

GUARANTEE DATE RISK DEFINED BENEFIT PENSIONS



GUARANTEE DATES – AN EXPLANATION

If you have an old Defined Benefit pension scheme, every 12 months you may request a free valuation, which will include the Cash Equivalent Transfer Value (CETV).

This cash value is the amount you would be able to transfer into another pension arrangement, should you wish to do so. These figures are guaranteed for three months from the date they are calculated, known as the Guarantee Date.

Unfortunately, a Guarantee Date can be set before all the information has been provided by the administrators. Because they have provided cash values, the Guarantee Date has been triggered, but unfortunately, they may not have provided other essential information we need, such as early retirement options.

HOW MUCH TIME DO WE NEED TO PROVIDE YOU WITH FULL ADVICE?

It takes, on average, at least a minimum of two months after we've received all the required information from a pension scheme, for us to then be able to carry out full pension transfer advice (Full Advice). This is because we still need to produce illustration, complete the transfer value analysis report and appropriate pension transfer analysis, whilst double checking data and seeking compliance approval, this all takes time.

If you proceed with a transfer, this usually takes a further couple of months after application forms have been submitted, depending on how quickly your ceding scheme takes to release your pension funds.

If you have provided some pension details at the start of your enquiry with a Guarantee Date of two months or less, should you proceed with a transfer, we will not be able to complete this in time.

Conversely, if a new transfer value has been provided with the full three months, yet the time delay of the scheme administrators providing us with everything then leaves us with two months or less, we are also not going to be able to have enough time to complete a transfer before the Guarantee Date runs out.

WHAT ARE THE RISKS OF MISSING A GUARANTEE DATE?

If a transfer is not completed by the Guarantee Date, the figures will need to be recalculated and the scheme administrator will charge you a fee for this, usually around £350, however, some charge more. You can decline to proceed at this stage and therefore a recalculation fee will not be charged.

In addition to you being potentially charged a fee, it is also likely your transfer value will change, and it could go down or up in value. If it does go down, this will mean you'll have less money if a transfer proceeds and where we may have previously made a positive recommendation, with a drop in value our recommendation could become negative.

However, this will only affect you if you go ahead with a transfer of your pension. If you don't go



ahead and decide to leave your pension benefits where they are, your retirement benefits, as they stand now, are not diminished in any way. In other words, losses will not be crystallised and therefore no loss suffered.

You must be clear that you are prepared to continue with our services knowing these risks as we cannot be held responsible for the cost of any recalculation fee or the resulting decrease in transfer value, if there is one.

Please contact us immediately if you do not want us to go ahead and would like your case closed. If we do not hear from you, we will continue as previously instructed.

