

# PENSION TRANSFER ANALYSIS



Prepared For  
Mrs Example Client

Prepared By  
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Report Date  
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*This report provides a detailed analysis of transferring safeguarded benefits from a defined benefits pension plan to a flexible pension plan.*

# INTRODUCTION

This report provides a detailed analysis of transferring safeguarded benefits from a defined benefits pension plan to a flexible pension plan. It provides a full breakdown of all the data, calculations and assumptions used in the analysis.

This report can be provided on its own but can also be seen as a companion to the report "Pension Transfer Summary". This report provides all the detail of how that simple summary was produced.

## About this Report

The report covers:

- Details of your current defined benefits pension scheme
- Transfer Value Comparator
- Safeguarded Benefits – Income in retirement
- Transferring to a flexible pension
- Annual Income Comparison and Critical Yield
- Retirement Income from Your Flexible Pension
  - Secure Income
  - Unsecure Income
- Death Benefits
  - Now
  - In Retirement
- Tax Analysis
- Appendix of Assumptions used

# CURRENT DEFINED BENEFITS PENSION PLAN

## Your Current Defined Benefits Pension Plan

The following details have been provided about you and the safeguarded benefits held in your defined benefits pension plan.

### Scheme Basic Details

<b>Scheme Name</b>	Esso DB
<b>Scheme Normal Retirement Age (NRA)</b>	65
<b>Benefits Starting Age</b>	65
<b>Date Left Scheme</b>	01/01/2015

### Safeguarded Benefits Summary

The following table summarises the safeguarded benefits available from your current defined benefits pension scheme:

<b>Segment Name</b>	<b>Amount</b>
GMP Pre 1988 Segment	£250.00
GMP Post 1988 Segment	£750.00
Excess Over GMP Post 1997 Segment	£5,000.00

### Safeguarded Benefits Details

#### *GMP Pre 1988 Segment*

<b>Income Type</b>	GMP Pre 1988
<b>Segment NRA</b>	65
<b>Income Amount</b>	£250.00
<b>As at Date</b>	01/01/2015
<b>Income Stops</b>	Does Not Stop
<b>Revaluation Rate</b>	Fixed Rate
<b>Escalation Rate</b>	Statutory Minimum

#### *GMP Post 1988 Segment*

<b>Income Type</b>	GMP Post 1988
<b>Segment NRA</b>	65
<b>Income Amount</b>	£750.00
<b>As at Date</b>	01/01/2015
<b>Income Stops</b>	Does Not Stop
<b>Revaluation Rate</b>	Fixed Rate
<b>Escalation Rate</b>	Statutory Minimum

#### *Excess Over GMP Post 1997 Segment*

<b>Income Type</b>	Excess Over GMP Post 1997
<b>Segment NRA</b>	65
<b>Income Amount</b>	£5,000.00
<b>As at Date</b>	01/01/2015
<b>Income Stops</b>	Does Not Stop
<b>Revaluation Rate</b>	RPI
<b>Maximum Revaluation</b>	5.00%
<b>Escalation Rate</b>	RPI
<b>Maximum Escalation</b>	5.00%

# CURRENT DEFINED BENEFITS PENSION PLAN

## Scheme Assumptions

Date Ceased Contracting Out	01/01/2015
Index Month for Revaluation	September
Early Retirement Factor applied	To benefits revalued to Benefits Starting Age

## Transfer Details

Cash Equivalent Transfer Value	£175,000
As at Date	09/01/2019

## Your Details

Date Of Birth	01/01/1960
Age	59
Gender	Female

## Dependant's Details and Death Benefits

Dependant's Gender	Male
Dependant's Date of Birth	01/01/1957
Dependant's Pension Pre Retirement	50.00%
Dependant's Pension Post Retirement	50.00%
Total Member Contributions	£0.00
Refund of Contributions Interest Rate	0.00%

## AVCs

AVC Value	£0.00
AVC Value As At	15/01/2019

# TRANSFER VALUE COMPARATOR

It is important to understand the value of your Safeguarded benefits. To achieve this, the UK regulators prescribe a mandatory report called a Transfer Value Comparator (TVC). The purpose of the TVC, is to provide you with the estimated cost of providing the same benefits as the Safeguarded scheme provides, but in a Flexible Pension.

## Transfer Value Comparator

The Transfer Value Comparator compares the cash equivalent transfer value offered by your current defined benefits pension scheme to the estimated cost of replacing the safeguarded benefits provided by that scheme.

Cash equivalent transfer value offered by your scheme	£175,000
Estimated current replacement cost of your income	£295,000

This means the same retirement income would cost you more by transferring.

## Transfer Values Comparator Method

The replacement cost is calculated as follows:

- The scheme safeguarded benefits are revalued to the selected retirement age to calculate the pension income you may be entitled to at retirement.
- These benefits are then capitalised by the calculated annuity rates to calculate the monetary amount required to purchase the annuity to match those benefits.
- A 4% annuity purchase charge is applied to the calculated annuity rates.
- The capitalised amount is then discounted from retirement to today by the assumed rate of return less an annual product charge of 0.75% per annum.
- This results in the estimated current replacement cost of the pension income.

The replacement cost will be the same no matter which new pension product you look at transferring too. This is because the rate of return and cost assumptions applied in the calculation are set by the Financial Conduct Authority (FCA) and are not based on the charges of the product selected or its expected returns.

## Revaluation Rate

The revaluation phase is calculated based on the information provided about your specific pension scheme and more generally by the laws governing these kinds of pension schemes.

Revaluation represents how the safeguarded benefits you hold increase between when you leave the scheme and retirement age. Each segment of safeguarded benefits that makes up the defined benefits pension has its own revaluation rate.

See "Appendix – Revaluation Rates" for more details of how the revaluation rates associated with your safeguarded benefits (shown previously) will be applied.

## Annuity Assumptions

The annuity rates used to calculate the capitalised value are calculated in line with FCA Rules in COBS 19 Annex 4 and are based on the information provided about how your scheme will escalate pension benefits in payment.

The TVC was produced using mid rate rate assumptions.

See "Appendix - TVC Assumptions" for more details.

## Escalation Rate

Escalation represents how pension income from the current defined benefits pension plan will increase in payment in retirement. Each segment of safeguarded benefits that makes up the defined benefits pension has its own escalation rate.

See "Appendix – Escalation Rates" for more details of how the revaluation rates associated with your safeguarded benefits (shown previously) will be applied.

## Rate of Return

The rate of return is prescribed by the FCA in COBS 19 Annex 4. It is based on the fixed coupon yield on the UK FTSE Actuaries Indices appropriate for the term to retirement for the client.

See "Appendix – TVC Assumptions" for more details.

# SAFEGUARDED BENEFITS

It is projected that your current pension scheme will entitle you to an annual pension of £8,243.57 at age 65.

