case by case basis to determine what options the member has and these should be communicated to the member accordingly.

If paper-based ID is required this should be returned to the member. Original documents should be returned via recorded delivery.

If the member fails an online ID verification, the acknowledgement letter should explain this and ask for alternative paper-based ID. ID delays can be avoided/reduced by undertaking electronic verification at quote stage.

In order to avoid delay, the administrator may continue with the payment set up process pending provision of minor information missing from the forms, for example, missing ID.

Where members have Additional Voluntary Contributions (AVCs), the acknowledgement letter should inform the member of when the AVCs will be paid and if this presents an extension to the overall timeline.

As with the overall communication strategy set out in this paper, the acknowledgement letter should look to set expectations of the next steps and timeframes.

STEP 3

Due diligence to combat scams is set out in the PSIG Code of Good Practice which can be found at www.combatingpensionscams.org.uk. Please refer to the PSIG Code for recommended next steps should the case fail the due diligence checks and be a suspected scam.

STEP 4

Once a case has passed due diligence checks it's ready for settlement. Different administrators use different processes, but the following two scenarios would be outside of the recommended timelines:

- Where AVCs exist and there are no specific restrictions regarding the receiving scheme, for example only accepting one payment, each component should be transferred at the earliest opportunity particularly where there is a delay in an AVC disinvestment.
- Where a case requires a recalculation of the transfer value - typically this would be where a valid application hasn't been made within the required statutory period.

Where a transfer value has dropped, good practice demands the adviser/member should be notified of this prior to processing. We recognise the scheme may have a tolerance check, typically between 5%-10% of the transfer value, where it's processed without further referral and communicated retrospectively. We believe contact should be made in all cases where the transfer value has dropped to gain approval before processing. Whilst this is an extra step in the process for some cases, we don't expect this to cause significant delays and serves to avoid queries later.

It's important to ensure there's sufficient money in the scheme bank account to be able to pay out the transfer value when the checking and due diligence processes are complete.

Guidance on good practice for managing the cash flow are set out below:

- It's not uncommon for schemes to hold approximately 1.5 times the amount estimated to pay regular outgoings to accommodate additional payments from the scheme
- If the transaction exceeds this threshold amount, disinvestment may be required
- Time needs to be factored in to allow for liaison with third party investment managers
- Disinvestment documentation should be sent promptly – this should help avoid delays, especially if all trustees need to be contacted
- Some schemes set up regular disinvestment to ensure transfer payments can be made without sign off from all trustees in each event
- All forms and checks should be completed correctly before disinvestment, to avoid the need to contact the member again prior to making the payment

Consultation Question 13

We understand there are different practices in place regarding notification to members and advisers regarding decreases in transfer values following recalculation. The option the Code is seeking to recommend is all reductions, regardless of value or percentage, should be communicated to members prior to being put into payment and confirmation received. We would be interested in the Industry's view on this?

STEP 4a

Non Standard Cases caught by this would be overseas transfers and partial transfers where additional checks are often required.

STEP 5

Before a transfer value is paid it will be checked. This process can often require different levels of authorisation and in some cases multiple authorisation, depending on case size. Examples of this might be:

- Cases under £250,000 – sign off by senior administrator
- Cases between £250,000 and £750,000 – signed off by team leader
- Cases over £750,000 – signed off by team leader and more senior colleague

Whilst the overall timeframe of this activity is three days, it's expected cases with lower authorisation levels should be handled more quickly.

It's also noted at this stage where transfers are proceeding to an overseas arrangement a final check should be included to check the scheme against the HMRC list of QROPS, although care still needs to be taken with schemes the list.

STEP 6

Payment physically sent by Telegraphic Transfer (TT) where possible.

Consultation Question 14

When designing a Code, which at its core aims to improve the overall member experience and create efficiencies in the process for them and Administrators, we are interested in understanding the views of the industry on the Code recommending all payments be made via TT rather than BACS where possible?

STEP 7

Acknowledgement should be sent to the member once payment has been submitted. The acknowledgement letter should confirm the date submitted and the expected date for the money to be received by the member's chosen receiving arrangement.

If the transfer value has changed due to a recalculation (typically for the reason the application wasn't received within three months) and additional authority to proceed was not sought as it was within scheme tolerance levels, confirmation of the new amount should be included in this letter.

