Pension Transfer Report

Defined Benefits Arrangement

Analysis Label: Adviser fee included New TV
Client Name: Alison M Sharkie
Client Ref:
Adviser Name: Stephen Wilding
Report Print Date: 19/04/2018

SELECTAPENSION

This report has been based on the following information. Please make it known if any part of this information is incorrect as it may affect the results of the analysis.

Personal Information

Ref	
Title	Ms
Forename	Alison
Middle Initials	M
Surname	Sharkie
Sex	Female
Date of Birth	25/09/1966
Employment Status	Employed
Marital Status	Single
Partner's Date of Birth	
Partner's Forename	
Partner's Surname	
Partner's Sex	
Health Status	Unknown
Dependents	No
Dependent Notes	
Attitude to Risk	Medium to High
Lifetime Allowance Protection	Unknown

Analysis Report

Introduction

The purpose of this analysis is to provide information, regarding the possible transfer of your benefits provided by the DSG Retirement & Employee Security Scheem scheme to an alternative pension arrangement.

This analysis does not, on its own, show whether or not transferring your benefits is advisable, as that also depends on many other factors, such as your "attitude to risk" your personal circumstances and your objectives. It does, however, give an indication of the likelihood of being able to match or exceed the benefits provided by your existing scheme with a transfer to an alternative plan.

We have been informed that the capitalised value of your benefits (transfer value) in the DSG Retirement & Employee Security Scheem scheme is:

- £90,725.00 and is guaranteed until 16/07/2018.

The report compares this with the benefits that can be purchased by transferring this value to:

- Generic Pension Plan

This analysis shows the results as:

1. The estimated annual investment return needed, from the proposed plan, to provide an annuity and if specified annuity and Pension Commencement Lump Sum (PCLS), at the scheme retirement date (your 65th birthday) of equal value to the estimated benefits provided by the existing scheme. This return is known as the Critical Yield.
2. The estimated annual investment return needed, from the proposed plan, to provide an annuity and if specified annuity and PCLS, at the scheme retirement date (your 65th birthday) of equal value to the estimated starting benefits, with no increases in payment, spouse's pension or guarantee period, provided by the existing scheme. This return is known as the Hurdle Rate.
3. The estimated annual investment return needed, from the proposed plan, in order to provide benefits, at the scheme retirement date (your 65th birthday) of equal value to the estimated benefits provided if the PPF takes over the provision of benefits from the existing scheme. This return is also known as the Critical Yield.
4. The value of the death benefits provided by the existing scheme and the proposed plan at the date of transfer and then at various intervals.

This analysis needs to be read in conjunction with the illustrations provided by the recommended provider and any recommendations made by your adviser.

The analysis has been based on your personal information and the details supplied by the Scheme.

Estimated Benefits at your Proposed Retirement Age 65

The pension benefits shown below have been calculated as at 16/04/2018, and are increased to your normal retirement date as detailed in the record of input data. Your benefits are increased to the date of this analysis by applying the historical revaluation factors. From the date of this analysis to your normal retirement date, the benefits are increased in line with the prescribed assumptions. On this basis your pension at age 65 is estimated to be:

An Annual Pension of £5,567

Analysis Results at your Proposed Retirement Age 65

Annuity Purchase

Critical Yield

From the proposed plan you would need to obtain an estimated annual investment return as shown below, in order to purchase an annuity to provide benefits of equal value to the estimated benefits provided by the existing scheme at retirement. This return is known as the Critical Yield.

	All benefits taken as Pension
Generic Pension Plan	6.21%

Fund Required to Purchase the Annuity

In order to purchase an annuity to provide benefits of equal value to the estimated benefits provided by the existing scheme at retirement the estimated Fund Required, also known as the Capital Value is as follows:

	All benefits taken as Pension
Fund Required	£174,169.67

Hurdle Rate

From the proposed plan you would need to obtain an estimated annual investment return as shown below, in order to purchase an annuity to provide benefits of equal value to the estimated benefits provided by the existing scheme assuming no spouse’s pension, no increases in payment and no guarantee. This return is known as the Hurdle Rate.

