



DEFINED BENEFIT PENSION TRANSFER BUREAU

GUIDE TO ADVICE STAGES, PROCESS & FAQ's

THE ADVICE STAGES

The FCA brought in changes in October 2020, to the way in which regulated firms, such as Grove, could charge for our services when providing Defined Benefit (DB) pension transfer advice.

The rules now stipulate that if we are going to provide Full Advice, where we carry out a full and complete analysis of an individual's pension and personal circumstances, then we must charge them a fee, whether they go ahead with transferring their pension or not.

The good news is, we can still complete the initial part of our advice stages, both Triage and Abridged Advice, for free.

This means we can get an individual to a significant point in knowing if a pension transfer might be suitable for them or not.

As we all know, DB pension transfers are not suitable for everyone. Given this fact, the even better news is that **our Abridged Advice service is free of charge**; this means that we can tell a client whether transferring their pension is not likely to be suitable for them based on their circumstances, and they can still find this out without it costing them anything.

It is only in those other circumstances when it isn't clear if transferring their pension would be suitable, that in order to find out for sure, they would need to proceed to Full Advice and therefore a fee would apply.

1. Triage – This is a free service.
2. Abridged Advice – This is also a free service.
3. Full Advice – For this final stage of our advice service there will be a charge, whether a pension transfer is completed or not.

THE PROCESS

The main stages of the process are as follows:

<p>1. INFORMATION GATHERING</p> <p><i>This is one of the longest stages</i></p> <p>WORKPLACE PENSION SCHEME (WPS)</p> <p><i>Investigating these is an FCA requirement</i></p>	<p>Once you have provided us with a completed New Business Pack, including your clients signed Enquiry Form (Letter of Authority), we then contact their pension provider requesting any outstanding information, including confirmation of escalation and revaluation rates etc.</p> <p>At the same time, we also request information about the clients most recent WPS. This may be required later in the process, because if a transfer is to be investigated, the WPS must be considered as an option and can only be discounted if an alternative destination is better.</p>
--	--



<p>2. TRIAGE</p> <p><i>This is a free service</i></p> <p><i>The first stage in helping the client to understand about their pension options</i></p>	<p>At the same time as we are writing to their pension schemes (including WPS), we will send the client generic educational information about the risks of transferring a DB pension scheme and points that need to be taken into consideration.</p> <p>Our advisers are available if they have any questions.</p>
<p>3. FACT FINDING</p> <p><i>An opportunity for the client to discuss what they want, their attitude to risk and other personal information.</i></p>	<p>Having read through the Triage information, the client will need to confirm their understanding in order to proceed.</p> <p>Once confirmed, this is when we arrange a telephone call with them to complete the fact-find and establish more details.</p>
<p>4. ABRIDGED ADVICE</p> <p><i>This is also a free service</i></p> <p><i>We can provide a significant amount of information to help clients make an informed decision before committing to paying our fee.</i></p>	<p>Unlike Triage, at this stage we will have received back most of the information we need from the pension provider so we can give more detailed advice specific to the client and their pension.</p> <p>The outcome of this advice can either be transferring their pension is not advisable or, we are unable to ascertain suitability and can only do so by proceeding to the next stage of Full Advice.</p>
<p>5. CLIENT APPROVAL IS REQUIRED</p> <p><i>Clients are under no obligation to go any further and will not incur any fees if they stop here.</i></p>	<p>Following receipt of our Abridged Advice report and having discussed this with their adviser, if a client wishes to progress to the next stage of Full Advice, they will need to give us their written consent and confirm again, their understanding so far.</p> <p>All clients will have as much time as they need to discuss their case with their adviser and make sure they fully understand their options and potential outcome if they proceed to the next stage.</p>