Additional Questions

Consultation Question 15

When we release the final Code we intend to include Practitioner Notes and further examples of communications and practical application of the Principles. We are interested in the view of the Industry on what they would like to see in these Notes?

Consultation Question 16

Whilst we may not be able to provide clarification within this Code, we are interested in feedback from the industry in relation to wider guidance the industry would like to see in administration practices regarding safeguarded benefits?

Appendix 1 - Example Quote Acknowledgement Letter

Private & Confidential

[Insert member name and address]

Date: [insert date]

Our ref: [insert reference number]

Dear [insert member name]

[Insert Scheme Name]

Request for a Cash Equivalent Transfer Value (CETV)

I refer to your recent request for a CETV.

A guaranteed CETV statement will be issued to you within five working days unless we do not have all the information we require.

If we are unable to provide the information within five working days we will let you know as soon as possible.

The CETV will be guaranteed for a period of three months from the date of calculation (known as the 'Guarantee Date'). We will enclose the forms to be completed, should you ultimately decide to transfer your **Safeguarded** rights.

Details of the CETV will also be sent to your new pension scheme who may correspond with you directly if they require your authorisation to proceed with the transfer.

Pension scams

SCHEME NAME has a duty to look for signs of a pension scam when any transfer is requested. These may include schemes offering payment of benefits earlier than age 55 or tax-free cash payments greater than HMRC allows.

Such information can be very misleading and, in some cases, may also be fraudulent and entirely illegal. Falling foul of a scam could mean you lose some or all of your pension savings. Please see www.pension-scams.com or www.fca.org.uk/scamsmart for more information.

To help prevent you from becoming the victim of a pension scam, we will carry out due diligence checks to ensure, as far as possible, the scheme you are transferring to is a registered and reputable scheme. If we have any concerns regarding this we will contact you directly.

Financial advice

From 6 April 2015, there are some important conditions which must be met before we can pay a CETV to a pension scheme which offers what are known as 'flexible benefits'. These are explained below.

1. Where the total transfer value of your pension rights within the scheme is greater than £30,000 you must obtain financial advice from an appropriate independent financial adviser registered with the Financial Conduct Authority (FCA).

If you have any other pension rights elsewhere within the scheme you will have to obtain a CETV quote in respect of those other rights to determine whether the total value is over £30,000.

2. Before the transfer value can be paid to your new scheme you will have to provide us with a signed statement from the independent adviser confirming you have taken appropriate financial advice and the adviser was authorised to give you advice.

Taking advice, whilst important in being able to assess all your options, can be very daunting and can often be very expensive. In recognition of this a Guide to Good Practice for financial advisers has been created by the Personal Finance Society. We strongly suggest you read this to help you better understand what good advice looks like. You can find this by visiting their website: (<https://www.thepfs.org/about-us/initiatives/the-pension-transfer-gold-standard/understanding-the-pension-transfer-gold-standard/>). [OR] A copy of their Consumer Guide is enclosed for your information.

Some the questions members often ask before they chose a financial adviser are:

- Do you have permissions from the Financial Conduct Authority (FCA) to give me advice on whether I should transfer my safeguarded pension?
- Are you only going to be able to recommend a restricted selection of alternative choices or can you recommend any suitable product?
- Do you or your business have your own products or funds which you may recommend to me? If you do, how much money do I pay if you recommend those funds and products, in addition to the fees I might pay for advice or for your services?

- What are you going to charge me, in £ and p, for the advice you will provide?
- If you are not going to charge me, unless you recommend a transfer, how can you prove this will not influence your advice?

You can find authorised independent financial advisers by searching the FCA register (<https://register.fca.org.uk>) or contacting the Citizens Advice Bureau. Also check to see whether the adviser carries the Gold Standard mark. Please note you are expected to meet any costs associated with obtaining financial advice.

ISHEME-SPECIFIC INFORMATION CAN BE ADDED HERE

Definitions

Safeguarded is the term in law which describes a defined benefit which has an attaching guarantee. If you have a "Safeguarded" income this means the risk of not getting your money is reduced, even if the employer of the scheme suffers an insolvency event, due to the existence of numerous protections and the Pension Protection Fund.

