

PROCESS UPDATES FOR CLIENTS



1. NEW

We have received your enquiry form and will be adding your case onto our system. We will begin processing this shortly.

It is imperative that you understand dealing with Defined Benefit pension transfers is a very slow process and it can take up to around **three months** to gather all the information required and provide a full recommendation, and up to **a further three months** to complete a transfer after all the application forms have been returned – please manage your expectations accordingly.

2. INFORMATION GATHERING

This is one of the longest periods within our process and whilst it may appear a case is 'stuck' here for a long time, in reality a lot of work is carrying on in the background. Even if some pension information has been provided at outset, there is almost always additional requirements we need from the scheme administrators. Unfortunately, many schemes take a long time to respond to our requests - even when the information we are asking for is relatively limited at this point - as they have very high volumes of enquires / backlogs.

The information they provide must be checked by us to ensure it is complete, accurate and consistent; if not, further clarification will be required from the scheme. Usually, after some going back and forth, we can pass on the file to our compliance department to ensure we have all the right information. The case will be assigned to one of the team and added to their workflow.

Once checked and so long as we have the core essential pieces of information about your pension scheme, we can then produce the preliminary transfer value report (TVAS).

This report is a prescribed technical analysis of your pension scheme and can provide us with information about how much your pension is worth now and at retirement, along with some other core data.

This report is an essential element in us being able to provide you with abridged advice.

Also included within this information gathering, we will be contacting you to arrange a convenient time for us to discuss what your objectives are and find out a little more about your circumstances. The purpose of this is to get a clearer picture of what you are ideally trying to achieve and how these fits in with your attitude towards investment risk amongst other things.

We may be able to complete this fact-find without actually having all the information from the scheme that we need for the preliminary transfer value report, so there may still be some delay from completing a fact-find and being able to move forward to abridged advice.

In some circumstances, our regulator the Financial Conduct Authority (FCA), allow individuals to be *carved-out*, which means they can proceed to full advice without committing to paying the fee unless a transfer is completed. There are very few circumstances where this is possible, and only in cases with severe ill health or financial distress. It is at this point we can gather the



relevant information required to establish if this option might be viable for you, which if it is, we will let you know.

Eventually, usually after a couple of months or so, we can proceed from information gathering to abridged advice.

3. ABRIDGED ADVICE

We have received enough information to allow us to proceed with abridged advice and we have established you do not qualify for *carve-out*.

An adviser will undertake the abridged analysis and come to a conclusion, which will be put in writing in the abridged report, sent to both you and if applicable, your introducing financial adviser.

A form will be sent with the abridged report, which **must** be completed and returned to us, indicating whether you wish to proceed to full advice with the commensurate fee (figures will have been confirmed in the report).

Everyone is different, some individuals are happy to commit to proceeding to full advice, without the need for further discussion, others are free to call us and discuss their options in more detail. Both approaches are welcome.

It is at this point if you wish that you should discuss the guarantee date of your cash equivalent transfer value, as described in the document we previously sent you entitled: Guarantee Date Risk – Defined Benefit Pensions

In conjunction with the FCA's guidance on best practice, we can confirm that we will accept *insistent* clients. This means that if we have advised you that transferring your pension is not suitable, you don't necessarily have to accept our advice and can request we proceed with transferring your pension anyway, in other words, you may *insist* you want to proceed against our advice.

However, it is very important that you understand this isn't a right and that if we feel a transfer is particularly unsuitable or detrimental to your circumstances we will refuse to carry out your request. In other words, even if you *insist* there is no guarantee we will proceed with your transfer if it is against the advice we have given not to transfer.

The FCA rules are very clear about what we can and cannot do regarding abridged advice and will **only** allow us to analyse your personal circumstances and where your pension currently is, we are **not allowed** to investigate a potential destination of where a transfer might end up.

In other words, we are not allowed to obtain quotes and illustrations of where a pension might be transferred to. This means we are unable to work out if a transfer is suitable if we don't know what costs and charges might be incurred.

The reason they are so strict and prescriptive is because this level of advice may be given free of charge, whereas full advice must result in a fee, whether a transfer goes ahead or not.



The abridged report can only provide one of two outcomes, either:

- Transferring your pension is not advisable or,
- We have insufficient information to ascertain suitability and can only do so by proceeding to full advice.

Insufficient information, apart from the illustrations described above, also includes a full transfer value analysis system report (TVAS), which can only be completed once a transfer destination has been established and all relevant charges and costs can be included.