## Yearly Pension Income

The following table provides a year by year breakdown of the annual pension income that is projected to be paid from your safeguarded benefits in the defined benefits pension scheme plus your annual state pension entitlement of £8,546.20 per year from age 66. A projection of the tax you might pay on this income is also provided.

## Retirement Income from your Safeguarded Benefits

Age at Beginning of Year	Fund Value at Beginning of Year	Income and Withdrawals Before Tax	Income and Withdrawals After Tax	Target Income	Shortfall	Tax Paid	Adviser Charges	Fund Value at End of Year
65	£0	£7,100	£7,100	£14,400	£7,330	£0	£0	£0
66	£0	£15,600	£14,800	£14,400	£0	£815	£0	£0
67	£0	£15,600	£14,800	£14,400	£0	£812	£0	£0
68	£0	£15,600	£14,800	£14,400	£0	£810	£0	£0
69	£0	£15,500	£14,700	£14,400	£0	£807	£0	£0
70	£0	£15,500	£14,700	£14,400	£0	£804	£0	£0
71	£0	£15,500	£14,700	£14,400	£0	£801	£0	£0
72	£0	£15,500	£14,700	£14,400	£0	£799	£0	£0
73	£0	£15,500	£14,700	£14,400	£0	£796	£0	£0
74	£0	£15,500	£14,700	£14,400	£0	£793	£0	£0
75	£0	£15,500	£14,700	£14,400	£0	£791	£0	£0
76	£0	£15,500	£14,700	£14,400	£0	£788	£0	£0
77	£0	£15,400	£14,700	£14,400	£0	£786	£0	£0
78	£0	£15,400	£14,600	£14,400	£0	£783	£0	£0
79	£0	£15,400	£14,600	£14,400	£0	£781	£0	£0
80	£0	£15,400	£14,600	£14,400	£0	£779	£0	£0
81	£0	£15,400	£14,600	£14,400	£0	£776	£0	£0
82	£0	£15,400	£14,600	£14,400	£0	£774	£0	£0
83	£0	£15,400	£14,600	£14,400	£0	£772	£0	£0
84	£0	£15,400	£14,600	£14,400	£0	£770	£0	£0
85	£0	£15,400	£14,600	£14,400	£0	£767	£0	£0
86	£0	£15,300	£14,600	£14,400	£0	£765	£0	£0
87	£0	£15,300	£14,600	£14,400	£0	£763	£0	£0
88	£0	£15,300	£14,600	£14,400	£0	£761	£0	£0
89	£0	£15,300	£14,500	£14,400	£0	£759	£0	£0
90	£0	£15,300	£14,500	£14,400	£0	£757	£0	£0
91	£0	£15,300	£14,500	£14,400	£0	£755	£0	£0
92	£0	£15,300	£14,500	£14,400	£0	£753	£0	£0
93	£0	£15,300	£14,500	£14,400	£0	£751	£0	£0
94	£0	£15,300	£14,500	£14,400	£0	£749	£0	£0
95	£0	£15,200	£14,500	£14,400	£0	£747	£0	£0
96	£0	£15,200	£14,500	£14,400	£0	£745	£0	£0
97	£0	£15,200	£14,500	£14,400	£0	£744	£0	£0
98	£0	£15,200	£14,500	£14,400	£0	£742	£0	£0
99	£0	£15,200	£14,500	£14,400	£0	£740	£0	£0

## Yearly Value Notes

- All values are shown in today's terms and have been adjusted to reflect inflation at an annual rate of 2.50%.
- The tax calculations only consider the income from the defined benefits pension and the state pension.
- If the client has other sources of income in their retirement, then the actual tax paid may be higher.

# TRANSFERRING TO A FLEXIBLE PENSION

If you decide to transfer your safeguarded benefits then the £175,000 transfer value will be transferred to a new flexible pension plan.

## New Flexible Pension Plan

This report will consider transferring your safeguarded benefits to the flexible pension plan Curtis Banks Your Future SIPP.

The retirement income that can be supplied from this plan will be based on how the transfer value grows between now and retirement. This is affected by many things including:

- The charges associated with the plan
- The performance of the investments held in the plan

## New Plan Charges

The following charges will be applied to the new flexible pension plan.

Title	Premium Type	Note
Product Charge	Single	0%
Fund Charge	Single	0%
Initial Adviser Charge	Single	None
On-going Adviser Charge	Single	None
Annual Admin Charge	Single	£312 including VAT

## Investments

The following lists the investments that will be used by the new flexible pension plan.

Fund Name	Fund Percentage
Orbis OEIC Global Balanced Standard	100.00%

## Projecting the Value of the Flexible Plan to Retirement

The new plan will be projected using an annual growth rate of 5.00%

All assumptions used in the projection will be based on FCA mid rate assumption values.

# FLEXIBLE PENSION GROWTH BEFORE RETIREMENT

## Projected Yearly Values to Retirement Age

The following table shows the projected yearly value of the new flexible pension plan from now to retirement age based on the information on the previous page.

Year	Value If There Were No Charges	Value If Only Product And Investment Charges Are Taken	Value After All Charges Taken	Yearly Adviser Charges
0	£175,000.00	£175,000.00	£175,000.00	£0.00
1	£183,000.00	£183,000.00	£183,000.00	£0.00
2	£192,000.00	£192,000.00	£192,000.00	£0.00
3	£202,000.00	£201,000.00	£201,000.00	£0.00
4	£212,000.00	£211,000.00	£211,000.00	£0.00
5	£223,000.00	£221,000.00	£221,000.00	£0.00
Maturity	£232,000.00	£230,000.00	£230,000.00	£0.00

## Projected Yearly Values to Retirement Age in Today's Terms

The following table shows the same values as above but in today's terms. The values are reduced to take account of inflation at an annual rate of 2.5%.

Year	Value If There Were No Charges	Value If Only Product And Investment Charges Are Taken	Value After All Charges Taken	Yearly Adviser Charges
0	£175,000.00	£175,000.00	£175,000.00	£0.00
1	£179,000.00	£178,000.00	£178,000.00	£0.00
2	£183,000.00	£182,000.00	£182,000.00	£0.00
3	£188,000.00	£187,000.00	£187,000.00	£0.00
4	£192,000.00	£191,000.00	£191,000.00	£0.00
5	£197,000.00	£195,000.00	£195,000.00	£0.00
Maturity	£201,000.00	£199,000.00	£199,000.00	£0.00

## Notes

- The value after all charges taken represents the projected value of your pension plan at different ages.
- The value after all charges in year 0 represents the transfer value after all charges associated with setting up the new plan are taken.
- The value after all charges taken at "Maturity" represents the projected value of your plan at retirement age.
- That is the pot of money projected to be available to provide income in retirement.