The Pensions Protection Fund is in place to pay compensation to members of pension schemes should the employer of the scheme become insolvent, and the scheme is eligible.

Next Steps

Exploring a transfer can be a lengthy process so, to give you a guide on timescales we have set out the usual steps below:

- Obtain a quote – the scheme should send this to you within 7-10 working days following receipt, allowing for postage;
- Receive financial advice on all your options –you should typically allow 6-8 weeks;
- If you wish to proceed you will need to return the relevant forms to the scheme. You should allow 10 working days for the transfer to be processed, assuming there are no queries;
- Receiving arrangement writes to confirm the transfer has been received. This is typically 5-10 working days after the monies have been received;

If you have any questions regarding this letter or require any further information please contact us on **PHONE** or **EMAIL**. Please quote **REFERENCE** when you call.

Appendix 2 – Section 48 Declaration

We recognise many scheme administrators have built a Section 48 adviser declaration into their own discharge paperwork. However it's the responsibility of the adviser to provide this and therefore schemes should be willing to accept a separate letter covering the information below.

Please note the signatory of this declaration can also include the Senior Manager coverer under the Senior Manager & Cerification Regime. Schemes should contact the adviser firm after receipt of this form to confirm the financial adviser who gave the advice works for the firm. This is for a period of approximately 1 year following the 09 December 2019, after which point the FCA register will be updated again to contain accurate details. Please see link below for further guidance on this issued from TPR.

<https://www.thepensionsregulator.gov.uk/en/document-library/regulatory-guidance/db-to-dc-transfers-and-conversions#c34be57378ee4a27aa4e87b240c48004>

Private & Confidential

Trustees of the [insert scheme name]

Dear Sirs

Re: Transfer Advice: Section 48 Certificate (Pension Schemes Act 2015)

Scheme Name: [insert scheme name]

Member Name: [insert member name]

Member Reference: [insert member scheme reference number]

Financial Adviser Company: [insert company name]

Financial Adviser FCA Number: [insert firms FCA Number]

I confirm I have provided appropriate independent advice to the above-named member which is specific to the type of transaction proposed by the member or survivor, being a transfer of their subsisting rights in respect of safeguarded benefits within the above name scheme.

I confirm I have the appropriate permission under Part 4A of the Financial Services and Markets Act 2000 or otherwise resulting from any other provision of that Act to carry on the regulated activity (advising on conversion or transfer of pension benefits) in article 53E of the FCA regulated Activities Order (the Financial Services and Markets Act 2000 (Regulated Activities) Order (2001).

Signed

[Insert Signature]

[Financial Adviser Name]

[Advisor Title]

Date: [insert date]

Appendix 2a – Pension Schemes Act 2015

Section 48 (8) of the Pension Schemes Act 2015 states:

(8) In this section—

- “appropriate independent advice” means advice that—
 - (a) is given by an authorised independent adviser, and
 - (b) meets any other requirements specified in regulations made by the Secretary of State;
- “authorised independent adviser” means a person who—
 - has permission under Part 4A of the Financial Services and Markets Act 2000, or resulting from any other provision of that Act, to carry on a regulated activity specified in regulations made by the Secretary of State, or is acting as an appointed representative (within the meaning given by section 39(2) of that Act) in relation to a regulated activity so specified, and
 - (a) meets such other requirements as may be specified in regulations made by the Secretary of State for the purpose of ensuring that the person is independent;

Regulation 7 of the Pension Schemes Act 2015 (Transitional Provisions and Appropriate Independent Advice) Regulations 2015 requires:

Form of confirmation of appropriate independent advice

7. Confirmation from the member or survivor that appropriate independent advice has been received must be in the form of a statement in writing from the authorised independent adviser providing the advice confirming—

- (a) that advice has been provided which is specific to the type of transaction proposed by the member or survivor;
- (b) that the adviser has permission under Part 4A of the Financial Services and Markets Act 2000(12), or resulting from any other provision of that Act, to carry on the regulated activity in article 53E of the Regulated Activities Order;
- (c) the firm reference number of the company or business in which the adviser works for the purposes of authorisation from the FCA to carry on the regulated activity in article 53E of the Regulated Activities Order; and
- (d) the member’s or survivor’s name, and the name of the scheme in which the member or survivor has subsisting rights in respect of safeguarded benefits to which the advice given applies.