<p>6. FULL ADVICE</p> <p><i>This service is subject to a fee</i></p> <p><i>Any analysis carried out must include the option of transferring into the clients WPS.</i></p> <p><i>This can only be discounted if the alternative option is considered better. We have a tried and tested preferred provider list to help with this process.</i></p>	<p>Once we have received the clients written consent, we will proceed to carrying out a full analysis of their case, including the potential option of transferring into their most recent WPS.</p> <p>Their adviser will analyse all this information and settle upon a final and definitive recommendation, at which point they will arrange a telephone call with the client to discuss their recommendation and answer any questions they have.</p>
<p>7. FINAL RECOMMENDATION</p> <p><i>Helping the client to make an informed decision and being in possession of all the facts.</i></p> <p><i>If the client does not proceed with a transfer, we still must charge for our service.</i></p>	<p>We send the client a full report, written in plain, easy to understand English, which will set out our final recommendation, including all relevant paperwork needed if a transfer is to proceed.</p> <p>If the client does not proceed with a transfer, we then write to them requesting settlement of our fee.</p>
<p>8. PROCEEDING WITH A PENSION TRANSFER</p> <p><i>Transfers take, on average, 8 to 12 weeks to complete.</i></p>	<p>Having sent back the completed application forms, we then request the transfer of the ceding pension scheme into the new arrangement.</p> <p>This is a very slow part of the process; however, we will keep you and the client regularly updated with our progress; just bear in mind this is largely out of our control and dependent on the efficiency of the administrators of the old scheme.</p>
<p>9. AGENCY TRANSFERRED BACK TO YOU</p> <p><i>The client fee can usually be settled directly from their pension fund once the transfer has been completed.</i></p>	<p>Upon completion of the transfer and once our fee has been settled, if you are providing on-going advice the agency will automatically be switched back to you.</p>



FAQ'S

WHAT IF A CLIENT CAN'T AFFORD TO PAY FOR FULL ADVICE?

There is an option for us to carve-out individuals in serious financial difficulty or serious ill health.

For these individuals, a fee is only paid if a pension transfer goes ahead, in which case our fee can usually be deducted from the pension fund itself.

We will automatically make an initial assessment to see if someone is eligible for carve-out once we've received a completed fact-find.

If they receive Full Advice and decide not to proceed with a transfer, assuming they have been eligible for carve-out, they will not have to pay a fee.

IF A CLIENT PROCEEDS WITH FULL ADVICE, WHEN DO THEY HAVE TO PAY THE FEE?

The client does not have to pay the fee until the very end of the process has been completed.

In most cases, if a transfer has gone ahead, we would expect to be able to deduct the fee directly from the receiving pension fund once the transfer has completed, so they will not have to do anything.

If a transfer has not gone ahead, then at the final stage of closing their file, we will write to the client requesting settlement of the fee.

WHAT IS THE LATEST A CLIENT CAN STOP THEIR ENQUIRY WITHOUT PAYING A FEE?

A client can go right the way through and complete the process right up to us providing them with Abridged Advice. If they decide not to proceed any further, then they will not pay any fee.

This means they will have been able to discuss their case with a fully qualified and FCA regulated adviser AND received our Abridged Advice report, where the outcome of our recommendation will either be a transfer is not suitable or, we are unable to ascertain suitability.

CAN A CLIENT ALWAYS PAY THE FEE OUT OF THEIR PENSION FUND?

If a transfer goes ahead then a client can usually pay the fee direct from the pension fund. This has the advantage of it being deducted from a virtually tax-free fund, rather than being paid out of taxed income or savings.

However, if they prefer, they can pay us by cheque or via bank transfer, this might be preferable if they are transferring their pension for inheritance tax planning purposes and wish to maximise potential death benefits.

Where a Workplace Pension Scheme (WPS) has had to be recommended, some of these are unable to facilitate the deduction of our advice fee, in these circumstances, the client will need to settle our fee directly before a transfer goes ahead.



AS THE INTRODUCER, DO I HAVE TO CHARGE AN INITIAL FEE?

In a word, no. A lot of introducers these days just charge an ongoing fee, which they can take once the agency is switched back to them.

IF I CHARGE AN INITIAL FEE, HOW IS THIS PAID FOR?

Many introducers prefer to charge a fixed initial administration fee, to cover their time for gathering the first stage of pension information and completing the fact-find with their client. This administration fee can be paid direct to the introducer by their client **before** that person is introduced to us. In these instances, we do not need to be informed or take it into account within our analysis.

CAN YOU DEDUCT THE INITIAL FEE ON MY BEHALF?

Yes, but you must bear in mind that if you ask us to arrange payment of any fee, whether a fixed amount or percentage of the transfer value, this will have to apply on provision of Full Advice whether the transfer proceeds or not, unless they are eligible for carve-out.

WHAT IF OUR ADVICE IS NOT TO TRANSFER BUT A CLIENT WANTS TO GO AHEAD ANYWAY?

If a client does not want to take our advice, in certain circumstances we could still proceed with transferring their pension if they insist. However, we reserve the right to refuse such a transfer if it is particularly unsuitable.