	All benefits taken as Pension
Generic Pension Plan	3.35%

Fund Required to Purchase the Annuity

In order to purchase an annuity to provide benefits of equal value to the estimated benefits provided by the existing scheme, assuming no spouse’s pension, no increases in payment and no guarantee at retirement the estimated Fund Required, also known as the Capital Value is as follows:

	All benefits taken as Pension
Fund Required	£120,734.10

Drawdown Income

Assuming an income of equal value to the estimated benefits provided by the existing scheme, increasing by RPI per annum is taken from a drawdown arrangement, the fund at the medium rate of return will run out at the following ages:

	All benefits taken as Pension
Generic Pension Plan	89

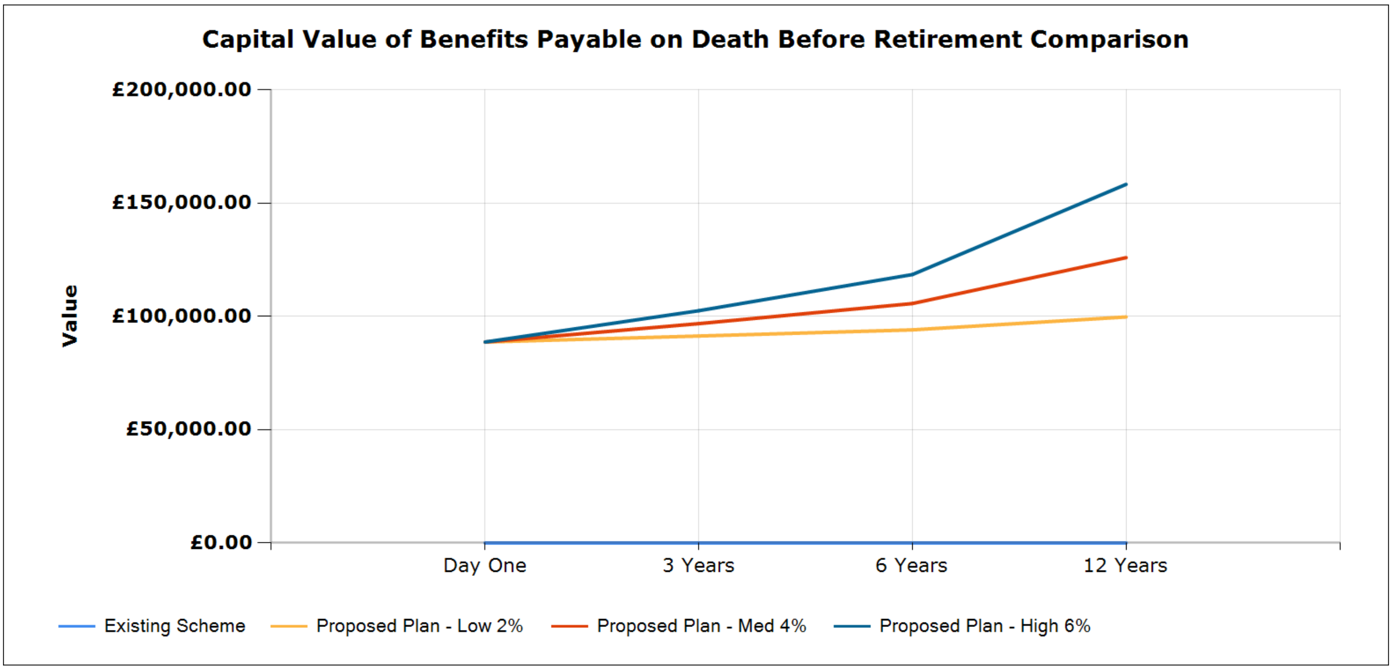
Please note that these results are dependent upon the assumptions used. Please see the Assumptions section for further details.

Capital Value of Benefits Payable on Death Before Retirement

The figures below assume that the value of the investments in the proposed plan grow at the rate specified before charges are deducted.

In order to compare the benefits payable on death before retirement from the existing scheme and proposed plan, the table below shows the capital value of providing the spouse's pension available from the existing scheme.

Date	Benefit Payable	Existing Scheme	Generic Pension Plan		
			Low 2%	**Mid 4%**	**High 6%**
Day One	Lump Sum	£0.00	£88,725.00	£88,725.00	£88,725.00
	Partners Pension	£0.00	£0.00	£0.00	£0.00
	Capital Value	**£0.00**	**£88,725.00**	**£88,725.00**	**£88,725.00**
3 Years	Lump Sum	£0.00	£91,371.82	£96,852.71	£102,548.50
	Partners Pension	£0.00	£0.00	£0.00	£0.00
	Capital Value	**£0.00**	**£91,371.82**	**£96,852.71**	**£102,548.50**
6 Years	Lump Sum	£0.00	£94,097.59	£105,724.96	£118,525.74
	Partners Pension	£0.00	£0.00	£0.00	£0.00
	Capital Value	**£0.00**	**£94,097.59**	**£105,724.96**	**£118,525.74**
12 Years	Lump Sum	£0.00	£99,795.50	£125,982.14	£158,335.87
	Partners Pension	£0.00	£0.00	£0.00	£0.00
	Capital Value	**£0.00**	**£99,795.50**	**£125,982.14**	**£158,335.87**