Appendix 3 – Example settlement forms checklist

This is an example of how a checklist could look. It'll depend on the particular forms and process each administrator goes through in order to determine how this may work in practice.

A move to online ID verification can significantly reduce the requirements on members when at this stage and is strongly encouraged.

Transfer Forms Checklist

Please ensure you complete the checklist below before returning your Application forms.

To ensure the transfer of your benefits can be made as soon as possible, please take some time now to check you have enclosed all the necessary documentation for the transfer of your pension benefits to proceed. If these documents are received outside of the Guarantee date of [insert date] we are likely to have to recalculate your value and this could either go up or down.

Please use the following tick list as a guide.

	Who would provide this	Please tick box
A certified copy of birth certificate, valid passport or driving licence	You will need to arrange for this	
A certified copy of marriage or civil partnership certificate (only where you have changed name and not provided evidence to the scheme already)	You will need to arrange for this	
Transfer Out Authority Form – Part 1 of the form needs to be completed and signed by you Part 2 of the form needs to be completed and signed by your new provider	You should complete part 1 and you or your adviser will need to arrange for Part 2 to be issued to your receiving provider to complete their section	
A copy of the receiving scheme's HMRC registration letter showing the Pension Scheme Tax Reference (PSTR) number	Your receiving provider should	

	provide this along with Part 2 above	
A print out of the HMRC website confirming the receiving scheme's HMRC tax reference number (this must be dated within the last two weeks)	Your receiving provider should provide this along with Part 2 above	
Pension Transfer Request – Member Questionnaire (please ensure contact details are completed and it is signed and dated)	You should complete this	
Where necessary (the value of safeguarded benefits within the scheme is over £30,000), Completion of the enclosed 'Confirmation of Appropriate Financial Advice Form' signed by both the IFA and the member. If the adviser is providing their own confirmation, you should still sign any elements you are supposed to as the member and attach the adviser's own confirmation letter	You and your financial adviser should complete this	

Where the value of safeguarded benefits within the scheme is over £30,000 you are required to take appropriate financial advice from a qualified financial adviser. Your adviser should help you with these forms to ensure you have captured everything correctly.

Failure to provide the appropriate information above may cause a delay in the transfer of your pension benefits to the receiving provider or prevent it altogether.

If certified copies are acceptable:

How to Certify an Original Document

A certified copy is a copy (often a photocopy) of a primary, i.e. the original document has on it a statement confirming it is a true copy of the primary document.

The reason we insist on certified copies is to protect you and your original documents. We do not want you to have to put your original documents in the post where there is a risk of these being delayed, lost or even stolen.

To be valid you need to have a copy of your actual ORIGINAL document certified by someone on this list:

- Solicitor
- General Practitioner (GP)
- Commissioner for Oaths/Notary Public
- Post Office (through the post office's certification service) – *service not available for birth certificates*
- Qualified Accountant
- Bank Official (alongside Branch Stamp)

The person you ask should **not** be:

- related to you
- living at the same address
- in a relationship with you

How Do I Obtain a Certified Copy of an Original Document?

The basic process for copy certification is described below.

1. You, the document's custodian, request a certified copy.

You should ask someone on the list above to certify a copy of your each of your original documents. We will not accept anyone else as a certifier other than the professionals stated.

2. The Certifier compares the original document and the copy

You must provide the original documents to the certifier. Some certifiers make the photocopies themselves, others will require you to provide the photocopies to be certified along with the original documents. The certifier will compare the original document with the copy to confirm the copy is identical to the original. Some certifiers may charge for providing this service.

3. The Certifier certifies the copy is accurate

Once the certifier has confirmed the copy matches the original, you should ask the certifier to certify the copy using the wording below to state the copy is true, accurate and complete.

The certifier should state:

'I certify this is a true copy of the original document seen by me.'

Where a photograph is being certified, e.g. your passport, the certifier should state:

'I certify this is a true copy of the original document seen by me and it is a true likeness of the individual.'