# ANNUAL INCOME COMPARISON

The maturity value shown previously represents the pot of money available to provide pension income from the new flexible plan. The FCA prescribe certain rules for how to calculate an annual pension that could be provided by the maturity value of the new plan to provide a direct comparison with the projected annual pension from your safeguarded benefits.

## Annual Pension Income Comparison

The table below compares

- the annual pension projected to be paid from the current safeguarded benefits at retirement age; with
- the annual pension that could be purchased with the maturity value of the flexible pension shown previously.

<b>Esso DB - Annual Pension</b>	£7,108
<b>Curtis Banks Your Future SIPP - Annual Pension</b>	£5,415
<b>Projected Change in Income</b>	<b>-£1,693</b>
<b>Change as Percentage</b>	<b>-23.8%</b>

All values are shown in today's terms and have been adjusted to reflect inflation at an annual rate of 2.5%.

The annual pension for the new scheme assumes the same escalation in payment as the current scheme promises to provide.

In this way this allows a like for like comparison between the two plans.

## Critical Yield

Critical Yield is the annual investment return required on the Transfer Value for the new plan maturity value to match the Scheme Benefits at Retirement Age. This critical yield considers all adviser, product and investment charges associated with the new pension plan.

If the critical yield is high, then transferring the defined benefits pension may not be appropriate for some with a low tolerance to investment risk.

**Curtis Banks Your Future SIPP - Critical Yield** 10.0%

## Notes

The rules for the annual pension provided by the new plan are defined in COBS 14 Annex 4C.

# FLEXIBLE PENSION - RETIREMENT INCOME

The previous annual pension comparison is a useful like for like comparison between the current scheme and the new flexible scheme, however in reality it is unlikely that you will be able to purchase pension income exactly matching the escalation of the current scheme.

In the following pages we will look at two different ways the maturity value of the flexible pension plan could provide retirement income.

- Secure Pension Income
- Unsecure Pension Income

## Secure Pension Income

Secure pension income usually comes in the form of a lifetime annuity. With an annuity you use the maturity value of the fund to purchase an income which is guaranteed for life. The higher the value of your pension fund at retirement age the more secure income you can purchase.

## Unsecure Pension Income

When taking Unsecure income from a flexible pension the pension fund remains invested. Regular withdrawals are taken to provide income. You can tailor the income to meet your needs, but you may run out of money if you withdraw too much too early.

Ways of taking unsecure pension income include:

- Flexi-Access Drawdown
- Uncrystallised Pension Funds Lump Sum

The rest of this report will consider unsecure income via flexi-access drawdown.

# SECURE PENSION INCOME

The following scenario looks at the income you could purchase using the maturity value of your flexible pension fund to purchase a lifetime annuity.

## Transfer then Secure Pension Income

The following table shows the year by year breakdown of the annuity income you could receive. The values in the table also include income that would be provided by the client's state pension.

Age at Beginning of Year	Fund Value at Beginning of Year	Income and Withdrawals Before Tax	Income and Withdrawals After Tax	Target Income	Shortfall	Tax Paid	Adviser Charges	Fund Value at End of Year
65	£198,000	£5,390	£5,390	£14,400	£9,040	£0	£0	£0
66	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
67	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
68	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
69	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
70	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
71	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
72	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
73	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
74	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
75	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
76	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
77	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
78	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
79	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
80	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
81	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
82	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
83	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
84	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
85	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
86	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
87	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
88	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
89	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
90	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
91	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
92	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
93	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
94	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
95	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
96	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
97	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
98	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0
99	£0	£13,900	£13,400	£14,400	£972	£476	£0	£0

## Secure Pension Income Notes

- All values are shown in today's terms and have been adjusted to reflect inflation at an annual rate of 2.50%.
- The fund value at the beginning of the year represents the maturity value of the new flexible pension plan at retirement age. It is this amount which is used to purchase the lifetime annuity.
- The annuity income is calculated in line with FCA Future Annuity Assumptions and assumes:
  - Joint life annuity with 50% spouse's benefit
  - Increasing in payment in line with Retail Prices Index of inflation
  - Guaranteed for five years
  - The dependant's gender is Male
- Dependant's date of birth is 01/01/1957
- The tax calculations only consider the unsecure income from the annuity plus the client's state pension entitlement. If the client has other sources of income in their retirement, then the actual tax paid may be higher.

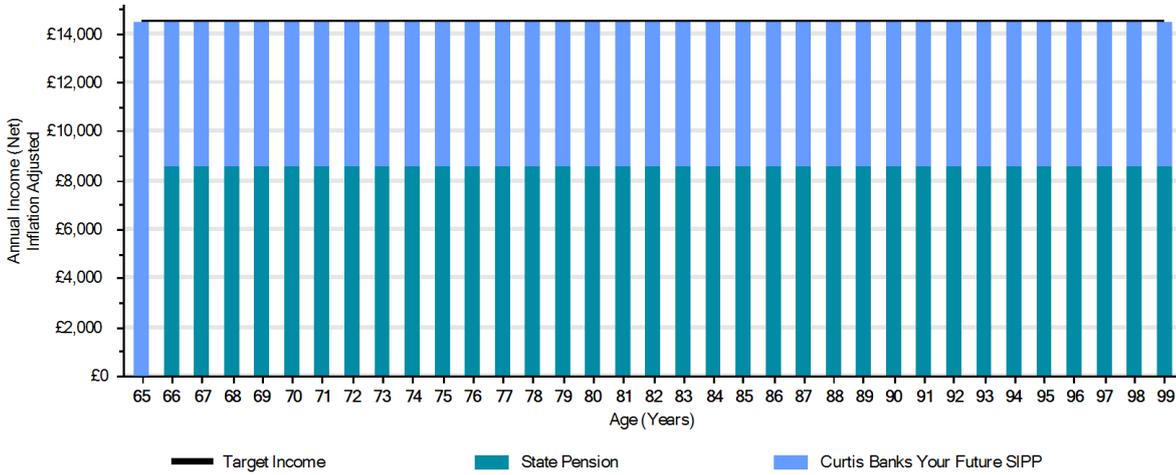
# UNSECURE PENSION INCOME

The following scenario looks at taking an unsecure income from the flexible pension. The level of income is equivalent to the projected annual income that the current scheme safeguarded benefits will pay in the first year of retirement plus your state pension entitlement mentioned earlier.

The unsecure income is taken via flexi-access drawdown.