Capital Value of Benefits Payable on Death Before Retirement Comparison
£200,000.00
£150,000.00
£100,000.00
£50,000.00
£0.00
Value
Day One
3 Years
6 Years
12 Years
Existing Scheme
Proposed Plan - Low 2%
Proposed Plan - Med 4%
Proposed Plan - High 6%

Proposed Pension Plan

Standard Charges

Generic Pension Plan (No Specific Fund)	
Annual Management Charge	1% pa

The value of these standard plan charges may vary depending on the size of the fund or investment, and are based on an assumed investment fund and the level of remuneration (if any) which will normally be taken. If other funds or level of remuneration are selected the results of the analysis would be different.

Early Transfer Analysis

This table shows the estimated transfer value away from the proposed pension product, Generic - Pension Plan, at yearly intervals across the required term.

The colour of each cell provides a quartile indication of how it compares to the other analysed products:

(1)	1st Quartile (Best)	(2)	2nd Quartile	(3)	3rd Quartile	(4)	4th Quartile (Worst)

Year	2%	4%	6%
1	£89,598 (1)	£91,355 (1)	£93,112 (1)
2	£90,480 (1)	£94,063 (1)	£97,716 (1)
3	£91,371 (1)	£96,852 (1)	£102,548 (1)
4	£92,271 (1)	£99,724 (1)	£107,619 (1)
5	£93,180 (1)	£102,680 (1)	£112,940 (1)
6	£94,097 (1)	£105,724 (1)	£118,525 (1)
7	£95,024 (1)	£108,859 (1)	£124,386 (1)
8	£95,959 (1)	£112,086 (1)	£130,537 (1)
9	£96,904 (1)	£115,409 (1)	£136,992 (1)
10	£97,858 (1)	£118,831 (1)	£143,766 (1)
11	£98,822 (1)	£122,354 (1)	£150,875 (1)
12	£99,795 (1)	£125,982 (1)	£158,335 (1)
13	£100,778 (1)	£129,717 (1)	£166,165 (1)

Results Summary

Projected Fund Value at proposed retirement age 65

Provider	Plan	2%	4%	6%	RIY
Generic	Pension Plan	£101,000	£131,000	£169,000	1.2%

Adviser Remuneration

Adviser Remuneration (as input)

	Initial	Ongoing
Single Premium/Transfer	0%	0%
Single Premium/Transfer Monetary	£2,000	£0

Remuneration at proposed age 65

Provider	Plan	Fund (4%)	Initial (Single)	Fund-Based	Total
Generic	Pension Plan	£131,000	£2,000	£0	£2,000

Existing Scheme Assumptions

In order to make the above comparisons it has been necessary to make the following assumptions, as prescribed by the Financial Conduct Authority (FCA). Where actual historical figures are available these have been used instead.

1.	Annuity Interest Rate	1.30% p.a.

An annuity rate is needed to calculate the capital (lump sum) value of the pension benefits at retirement, provided by the existing scheme.

The Annuity Interest Rate is the assumed interest rate on which the annuity rates are based. If a higher rate had been assumed then the required investment return (Critical Yield) would have been lower and conversely if a lower rate applied then the required investment return (Critical Yield) would have been higher.

2.	Retail Price Index	2.50% p.a.

Some or all of your pension benefits provided by the existing scheme may increase before and/or after retirement in line with the increase in the Retail Price Index. If a higher increase had been assumed then the required investment return (Critical Yield) would have been higher and if a lower rate of increase had been assumed then the required investment return (Critical Yield) would have been lower.

Where some benefits increase in line with the Retail Price Index (up to a maximum), the assumptions that apply are as follows:

RPI increase limited to	Pre Retirement	Post Retirement
2.50%	2.50%	2.50%
3.00%	2.50%	3.00%
5.00%	2.50%	3.58%

3.	Consumer Price Index	2.00% p.a.

Some or all of your pension benefits provided by the existing scheme may increase before and/or after retirement in line with the increase in the Consumer Price Index. If a higher increase had been assumed then the required investment return (Critical Yield) would have been higher and if a lower rate of increase had been assumed then the required investment return (Critical Yield) would have been lower.