We must be able to verify the person providing professional certification of your document. Therefore, beneath the certification statement the person certifying your document is required to write the following on the copy document:

1. their signature and the date of signing;
2. their full name in block capitals;
3. their occupation, the name of the company for which they work, address and telephone number;
4. the official stamp if signed on behalf of an institution (e.g. firm of chartered accountants, medical practice, bank, building society);
5. their reference number for individuals signing

Appendix 4 – Transfer Template

This is broken down into two separate documents. The first document is the 'Scheme Template' This document should be completed per section of scheme. The typical specifics which would define a section between groups of members are:

- Different retirement ages or members with split retirement ages
- Different factors
- Different tranches of benefit with various revaluation applied including Barber benefits
- Members with Transferred in benefits

This template should be set up at scheme level as it can be reused for all future requests. The template should be maintained and kept up to date. Ideally a scheme would set up a secure data room environment with these documents stored for all sections. On request, a member or their adviser could be provided with access details. An alternative would be for this to be issued alongside the transfer quote.

The second document is aimed at the member level detail. Along with the transfer value, this should provide a full breakdown of a member's benefits at date of deferment in order that the adviser can obtain a full understanding of the member benefits.

What is this trying to achieve?

If a member wants to transfer and has a pot of more than £30,000, they are required by law to take appropriate financial advice. The advisers who advise on these transactions have an obligation to demonstrate they understand the benefits and structures of the existing arrangement. This is a key element of the advice process. The adviser is only able to do this with any degree of accuracy if they have access to the above information, supplied by the scheme administrator. Historically, the level of detail an adviser has been able to obtain has been far below the level required. When this happens, the adviser has a choice to either confirm they can't advise or make assumptions about the scheme. Both are potentially detrimental to members in terms of risk.

As an industry, we want to genuinely act in the best interests of members, so the provision of this information at outset should be seen as integral to this. Not doing so only increases the risk of poor member outcomes.

Introduction – Scheme Template

Whether the information below is provided on a scheme-level or member-level basis is to be decided by the scheme based on the scheme structure. However, if the same approach applies to all members in a category or section, it would be most efficient if this is provided once upfront. If differing approaches apply to differing sections of membership, the scheme should take a view as to how best to provide the relevant information. Where there is significant and frequent variation in benefit structure, it's likely to be more appropriate to provide information at an individual member level. The set of questions below should give a guide to level of detail required.

Where additional questions are asked by advisers the scheme should look at whether any additional clarification should form part of an update to this document.

This is intended to be a living document and we will be pleased to receive feedback on how it works in practice and will adapt the template as necessary to ensure improved effectiveness in future versions.

Scheme Level detail

Ceding Scheme Name in full	
Pension Scheme Tax Reference Number	
Scheme section the below related to	
Date last updated	

It would be extremely useful to include a calculation of a member's pension at NRD for each section of benefits. This would bring to life the methodology used. Alternatively, a blank copy of any relevant proforma used would also be very helpful.

Scheme documents and factors

Please provide the following either by inserting the detail directly or providing it as an attachment:

1. Current early/late retirement factors and when last reviewed
 Please provide the retirement factors at earliest retirement age, 55, 60, 65, 70, 75 and maximum age for late retirement factors to apply.

It's key we know how these factors are applied in practice, please provide details below. This should include applicable ages benefits are revalued to before factors are applied. If late retirement factors are applied, do they allow for increases in payment for example?

Comments

2. Current commutation factors and when last reviewed

Comments

Example – last reviewed Q1 2019

These documents can be provided as appendix to this Template but unless appropriate to do so, don't need to be provided for each section of the scheme

3. Current CETV Basis and when last reviewed

Comments

4. Latest report and accounts

Comments

5. Recovery Plan/Summary Funding Statement if appropriate

Comments

6. Covenant Assessment if appropriate

(we note this may be withheld on the grounds of confidentiality)

Comments

Cash options and transfers

As an alternative to completing this section, schemes can provide the information in their own format, and as a statement of the generic scheme provisions, as long as they cover all the areas listed.

Is early/late retirement permitted under scheme rules? If so, is trustee and/or employer consent needed?	
Normal Retirement Age	
Earliest retirement age without reduction	
Where the earliest age is different from the Normal Retirement Age please provide details around application of early and late retirement factors	
Details of any current additional pension options e.g. Pension Increase Exchange at retirement, options around different levels of spouse's benefits, partial transfers	
Anything else relevant/not covered For example: <ul style="list-style-type: none"> • are partial transfers available; • is the scheme currently paying reduced or full transfer values? 	
How often are CETVs available and how much do subsequent CETVs cost?	
Are transfers available within 12 months of normal retirement age?	
Are transfers available after normal retirement age?	