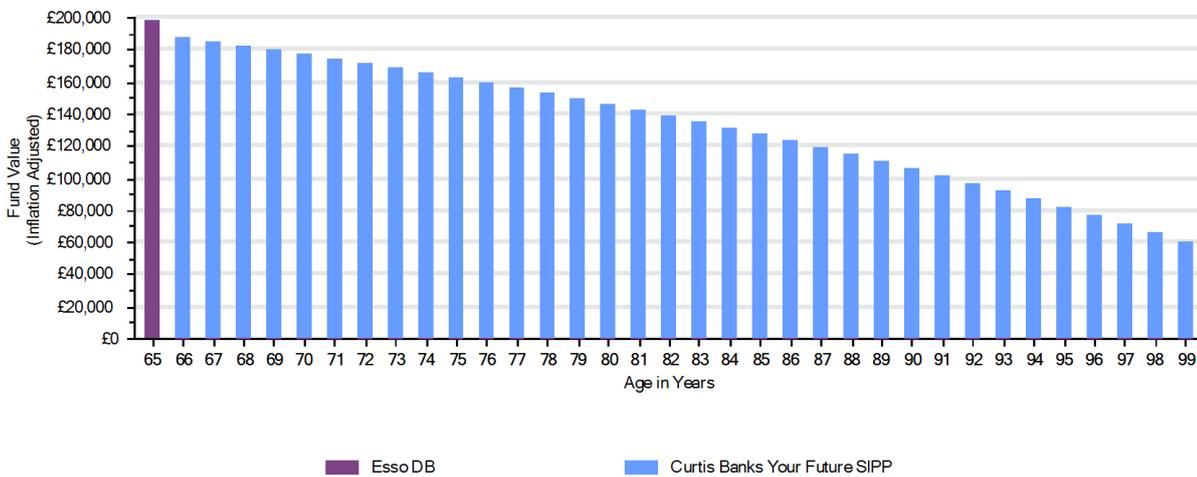
## Transfer then Unsecure Income in Retirement

This chart shows the projected unsecure income from the new flexible pension plan after income tax.



## Flexible Pension Yearly Values in Retirement

This chart shows the projected yearly value of the flexible pension plan when taking the unsecure income shown above.



# UNSECURE INCOME DETAILS

## Drawdown Plan Charges

This table details the charges that were deducted from the new drawdown plan in the previous projection:

Title	Premium Type	Note
Product Charge	Single	0%
Fund Charge	Single	0%
Initial Adviser Charge	Single	None
On-going Adviser Charge	Single	None
Initial Drawdown Charge	Single	£144
Annual Admin Charge	Single	£312 including VAT
Annual Drawdown Charge	Single	£180 including VAT is deducted annually when income is withdrawn

## Unsecure Pension Income in Retirement – Yearly Breakdown

The table below provides a year by year breakdown of the flexible pension when withdrawing an unsecure income from retirement age via flexi-access drawdown.

Age at Beginning of Year	Fund Value at Beginning of Year	Income and Withdrawals Before Tax	Income and Withdrawals After Tax	Target Income	Shortfall	Tax Paid	Adviser Charges	Fund Value at End of Year
65	£198,000	£15,100	£14,400	£14,400	£0	£720	£0	£187,000
66	£187,000	£15,100	£14,400	£14,400	£0	£720	£0	£184,000
67	£184,000	£15,100	£14,400	£14,400	£0	£720	£0	£182,000
68	£182,000	£15,100	£14,400	£14,400	£0	£720	£0	£179,000
69	£179,000	£15,100	£14,400	£14,400	£0	£720	£0	£177,000
70	£177,000	£15,100	£14,400	£14,400	£0	£720	£0	£174,000
71	£174,000	£15,100	£14,400	£14,400	£0	£720	£0	£171,000
72	£171,000	£15,100	£14,400	£14,400	£0	£720	£0	£168,000
73	£168,000	£15,100	£14,400	£14,400	£0	£720	£0	£165,000
74	£165,000	£15,100	£14,400	£14,400	£0	£720	£0	£162,000
75	£162,000	£15,100	£14,400	£14,400	£0	£720	£0	£159,000
76	£159,000	£15,100	£14,400	£14,400	£0	£720	£0	£156,000
77	£156,000	£15,100	£14,400	£14,400	£0	£720	£0	£152,000
78	£152,000	£15,100	£14,400	£14,400	£0	£720	£0	£149,000
79	£149,000	£15,100	£14,400	£14,400	£0	£720	£0	£146,000
80	£146,000	£15,100	£14,400	£14,400	£0	£720	£0	£142,000
81	£142,000	£15,100	£14,400	£14,400	£0	£720	£0	£138,000
82	£138,000	£15,100	£14,400	£14,400	£0	£720	£0	£135,000
83	£135,000	£15,100	£14,400	£14,400	£0	£720	£0	£131,000
84	£131,000	£15,100	£14,400	£14,400	£0	£720	£0	£127,000
85	£127,000	£15,100	£14,400	£14,400	£0	£720	£0	£123,000
86	£123,000	£15,100	£14,400	£14,400	£0	£720	£0	£119,000
87	£119,000	£15,100	£14,400	£14,400	£0	£720	£0	£114,000
88	£114,000	£15,100	£14,400	£14,400	£0	£720	£0	£110,000
89	£110,000	£15,100	£14,400	£14,400	£0	£720	£0	£106,000
90	£106,000	£15,100	£14,400	£14,400	£0	£720	£0	£101,000
91	£101,000	£15,100	£14,400	£14,400	£0	£720	£0	£96,700
92	£96,700	£15,100	£14,400	£14,400	£0	£720	£0	£91,900
93	£91,900	£15,100	£14,400	£14,400	£0	£720	£0	£87,000
94	£87,000	£15,100	£14,400	£14,400	£0	£720	£0	£81,900
95	£81,900	£15,100	£14,400	£14,400	£0	£720	£0	£76,700
96	£76,700	£15,100	£14,400	£14,400	£0	£720	£0	£71,400
97	£71,400	£15,100	£14,400	£14,400	£0	£720	£0	£65,900
98	£65,900	£15,100	£14,400	£14,400	£0	£720	£0	£60,300
99	£60,300	£15,100	£14,400	£14,400	£0	£720	£0	£54,500

## Unsecure Pension Income Notes

- All values are shown in today's terms and have been adjusted to reflect inflation at an annual rate of 2.5%.
- The tax calculations only consider the income shown in the chart. If you have other sources of income in retirement, then the actual tax paid may be higher.
- The projection assumes an annual growth rate of 5.00% before the deduction of adviser, product and investment charges.

# DEATH BENEFITS - BEFORE RETIREMENT

## Current Scheme Death Benefits Before Retirement

If you were to die before taking benefits from your current scheme, then a **dependant's pension** equal to **50.00%** of your safeguarded benefits may be available.

- That would be equivalent to an annual pension of **£3,359** based on a revaluation of your benefits to today.
- It will be **taxable** as the dependant's income so for a basic rate tax payer this would mean an annual pension of **£2,687** after tax.

### Notes

- The above assumes basic rate tax has been deducted from the dependant's pension.
- The dependant may pay more or less tax than this.