4. PRE-ANALYSIS

Once you have decided to proceed to full advice, or have qualified for carve-out, we now compile all the information necessary to carry out a full analysis. This includes obtaining any additional scheme information that might still be required (for example immediate retirement figures), obtaining illustrations for the proposed transfer, and running a full transfer value analysis report (TVAS) along with our own, personalised analysis, known as an appropriate pension transfer analysis (APTA).

This can also be quite lengthy – particularly as we may still need to go back and forth to the scheme for further information and clarification, with the inevitable delays this often entails. In addition, all this information is individually checked by our compliance team.

5. ANALYSIS

One of our advisers will carry out the Appropriate Pension Transfer Analysis (APTA). This is a very detailed and technical analysis of all the information provided. That means they look at your personal circumstances and objectives, including your attitude to investment risk, what your retirement plans are and how transferring this pension could affect your future. A basic 'cash-flow' analysis is also completed.

Of course, the purpose of this is to be able to demonstrate that transferring a Defined Benefit pension is suitable compared with leaving your pension where it is. We also need to investigate whether your most recent Workplace Pension could be a suitable destination, especially when considering charges. Understandable there is a lot of information to be included within our analysis as we must make sure we can justify our recommendation.

6. RECOMMENDATION CALL

Having completed the analysis, the adviser is then able to discuss their recommendation with you. This is normally a pre-arranged telephone appointment which may span more than one conversation (a face-to-face meeting can be arranged if you prefer). As well as explaining our advice, this is an opportunity for you to ask any questions you have and seek clarification about whatever you wish.



It is imperative that you can demonstrate you fully understand the advice you are being given, the general risks and implications of transferring and are making your decision from an informed position. We must be sure of this for us to move forward.

7. SUIT REPORT

Once the recommendation call is complete, the adviser will prepare the suitability report. The compliance team will again undertake a final comprehensive check before this is sent, so there is often a delay from the recommendation call being completed and the report being sent, particularly if you ask for clarification on any points or require further information.

The report details our recommendation and the reasons for this; either *positive* to transfer the pension or *negative*, which means our advice is to leave the pension where it is. A copy of the report is sent direct to you and where relevant to your introducing adviser.

Where our advice is *negative*, but you wish to consider going against our advice, you will initially need to call us to discuss this option and the process. There is more detail about our insistent client process at the end of the Introducers Resources section of our website.

We will proceed with a transfer precisely based on what is written in the suitability report, **if you wish to make any alteration you must tell us before sending back your completed forms** and we will normally ask for this to be confirmed in writing by you as well.

8. IN TRANSFER

Once you have returned all the required transfer forms, including evidence of identity etc, we can then request your old pension scheme transfers the pension to the new arrangement.

This is another very lengthy stage of the process and can take **up to 3 months** to complete, principally due to the volume of transfer requests schemes are receiving.

One of our dedicated Transfer Administrators will be allocated the case to deal with this from start to finish. You will be sent regular updates whilst we regularly chase up both ceding and receiving schemes, but it is worth emphasising that we are obviously reliant on the old scheme to transfer the funds. As such, it can seem there are periods of time where not much is going on, however, this is not the case.

We have also found, over the course of thousands of transfers, that very frequent chasing is almost always counterproductive and will usually delay a transfer. If you are in extreme financial distress or terminally ill and are prepared to evidence this to the scheme, some administrators may be prepared to allow you to 'queue jump'. Otherwise, under normal circumstances, it is *vital* that you are aware that a transfer is likely to take a considerable amount of time.

Should you wish to make any last-minute changes to what was confirmed in the suitability report, you must put these in writing. However, at this late point in the process we cannot guarantee your request is implemented. For example, if you wish to change the investment funds recommended, your pension may still be invested as originally stipulated in the suitability report, particularly as the original adviser will need to consider whether this change of investment has affected our advice.



9. TRANSFERRED

The transfer has now completed and our administrator on the case will send you written confirmation. If you have been introduced to us via your IFA, once all the fees have been settled the agency will be switched to them for on-going advice. This can mean, in some circumstances, there is a delay in the pension fund being invested – for example, if we were unable to access the particular investment required. Where this is the case, it is very important to emphasise to you that it is generally impossible for a scheme to issue a transfer payment and for the funds to be invested the very same or even next day – some period of time 'out of the market' is therefore inevitable. Most pensions are a lifetime investment so there is no point in focussing on a relatively brief period of non-investment.

If we have been able to invest the pension on your behalf, you should check at this point to ensure funds have been invested correctly.