Scheme equalisation basis

From what date were benefits equalised for existing members?	
From what date were benefits equalised for new joiners?	

Scheme benefit tranches and revaluation

If it's easier, please set this information out in a table as shown in the example below.

<p>Please set out the revaluation basis applied to the individual tranches of benefits (excluding GMP) together with the earliest unreduced retirement age for each tranche.</p> <p><i>Please note, each benefit tranche applicable at date of leaving needs to be split out and presented as part of the member data.</i></p>	<p><i>Example table</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><i>Service Period</i></th> <th style="text-align: center;"><i>Revaluation</i></th> <th style="text-align: center;"><i>NRA</i></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><i>Post 86 – Pre 97</i></td> <td style="text-align: center;"><i>CPI max 5%</i></td> <td style="text-align: center;"><i>62</i></td> </tr> <tr> <td style="text-align: center;"><i>Post 97 – Pre 2005</i></td> <td style="text-align: center;"><i>CRI max 5%</i></td> <td style="text-align: center;"><i>65</i></td> </tr> <tr> <td style="text-align: center;"><i>Post 2009</i></td> <td style="text-align: center;"><i>CPI max 2.5%</i></td> <td style="text-align: center;"><i>65</i></td> </tr> </tbody> </table>	<i>Service Period</i>	<i>Revaluation</i>	<i>NRA</i>	<i>Post 86 – Pre 97</i>	<i>CPI max 5%</i>	<i>62</i>	<i>Post 97 – Pre 2005</i>	<i>CRI max 5%</i>	<i>65</i>	<i>Post 2009</i>	<i>CPI max 2.5%</i>	<i>65</i>
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<i>Post 2009</i>	<i>CPI max 2.5%</i>	<i>65</i>											
<p>Where the earliest age is different from the Normal Retirement Age please provide details around application of early and late retirement factors</p>													

Please ensure member data reflects any relevant splits in NRA or other adjustments.

GMP Equalisation

<p>Has the scheme equalised GMP benefits?</p>	<p><i>If so what method is used and is this reflected in the member data</i></p>
<p>Are CETVs calculated on an equalised basis?</p>	
<p>Will the scheme make top-up transfer payments if needed once GMP equalisation resolved?</p>	

GMP Benefits

This section should set out all the relevant details about the member's entitlement to GMP and how the scheme calculates this. Where different GMP elements apply to a member, schemes should ensure each element is clearly set out. The format of this provision will depend on individual schemes, but will need to cover the following areas if they are relevant to the member. Schemes should make sure any unusual features of the scheme are covered, and/or include the scheme rules.

Schemes should make sure the scheme's anti-franking provisions are explained where relevant.

What is the GMP revaluation method?	
What are the increases in payment?	
If member takes benefits BEFORE GMP Age, how are notional GMP benefits increased in deferment and in payment if before GMP age?	
How do increases interact with non-GMP benefits?	
If member takes benefits BEFORE GMP Age, how are benefits redistributed at GMP Age	

Paying out benefits – on retirement or death of member

Schemes should provide details of how benefits can be paid when a member retires or dies. As each scheme will have different rules about this, the layout of this section is non-prescriptive. Schemes should cover the following areas, broken down by benefit tranche if relevant.

Benefits payable on retirement

- Pension commencement lump sum – how is this calculated, are there any scheme-specific protections and if so how much? Can DC AVCs be used to 'fund' the PCLS or does it have to be taken by commutation? If PCLS is calculated with reference to the final pensionable salary, please also provide this on any member communications. Are all benefit tranches commuted proportionately or in a specific order?

- How do pensions increase in payment?

- Is the pension guaranteed to be paid for a minimum time after retirement? If so, what are the options?

- What are the rules for ill health pension (for active/deferred members as relevant)?

- What choices does the member have about benefits payable (e.g. frequency of payment, commutation of own benefit for increased spouse pension, bridging pension to state pension age)?

Benefits payable on or after death of a member

Schemes should make it clear where there is a difference between death before retirement and death in retirement.

It's helpful if schemes could list all (potential) classes of beneficiaries.