## Flexible Pension Death Benefits Before Retirement

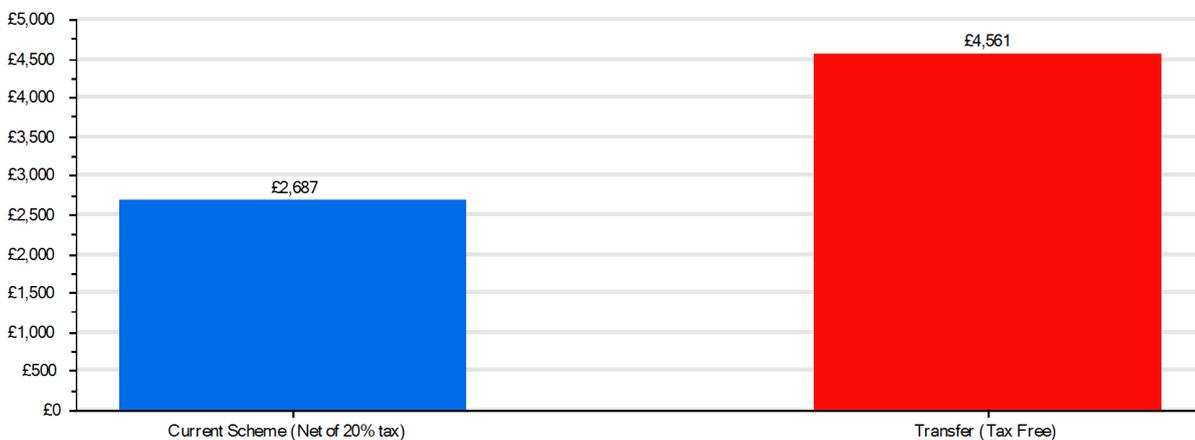
The death benefits available from the new flexible plan are based on the value of the plan at the time of death.

If you were to die today, then a value of **£175,000** would be available after the deduction of charges related to the transfer.

- This could be paid out as a **lump sum**
- It could be used to buy a **Dependant's Annuity** which could provide an annual income of **£4,560**
- The plan could be kept in place to provide **unsecure income** via drawdown.
- All these benefits would be **tax free** if you die before age 75.

## Death Benefits – Day One Comparison

The following chart compares the potential dependant's pension available from your current scheme if you were to die today with the dependant's annuity that could be bought from the new flexible pension if you were to die today immediately after transferring your pension.



### Notes

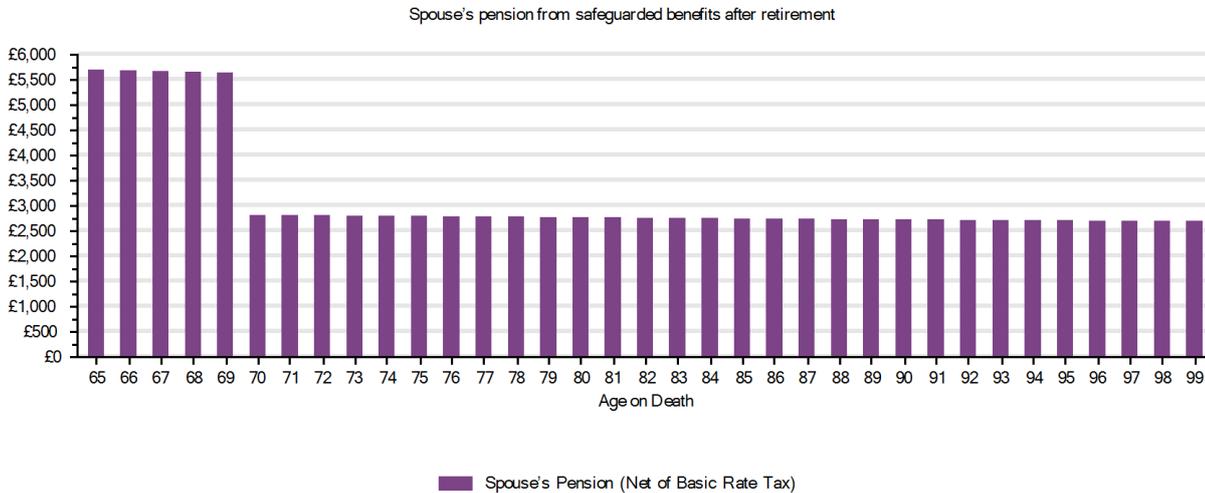
- The value available for death benefits is the Transfer Value less any adviser charges, pension product charges or investment charges involved in setting up the new flexible pension plan.
- The annual income from the dependant's annuity is calculated in line with Financial Conduct Authority future annuity assumptions and is calculated on the following basis:
  - Single life annuity
  - Increasing in payment in line with Retail Prices Index of inflation
  - Guaranteed for five years
  - The dependant's gender is Male
  - Dependant's date of birth is 01/01/1957
- If the client dies before the age of 75 then this dependant's annuity would be paid tax free.

# DEATH BENEFITS - CURRENT SCHEME

## Current Scheme Death Benefits in Retirement

If you were to die after taking benefits from your current scheme, then a **spouse's pension** equal to **50.00%** of your safeguarded benefits may be available.

This chart shows the spouse's pension projected be paid on your death of at different ages in retirement.



## Current Scheme Death Benefits in Retirement

The following table shows a year by year breakdown of the death benefits available from your current defined benefits pension scheme on your death at different ages in retirement.

All values are shown in today's terms after adjusting for inflation at an annual rate of 2.5%.

Age on Death	Member's Pension	Spouse's Pension	Basic Rate Tax	Net Spouse's Pension
65	£7,100	£7,100	£1,420	£5,680
66	£7,090	£7,090	£1,410	£5,670
67	£7,070	£7,070	£1,410	£5,660
68	£7,060	£7,060	£1,410	£5,650
69	£7,050	£7,050	£1,410	£5,640
70	£7,030	£3,510	£703	£2,810
71	£7,020	£3,510	£702	£2,800
72	£7,010	£3,500	£701	£2,800
73	£6,990	£3,490	£699	£2,790
74	£6,980	£3,490	£698	£2,790
75	£6,970	£3,480	£697	£2,780
76	£6,950	£3,470	£695	£2,780
77	£6,940	£3,470	£694	£2,770
78	£6,930	£3,460	£693	£2,770
79	£6,920	£3,460	£692	£2,760
80	£6,910	£3,450	£691	£2,760
81	£6,890	£3,440	£689	£2,750
82	£6,880	£3,440	£688	£2,750
83	£6,870	£3,430	£687	£2,750
84	£6,860	£3,430	£686	£2,740
85	£6,850	£3,420	£685	£2,740
86	£6,840	£3,420	£684	£2,730
87	£6,830	£3,410	£683	£2,730
88	£6,820	£3,410	£682	£2,720
89	£6,810	£3,400	£681	£2,720
90	£6,800	£3,400	£680	£2,720
91	£6,790	£3,390	£679	£2,710
92	£6,780	£3,390	£678	£2,710
93	£6,770	£3,380	£677	£2,700
94	£6,760	£3,380	£676	£2,700
95	£6,750	£3,370	£675	£2,700
96	£6,740	£3,370	£674	£2,690