Where some benefits increase in line with the Consumer Price Index, the assumptions that apply are as follows:

CPI increase limited to	Pre Retirement	Post Retirement
	2.00%	3.05%

4. Section 148 Orders (National Average Earnings Index) 4.00% p.a.

Guaranteed Minimum Pensions, provided by some schemes, increase before retirement in line with Section 148 orders (broadly in line with the increase in the National Average Earnings Index). This assumption will only affect a small number of Defined Benefit schemes.

As for the Retail Price Index assumption above, if a higher increase had been assumed then the required investment return (Critical Yield) would have been higher and if a lower rate of increase had been assumed then the required investment return (Critical Yield) would have been lower.

Pension Protection Fund

The Pension Protection Fund(PPF) is a compulsory compensation scheme. Private Sector Defined Benefit schemes are required to pay a levy each year and in return the PPF provides a "safety net" for pension schemes when the sponsoring employer becomes insolvent and the scheme has insufficient funds to pay the promised benefits in full. The PPF provides compensation to scheme members but at a lower level than the full benefits promised by the existing scheme, which is not guaranteed. The PPF has the right to amend the level of compensation payable and will only pay the compensation benefits if it has sufficient funds. It is not underwritten by the Government.

A further comparison has been made of the estimated benefits that may be provided by a transfer with the likely compensation benefits that would be provided if the scheme was taken over by the PPF.

You would need to obtain an estimated annual investment return (Critical Yield), as shown below, from your Personal Pension or Buy-out policy, in order to provide benefits of equal value to the estimated compensation provided by the PPF on retirement on your 65th birthday / 25/09/2031.

Proposed Retirement Date – 25/09/2031

An Annual Pension of £4,468.22 p.a

or

A Pension Commencement Lump Sum of £23,123.56 and a reduced Annual Pension of £3,485.66 p.a.

Critical Yield		
	All benefits taken as Pension	**Reduced Pension plus PCLS**
Generic Pension Plan	3.85%	3.51%

Please note that these results are very dependent upon the assumptions used. Assumptions, relating specifically to the PPF, are as follows:-

Pension Protection Fund Assumptions

1. Rate for Commuting Pension for a Pension Commencement Lump Sum

This assumption only affects the required investment return (Critical Yield) if the Pension Commencement Lump Sum option is chosen. The rate varies between pre and post 97 benefits, age at retirement and whether a spouse's pension is included.

It has been assumed that current rates will still apply at your retirement age 65.

The usual explanation of benefits provided by the PPF, namely that scheme members, over retirement age, will receive 100% of their existing entitlement and that scheme members who have not reached retirement age will receive 90% of their existing entitlement, is not only simplistic, it is also misleading. The benefits that the PPF provides are summarised below:

2. Scheme Members Entitled to 100% Compensation

The following scheme members will receive compensation equal to the level of pension being received from their pension scheme. No limits apply to the amount of compensation payable.

- Members who are over the scheme retirement age, on the day before the Assessment Date.
- Members who are younger than the scheme retirement age, but are in receipt of an ill health pension.
- Individuals in receipt of a survivor’s pension.

The Assessment Date is the date on which the pension scheme first becomes eligible to join the PPF. This is normally the date on which the sponsoring employer becomes insolvent.

3. Scheme Members Entitled to 90% Compensation

All other scheme members will only receive compensation equal to 90% of the level of pension being received from their pension scheme. This compensation may be further reduced by the application of overall limits (Compensation Cap). The Cap is laid down in legislation for retirement (when payment of compensation commences) at age 65. Actuarial adjustments are made for other ages. After the reduction to 90%, the limits are currently as follows, and are reviewed annually in line with the National Average Earnings index:

Retirement Age	Limit of Compensation
65	£35,106
60	£29,790
55	£25,820

For members who had retired early, before the Assessment Date, the above limit is calculated according to their age at the date of assessment. If the member has previously taken a Pension Commencement Lump Sum then the compensation limit is applied to the total of the pension payable and the pension equivalent of the Pension Commencement Lump Sum taken.

From 6 April 2017, the Long Service Cap came into effect for members who have 21 or more years' service in their scheme. For these members, the cap is increased by three per cent for each full year of pensionable service above 20 years, up to a maximum of double the standard cap.