For each potential beneficiary, the following information should be provided where relevant:

- the scheme's definition of each potential beneficiary (e.g. spouse on leaving/any spouse)
- circumstances under which benefit would/could be paid (e.g. 50% children's benefit only if there is no spouse)
- Basis of calculation, including current value of any lump sums payable on death before retirement and interest rate applied up to death.
- Whether there is a reduction depending on age of dependant, and what the potential reduction would be

- (In terms of spouse/civil partner) Whether the benefit ceases on remarriage
- (In terms of children's pension) What the maximum benefit is for the child and whether this is split between children or per child, whether this is paid in addition to other benefits (e.g. spouse's pension), when does it stop being paid (e.g. maximum age/duration/child ceases full-time education)
- Any provision not captured above

Other scheme features

This checklist is not intended to be exhaustive, and schemes may well have other features it would be useful for an adviser to know. If schemes have features not mentioned above, please provide details in this section. This should include details of any pension sharing or earmarking orders, and if or how they have been accounted for in the details provided elsewhere.

Transfer Template – Member Quote

This is less prescribed in format because we recognise many scheme administrators have already agreed templates for their quotes. However these templates should be revised to make sure the relevant level of detail is being provided.

We are seeing more examples of trustees providing members, who are over the minimum age at which they can access their benefits from the scheme, with both a transfer value and retirement quote as standard. This is more prevalent when there is an appointed IFA, but should be considered more widely as it's often very helpful for the member and adviser to see all their options laid out.

Whilst we expect the quality of any financial analysis to be significantly improved when the Scheme Template is filled out, having a retirement figure calculated by the scheme can serve as a good benchmark to ensure analysis is accurate, based on the data provided at date of leaving. If there are material differences in the scheme's pension quote and the numbers generated by the adviser, the adviser can query these with the scheme.

Transfer Template – Member Information

Member Level Detail

For multiple periods of service, please provide one set of data per period of service.

Scheme details

- Scheme Section - which should tie in with the corresponding Scheme Template

Member details

- Member number/scheme reference
- Member status (active, deferred, etc.)
- Date pensionable service commenced
- Date pensionable service ended (if applicable)
- Pensionable salary at date of leaving
- Member's normal retirement age
- Earliest retirement age without reduction
- Does the member have a protected retirement age for any part of the scheme/period of service?

Transfer Value

- CETV offered
- Calculation date
- Guaranteed until
- Has CETV been enhanced, if so why and how?
- Reduced for underfunding if so by what amount?
- Partial transfers offered
- Transfer Value club available?

DC benefits

- Are benefits AVCs or another form of DC benefit?
- AVC/DC provider
- AVC/DC fund value
- AVC/DC transfer value if different
- Additional non-guaranteed transfer value in respect of AVC benefits
- Do GARs or other guarantees apply to the member's AVCs? If yes, what are they?

Retirement benefits

Schemes should list all benefits within the scheme, split by tranche and type of benefits. As this will differ for each scheme, we aren't intending to be prescriptive in terms of the format, but these guidance notes set out the areas of information to be provided to members.

Schemes should state whether each tranche of benefit is Pure DB, DB with DC underpin or Pure DC (including DC AVCs). Schemes should also provide details of any tranches with special arrangements due to the Barber window. Where members have benefits which can be taken unreduced from different ages, it's important the splits of benefit are set out.

It's expected these figures will be based on Date of Leaving scheme - please state if other date provided.

Examples of tranches might include:

- Pre-1978
- 1978 – 1985 (ex GMP)
- 1985 – 1987 (ex GMP)
- 1997 – 2009 (ex GMP)
- Post 2009
- GMP pre-1988
- GMP post 1988

- Scheme Pays debits
- Pension Sharing credits
- Membership in different sections of the scheme
- AVC benefits
- Bridging/temporary pension

For each tranche, please include the following information where relevant and not provided on scheme-level basis:

- Amount p.a. (£)
- Normal pension age
- Revaluation in deferment
- Revaluation in payment
- Whether this tranche is subject to a DC underpin
- Negative debit amounts

Please also provide details of:

- any discretionary increases granted and the basis for any such increases
- any bridging pension/state pension deduction.

GMP

If fixed method is used, state amount of GMP at GMP payment age and reference date.