# DEATH BENEFITS - CURRENT SCHEME

97	£6,730	£3,360	£673	£2,690
98	£6,720	£3,360	£672	£2,690
99	£6,710	£3,350	£671	£2,680

## Current Scheme Death Benefits in Retirement Notes

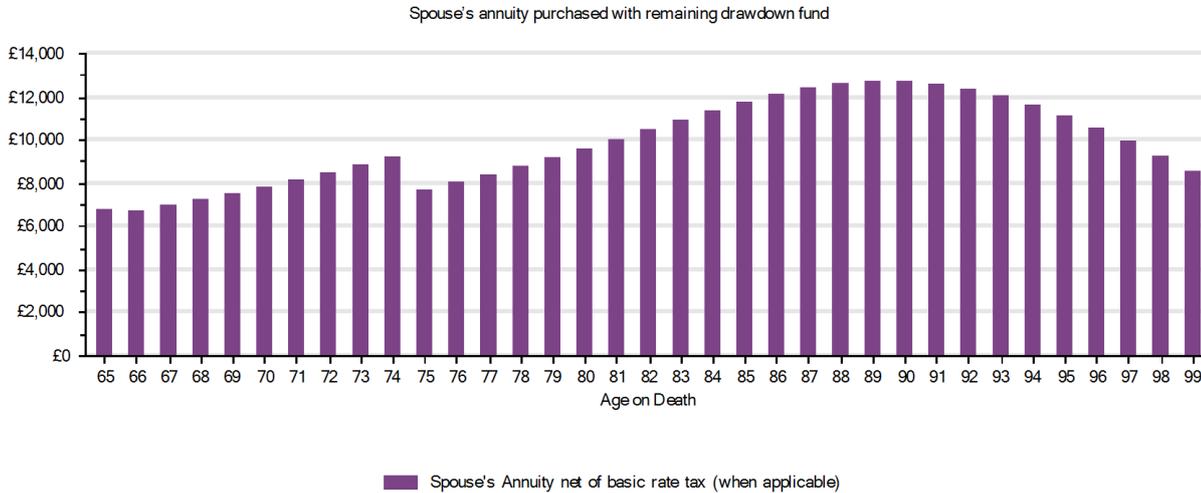
- Member's pension represents the projected pension that you would be entitled to at each age.
- Spouse's pension represents the pension that would be payable on your death to your spouse or dependant.
- It is assumed that there is a five-year guarantee period, from retirement age, in which the pension will continue to be paid in full to the spouse or dependant.
- After that time the spouse's pension will be equivalent to 50.00% of the member's pension entitlement.
- It is assumed the spouse's benefit will increase in payment in line with the escalation applied to the client's pension.
- Spouse's pension from a defined benefit pension scheme is taxed as the spouse's income under PAYE.
- The slide therefore also shows Net Spouse's Pension after the deduction of basic rate tax.
- The spouse may pay more or less tax than this depending on how much other income they have at the time of death.

# DEATH BENEFITS - FLEXIBLE PENSION

## Flexible Pension Death Benefits in Retirement

If you die whilst holding a flexible pension plan, then the death benefits available are based on **the value of your pension fund** at the date of your death. The options for the death benefits in retirement are the same as those described pre-retirement.

This chart provides a projection of the secure annual income that could be provided by a **dependant's annuity** based on your death at different ages in retirement.



## Flexible Pension Death Benefits in Retirement

This slide shows a year by year breakdown of the projected death benefits available from the new flexible pension plan based on the client dying at different ages in retirement. It is based on the unsecure income projection described earlier.

All values are shown in today's terms after adjusting for inflation at an annual rate of 2.5%.

Age on Death	Yearly Fund Value	Lump Sum Death Benefit	Dependant's Annuity	Tax on Dependant's Annuity	Net Dependant's Annuity
At Drawdown Purchase	£198,000	£198,000	£6,780	£0	£6,780
Age					
66	£187,000	£187,000	£6,720	£0	£6,720
67	£184,000	£184,000	£6,980	£0	£6,980
68	£182,000	£182,000	£7,240	£0	£7,240
69	£179,000	£179,000	£7,530	£0	£7,530
70	£177,000	£177,000	£7,830	£0	£7,830
71	£174,000	£174,000	£8,140	£0	£8,140
72	£171,000	£171,000	£8,480	£0	£8,480
73	£168,000	£168,000	£8,830	£0	£8,830
74	£165,000	£165,000	£9,210	£0	£9,210
75	£162,000	£103,000	£9,610	£1,920	£7,690
76	£159,000	£102,000	£10,000	£2,000	£8,030
77	£156,000	£100,000	£10,400	£2,090	£8,390
78	£152,000	£98,500	£10,900	£2,190	£8,770
79	£149,000	£96,600	£11,400	£2,290	£9,170
80	£146,000	£94,500	£11,900	£2,390	£9,590
81	£142,000	£92,400	£12,500	£2,500	£10,000
82	£138,000	£90,200	£13,000	£2,610	£10,400
83	£135,000	£87,900	£13,600	£2,720	£10,900
84	£131,000	£85,600	£14,100	£2,830	£11,300
85	£127,000	£83,300	£14,600	£2,930	£11,700
86	£123,000	£80,900	£15,100	£3,020	£12,100
87	£119,000	£79,300	£15,500	£3,100	£12,400
88	£114,000	£77,600	£15,700	£3,150	£12,600
89	£110,000	£75,800	£15,900	£3,180	£12,700
90	£106,000	£74,000	£15,800	£3,170	£12,700
91	£101,000	£72,200	£15,700	£3,140	£12,500
92	£96,700	£69,700	£15,400	£3,090	£12,300
93	£91,900	£66,800	£15,000	£3,000	£12,000
94	£87,000	£63,800	£14,500	£2,900	£11,600
95	£81,900	£60,800	£13,900	£2,780	£11,100

# DEATH BENEFITS - FLEXIBLE PENSION

96	£76,700	£57,600	£13,200	£2,640	£10,500
97	£71,400	£54,400	£12,400	£2,480	£9,930
98	£65,900	£51,200	£11,500	£2,310	£9,250
99	£60,300	£47,800	£10,600	£2,130	£8,530