4. Increases to Benefits Before Retirement (Revaluation)

All pension benefits will increase until retirement in line with the increase in the Consumer Price Index, up to a maximum of 5% in any year.

(This is similar to the increases provided for most Non-Guaranteed Minimum Pensions and is indeed higher than for some members who left their scheme before 1st January 1991. However, this is significantly lower than the rate of revaluation applying to most Guaranteed Minimum Pensions). Therefore the level of compensation actually paid to most members with Guaranteed Minimum Pensions will be significantly lower than 90% of their existing scheme benefits).

5. Increases to Benefits After Retirement (Escalation)

All pension benefits in respect of service after 5th April 1997, will increase in payment in line with the increase in the Consumer Price Index, up to a maximum of 2.5% in any year. Pension benefits, in respect of service before 6th April 1997, will NOT increase in payment.

(This is less than the minimum level of increase that schemes are required to give in respect of service from 6th April 1997 to 5th April 2005). It is also lower than the minimum level of increase that schemes are required to give to Guaranteed Minimum Pensions in respect of service after 5th April 1988).

6. Maximum Pension Commencement Lump Sum

Once the scheme has been accepted by the PPF the maximum Pension Commencement Lump Sum will be 25% of the value of the PPF benefits. This is the case irrespective of the limits imposed by the original scheme rules, even if the member was not entitled to a Pension Commencement Lump Sum previously.

The amount of pension given up to provide the Pension Commencement Lump Sum will be assessed using the PPF’s actuarial factors, which are usually far less penal than those applied by most Defined Benefit schemes.

7. Ill Health Pensions

No new ill health early retirement pensions will be granted under the PPF.

8. Survivor’s Pensions (Widow’s Pensions)

Pensions payable on death of a member after retirement will be 50% of the pension being paid to the member.

(This is therefore 50% of the reduced pension AFTER any Pension Commencement Lump Sum has been taken. Most schemes provide 50% of the pension BEFORE any Pension Commencement Lump Sum has been taken. A number of schemes provide survivor’s pensions of more than 50%. This is therefore a further significant reduction in the level of benefits provided by the PPF).

9. Children’s Pensions

In the event of death of a member, the PPF will provide Children’s pensions up to age 18, or age 23 if in full time education or vocational training. This is the case even if the original scheme rules did not provide this benefit.

10. Recent Scheme Improvements

The PPF will normally reverse any scheme improvements made in the previous 3 years.

Example 1: A member who had retired as a result of a lowering of the retirement age but had not reached the previous Normal Retirement Age by the Assessment Date, would have their pension stopped and would become a deferred member or treated as an early retiree with a reduced pension.

Example 2: A member who had taken ill health early retirement as a result of a widening of the ill health provisions would have their pension stopped and would become a deferred member or would be treated as an early retiree with a reduced pension.

Example 3: An unmarried partner of a deceased member who was receiving a dependent's pension as a result of a widening of the dependent's pension provisions, would have their pension stopped.

11. Accidental Overpayments

The PPF is required to reclaim, with interest, any overpayments of benefits made to scheme members.

Summary

The PPF provides very valuable benefits, and in some cases, Pension Commencement Lump Sums and Children's Pensions, that will frequently provide better benefits than the scheme. However, the number of "small print" terms where the benefits are noticeably worse than the original scheme will mean that members will receive benefits of a much lower value than the headline 90% or 100% would suggest.

Types of Scheme

A simple comparison of the benefits is not possible because the benefits provided by the existing scheme and a proposed plan are very different. The existing scheme is a “Defined Benefit” scheme and the proposed plan will provide benefits on a “Money Purchase” basis. In order to understand the results of this analysis it is essential that you first understand the differences between the benefits provided by a Defined Benefit scheme and the Money Purchase benefits provided by the proposed plan.

Defined Benefit

Defined Benefit schemes accrue benefit based on your length of service; typically you would accrue 1/60th or 1/80th of your pensionable salary for each year of pensionable service. Dependent on scheme rules the final benefit could be calculated based on your Final Salary or Career Average Salary.

On leaving the scheme the preserved pension is usually increased to retirement to offset the effect of inflation. Therefore, to make an estimate of the benefits payable at retirement, a reasonable assumption of these future increases must be made.

It is very important to understand that the benefits provided by a Defined Benefit scheme are not guaranteed. The scheme only promises to pay the benefits, subject to there being sufficient assets in the fund. As recent legislation has made the sponsoring employer legally bound to make good any shortfall in funding, this is usually only a problem when the scheme has insufficient assets and the company becomes insolvent.