Transferred-in Benefits

Please provide details of any transferred in benefits if not included within main data i.e. they are treated differently than the main scheme benefit. Please include details where GMP revaluation basis and reference dates differ from the main scheme benefits set out above.

Appendix 5 – Transfer Gold Standard

<https://www.thepfs.org/about-us/initiatives/the-pension-transfer-gold-standard/>

Consumer Guide

When communicating with members, we would only expect this Consumer Guide to be made available.

<https://www.thepfs.org/media/10121181/c-users-apfsbens-downloads-ptgs-pension-transfer-gold-standard-logo-consumer-guide-a5.pdf>

What is the Pensions Transfer Gold Standard?

The Pensions Advice Taskforce, a representative industry body set up by the Personal Finance Society*, has established a voluntary code of good conduct for Safeguarded and Defined Benefit Pension Transfers advice - the **'Gold Standard'**.

**Pension
TRANSFER
Gold Standard**

Financial advice firms who adopt and promote this standard adhere to a set of principles. As a result, you can be confident that you are dealing with an ethical adviser and professional advice firm that has your best interests at heart when receiving financial advice in relation to whether or not you should transfer your pension.

*The Personal Finance Society is the professional body for the financial advisory profession in the UK, whose role is to promote ethical behaviour, high standards of professionalism for technical knowledge and client service for the ultimate benefit of the profession and consumer alike. It is part of the Chartered Insurance Institute, the world's largest professional body dedicated to insurance and personal finance that seeks to 'secure and justify the confidence of the public'.

Going the extra mile so you know you are in good hands

Financial advice is regulated in the UK by the Financial Conduct Authority (FCA) that already requires firms to adhere to some 'core principles', two of which are especially significant when it comes to complex pensions advice like pension transfers.

1. A firm must pay due regard to the interests of its customers and treat them fairly.
2. A firm must pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair and not misleading.

If you are dealing with a financial advice firm adopting the Pension Transfer Gold Standard, you can expect they will **exceed** these requirements in their dealings with you. Specifically, they will...

- Help you understand the implications of a transfer, so you can decide whether taking advice is appropriate, **before you take it and incur any costs in doing so.**
- Ensure that the advice supports **your overall wellbeing** in the context of your stated objectives, needs and wants.
- Use **appropriately qualified technical skills** to advise on whether to transfer, and what to transfer into in order that you have the best chance of meeting your objectives.

- Only recommend **mainstream investments** from regulated investment companies (unless you are an expert investor).
- Be **fully transparent** and take necessary steps to ensure that you understand all the costs involved.
- Draw your attention to any **Conflicts of Interest** in giving pension transfer advice and how these are managed in your best interests.
- Share with you their **experience** and the **outcomes** of advising people on transfers.

You should be aware of guidance from the FCA that when giving advice in this area a financial adviser should start with the assumption that a transfer will be unsuitable due to the value of guaranteed benefits to be given up in the event of a transfer. As such, the advice you receive may be to do nothing and leave your benefits where they are.

Do I need to take financial advice when considering whether to transfer my pension?

Pension transfers can be complicated and there are lots of things to think about before going ahead. Seeking professional financial advice will help to ensure you are better able to make a fully informed decision that is in your best interests.

It is for that reason that the Government has made it a legal requirement to seek financial advice before you can transfer, if you have what's called 'safeguarded benefits' - in particular if you are in a defined benefit pension scheme or have a guaranteed annuity rate - and your benefits are worth £30,000 or more.

This rule is there for your protection to make sure you are aware of all the pros and cons of transferring. The Pension Transfer Gold Standard is designed to help you recognise and find firms that will give advice that adheres to high professional standards.

**Pension
TRANSFER
Gold Standard**

How do I find a firm adopting the Gold Standard?

**Pension
TRANSFER
Gold Standard**

Adopters will display the Pension Transfer Gold Standard 'badge' and can be found by searching the Money Advice Service directory directory.moneyadviceservice.org.uk

How to find out more about the Pension Transfer Gold Standard

Further information is available via thepfs.org/ptgsconsumer

Helping you recognise good practice, ethical and professional standards when seeking financial advice on pension transfers

What you should expect from financial advisers who have adopted the Pension Transfer Gold Standard



THE PENSIONS ADMINISTRATION STANDARDS ASSOCIATION

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