## Flexible Pension Death Benefits in Retirement Notes

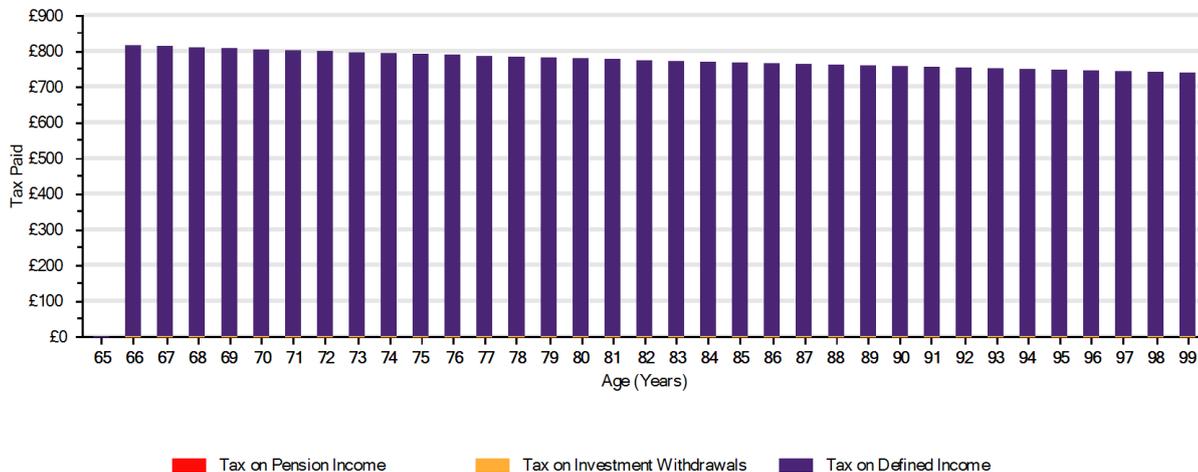
- When a person dies whilst holding a flexible pension plan then the death benefits passed on are based on the value of the investments held in the plan at the date of death.
- Yearly Fund Value represents the projected value of the flexible pension fund at each age.
- Lump Sum Death Benefit represents how much the beneficiaries would receive if the projected death benefits were paid as a lump sum.
- If you die before age 75 then this lump sum would be paid tax free.
- From age 75 onwards the lump sum would be taxed as the beneficiary's income under PAYE.
- The Lump Sum Death Benefit shown from age 75 onwards therefore includes a deduction for income tax from the lump sum. This assumes the lump sum is the beneficiaries only taxable income that year.
- Dependant's Annuity represents the secure income the beneficiaries could buy with the yearly fund value instead of taking it as a lump sum.
- The dependant's annuity is calculated in line with Financial Conduct Authority future annuity assumptions and is calculated on the following basis:
  - Single life annuity
  - Increasing in payment in line with Retail Prices Index of inflation
  - Guaranteed for five years
  - The dependant's gender is Male
  - Dependant's date of birth is 01/01/1957
- Before the age of 75 the dependant's annuity would be paid tax free.
- From age 75 onwards the dependant's annuity would be taxed as the beneficiary's income under PAYE.
- Therefore, the Net Dependant's Annuity values shown are calculated assuming the deduction of basic rate tax from age 75 onwards.

# TAX - SAFEGUARDED BENEFITS

## Tax of Safeguarded Benefits

Pension income from your safeguarded benefits is subject to income tax under PAYE.

The chart below shows the tax that is projected to be paid each year on the pension income provided by the current defined benefits scheme taking into account your state pension income.



The table below shows the tax that is projected to be paid each year on the pension income provided by the safeguarded benefits in the current defined benefits scheme taking into account your state pension income.

All values are shown in today's terms after adjusting for inflation at an annual rate of 2.5%.

Age at Beginning of Year	Gross Income / Withdrawals from all Income Sources	Total Tax Paid	Tax as % of Income / Withdrawals	Net Income / Withdrawals from all Income Sources
65	£7,100	£0	0.0%	£7,100
66	£15,600	£815	5.2%	£14,800
67	£15,600	£812	5.2%	£14,800
68	£15,600	£810	5.2%	£14,800
69	£15,500	£807	5.2%	£14,700
70	£15,500	£804	5.2%	£14,700
71	£15,500	£801	5.1%	£14,700
72	£15,500	£799	5.1%	£14,700
73	£15,500	£796	5.1%	£14,700
74	£15,500	£793	5.1%	£14,700
75	£15,500	£791	5.1%	£14,700
76	£15,500	£788	5.1%	£14,700
77	£15,400	£786	5.1%	£14,700
78	£15,400	£783	5.1%	£14,600
79	£15,400	£781	5.1%	£14,600
80	£15,400	£779	5.0%	£14,600
81	£15,400	£776	5.0%	£14,600
82	£15,400	£774	5.0%	£14,600
83	£15,400	£772	5.0%	£14,600
84	£15,400	£770	5.0%	£14,600
85	£15,400	£767	5.0%	£14,600
86	£15,300	£765	5.0%	£14,600
87	£15,300	£763	5.0%	£14,600
88	£15,300	£761	5.0%	£14,600
89	£15,300	£759	4.9%	£14,500
90	£15,300	£757	4.9%	£14,500
91	£15,300	£755	4.9%	£14,500
92	£15,300	£753	4.9%	£14,500
93	£15,300	£751	4.9%	£14,500
94	£15,300	£749	4.9%	£14,500
95	£15,200	£747	4.9%	£14,500
96	£15,200	£745	4.9%	£14,500
97	£15,200	£744	4.9%	£14,500

# TAX - SAFEGUARDED BENEFITS

98	£15,200	£742	4.9%	£14,500
99	£15,200	£740	4.9%	£14,500

## Tax – Safeguarded Benefits - Notes

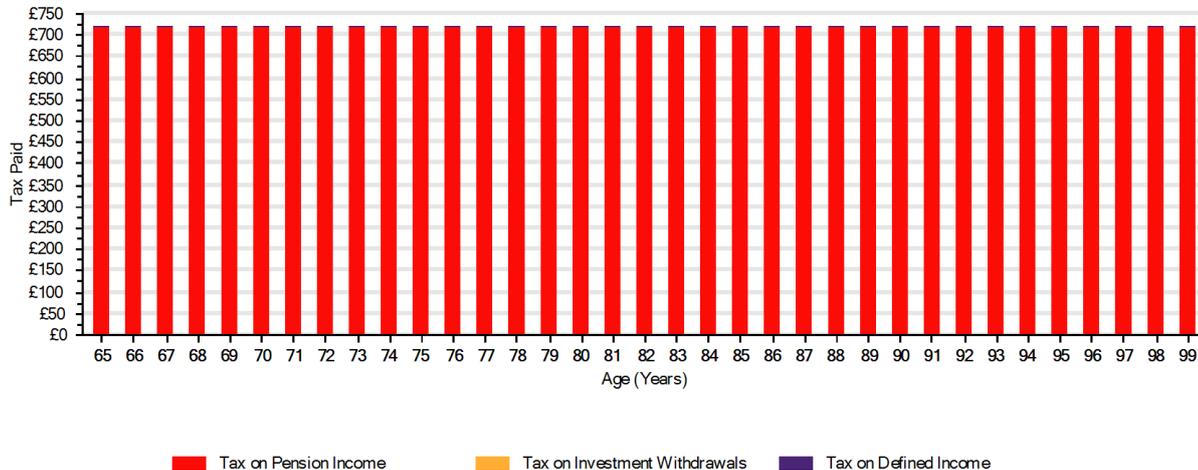
- The tax calculations only consider the projected income from the current defined benefits scheme and the client's state pension.
- If you have other sources of income in retirement, then the actual tax paid may be higher.
- The tax calculations assume that income tax bands will increase by 2.50% per year.