In recognition of this problem the Government set up the PPF to provide a safety net for schemes with insolvent sponsoring employers. The aim of the PPF is to provide compensation so that a high proportion of each member’s pension is still payable in most circumstances. The PPF is funded by a levy on all Defined Benefit schemes but can, only promise to provide benefits only if it has sufficient assets. It is not therefore a cast-iron guarantee.

Money Purchase

Money Purchase pension policies (also known as “Defined Contribution”) provide a fund of money at retirement, which is then used to purchase a pension and normally a Pension Commencement Lump Sum (PCLS). The amount of the fund at retirement is dependent upon the level of contributions paid, the investment return on the contributions once invested, and the charges under the policy. At retirement the fund is used to provide a pension by purchasing an annuity in the open market (guaranteed income) or by entering drawdown. The income from a drawdown contract is not guaranteed and will depend on future investment returns and levels of withdrawals.

Record of Input Data

Client Details

Ref	
Title	Ms
Forename	Alison
Middle Initials	M
Surname	Sharkie
Sex	Female
Date of Birth	25/09/1966
Employment Status	Employed
Marital Status	Single
Partner's Date of Birth	
Partner's Forename	
Partner's Surname	
Partner's Sex	
Health Status	Unknown
Dependents	No
Dependent Notes	
Attitude to Risk	Medium to High
Lifetime Allowance Protection	Unknown
Notes	

Scheme Details

Calculation Date	16/04/2018
Scheme Name	DSG Retirement & Employee Security Scheem
Date of Leaving Scheme (dd/mm/yyyy)	14/09/2002
Scheme Retirement Age	65
Desired Retirement Age	65
Scheme Status	Closed
Basis of calculating revaluation of excess pension benefits	Whole Years
Pre-State Supplementary Pension Included	No

Scheme Funding

Scheme Funding Status	Deficit
Overall Funding Position	62%
Scheme Funding Status as at	31/03/2016

Transfer Value Information

Transfer Total Value	£90,725.00
Money Purchase AVC (included in transfer value)	£0.00
Assumed Rebate to be received in relation to Limited Revaluation Premium	£0.00
Transfer Value Guaranteed until	Is guaranteed until 16/07/2018.
GMP Cash Equivalent / Pre 97 Protected Rights Transfer Value	£0.00
Post 97 S9(2b) / Protected Rights Transfer Value	£0.00

Primary Group

Benefit Type	Amount	As At	Revaluation	Escalation	Spouse % DAR	G'tee Yrs
Post 88 GMP**	£124.28 per annum	14/09/2002	4.5% to age 60*	RPI, max 3% p.a.	0%	0
Pre 97 Non GMP	£272.47 per annum	14/09/2002	RPI, max 5% p.a. to age 65	RPI, max 5% p.a.	0%	0
Post 97 Non GMP	£2,007.94 per annum	14/09/2002	RPI to age 65	RPI2.5	0%	0

* GMP is revalued up until GMP age 60 using the revaluation as above, increases in payment begin once you reach GMP age.

** As the scheme has been "contracted out" of the State Second Pension (S2P), it must provide a minimum level of pension, which is broadly equivalent to the amount of State pension given up. This pension is called the Guaranteed Minimum Pension.

Discretionary Increases

(a) The scheme administrators have stated that the scheme has not made any discretionary increases in addition to the normal scheme increases.

(b) We have assumed that the scheme will not pay any discretionary increases in the future.

Death in Deferment Benefits

Primary Group

Benefit Type	Amount	As At	Revaluation	Escalation
Post 88 GMP**	£0.00 per annum	14/09/2002	4.5% to age 60*	RPI, max 3% p.a.
Pre 97 Non GMP	£0.00 per annum	14/09/2002	RPI, max 5% p.a. to age 65	RPI, max 5% p.a.
Post 97 Non GMP	£0.00 per annum	14/09/2002	RPI to age 65	RPI2.5

* GMP is revalued up until GMP age 60 using the revaluation as above, increases in payment begin once you reach GMP age.

** As the scheme has been “contracted out” of the State Second Pension (S2P), it must provide a minimum level of pension, which is broadly equivalent to the amount of State pension given up. This pension is called the Guaranteed Minimum Pension.

WGMP offset against ROC	No
WGMP offset against Lump Sum	No

Plans Selected For Comparison

Provider Selection	Selected
Generic Pension Plan	YES