# TAX - FLEXIBLE PENSION UNSECURE INCOME

## Tax on Unsecure Income from Flexible Pension

Unsecure income taken as flexi-access drawdown is taxed as income under PAYE.

The chart below shows the tax that is projected to be paid each year on the unsecure income provided by the new flexible pension shown earlier in this report taking into account your state pension income.



The table below shows the tax that is projected to be paid each year on the unsecure income provided by the new flexible pension shown earlier in this report taking into account your state pension income.

All values are shown in today's terms after adjusting for inflation at an annual rate of 2.5%.

Age at Beginning of Year	Gross Income / Withdrawals from all Income Sources	Total Tax Paid	Tax as % of Income / Withdrawals	Net Income / Withdrawals from all Income Sources
65	£15,100	£720	4.7%	£14,400
66	£15,100	£720	4.7%	£14,400
67	£15,100	£720	4.7%	£14,400
68	£15,100	£720	4.7%	£14,400
69	£15,100	£720	4.7%	£14,400
70	£15,100	£720	4.7%	£14,400
71	£15,100	£720	4.7%	£14,400
72	£15,100	£720	4.7%	£14,400
73	£15,100	£720	4.7%	£14,400
74	£15,100	£720	4.7%	£14,400
75	£15,100	£720	4.7%	£14,400
76	£15,100	£720	4.7%	£14,400
77	£15,100	£720	4.7%	£14,400
78	£15,100	£720	4.7%	£14,400
79	£15,100	£720	4.7%	£14,400
80	£15,100	£720	4.7%	£14,400
81	£15,100	£720	4.7%	£14,400
82	£15,100	£720	4.7%	£14,400
83	£15,100	£720	4.7%	£14,400
84	£15,100	£720	4.7%	£14,400
85	£15,100	£720	4.7%	£14,400
86	£15,100	£720	4.7%	£14,400
87	£15,100	£720	4.7%	£14,400
88	£15,100	£720	4.7%	£14,400
89	£15,100	£720	4.7%	£14,400
90	£15,100	£720	4.7%	£14,400
91	£15,100	£720	4.7%	£14,400
92	£15,100	£720	4.7%	£14,400
93	£15,100	£720	4.7%	£14,400
94	£15,100	£720	4.7%	£14,400
95	£15,100	£720	4.7%	£14,400
96	£15,100	£720	4.7%	£14,400
97	£15,100	£720	4.7%	£14,400

# TAX - FLEXIBLE PENSION UNSECURE INCOME

98	£15,100	£720	4.7%	£14,400
99	£15,100	£720	4.7%	£14,400

## Tax Flexible Pension – Notes

- The income taken from the flexible plan is taken by flexi-access drawdown withdrawals. These withdrawals are taxed as the client's income under PAYE.
- The tax calculations only consider the unsecure income from the new flexible plan and the client's state pension.
- If you have other sources of income in retirement, then the actual tax paid may be higher.
- The tax calculations assume that income tax bands will increase by 2.50% per year.

# APPENDIX - TVC ASSUMPTIONS

The following assumptions were used when valuing the safeguarded benefits in your defined benefits pensions scheme:

## Annuity Assumptions

Annuity Interest Rate (Low)	-0.70%
Annuity Interest Rate (Mid)	1.30%
Annuity Interest Rate (High)	3.30%

## Rate of Return Assumptions

Rate of Return (0 to 5 Years)	0.83%
Rate of Return (5 to 10 Years)	1.11%
Rate of Return (10 to 15 Years)	1.41%
Rate of Return (15 Years Plus)	1.70%

## Revaluation and Escalation Assumptions Data

CPI Latest Date	1 January 2019
RPI Latest Date	1 January 2019
Section 148 Latest Date	6 April 2018
Statutory Revaluation Latest Date	1 January 2019

# APPENDIX - REVALUATION RATES USED

The following provides a brief description of the different Revaluation Rates applying to your safeguard benefit segments.

## Revaluation Rate - RPI

When the revaluation rate is RPI the client's safeguarded benefits will increase each year in line with the Retail Prices Index of inflation. For revaluation between the date the client left the scheme and today, the historical values of RPI will be used. For revaluation between today and retirement the annual rate of RPI is assumed to be 2.0% at the mid-rate of growth.

Sometimes a scheme will limit RPI revaluation, so it is never below a certain minimum or above a certain maximum. Where a limit has been applied this is stated in the Current Defined Benefits Pension Plan section of this report.

## Revaluation Rate – Fixed Rate

Fixed Rate Revaluation applies to GMP benefits only. Fixed Rate revaluation increases are determined by the date of termination of pensionable service (or date ceased contracting-out if earlier). The annual percentage increase is fixed and depends on the date of leaving as follows:

- 8.50% - Between 6 April 1978 and 5 April 1988
- 7.50% - Between 6 April 1988 and 5 April 1993
- 7.00% - Between 6 April 1993 and 5 April 1997
- 6.25% - Between 6 April 1997 and 5 April 2002
- 4.50% - Between 6 April 2002 and 5 April 2007
- 4.00% - Between 6 April 2007 and 5 April 2012
- 4.75% - Between 6 April 2012 and 5 April 2017
- 3.50% - From 6 April 2017

# APPENDIX - ESCALATION RATES USED

The following provides a brief description of the different Escalation Rates applying to your safeguard benefit segments.

## Escalation Rate – Statutory Minimum

Statutory minimum escalation applies to GMP benefits. GMP accrued before 6 April 1988 is not liable to escalation, whereas GMP accrued since 6 April 1988 is required to escalate by the lower of CPI and 3.0% per annum.

## Escalation Rate - RPI

When the escalation rate is RPI the pension paid to the client will increase each year in line with the Retail Prices Index of inflation. When calculating the pension payable to a client in retirement the annual rate of RPI is assumed to be 2.5% at the mid-rate of growth.

Sometimes a scheme will limit RPI escalation, so it is never below a certain minimum or above a certain maximum. Where a limit has been applied this is stated in the Current Defined Benefits Pension Plan section of this report.