PENSION TRANSFER SUMMARY

Prepared For

Mrs Example Client

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PENSION TRANSFER SUMMARY

This report summarises the key considerations when deciding whether to keep your defined benefits pension or transfer to a new flexible pension plan

INTRODUCTION

Types of Pension Scheme

You have benefits in a type of company pension known as a ***defined benefits pension scheme.*** This type of pension promises to pay a secure income, known as ***safeguarded benefits***, from retirement age until your death.

You have been given the option to give up these safeguarded benefits in return for a ***cash equivalent transfer value*** that can be transferred to a ***new flexible pension plan***.

With a flexible pension you can decide how the plan is invested and how it is used to provide pension income. However, you will bear all the risk of providing your pension income.

Safeguarded Benefits are Valuable

Safeguarded Benefits are valuable, and we start by assuming that a transfer to a Flexible Scheme would not be suitable.

From this starting position, we would only ever recommend a transfer to a Flexible Pension, where it can clearly be demonstrated that the transfer is in your best interests.

About this Report

This report provides a summary of some of the key aspects to consider when deciding whether to keep your safeguarded benefits or to transfer them to a new flexible pension. The report covers:

- Transfer Value Comparator
- Transferring
- Safeguarded Benefits
- Retirement Income
- Considerations

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

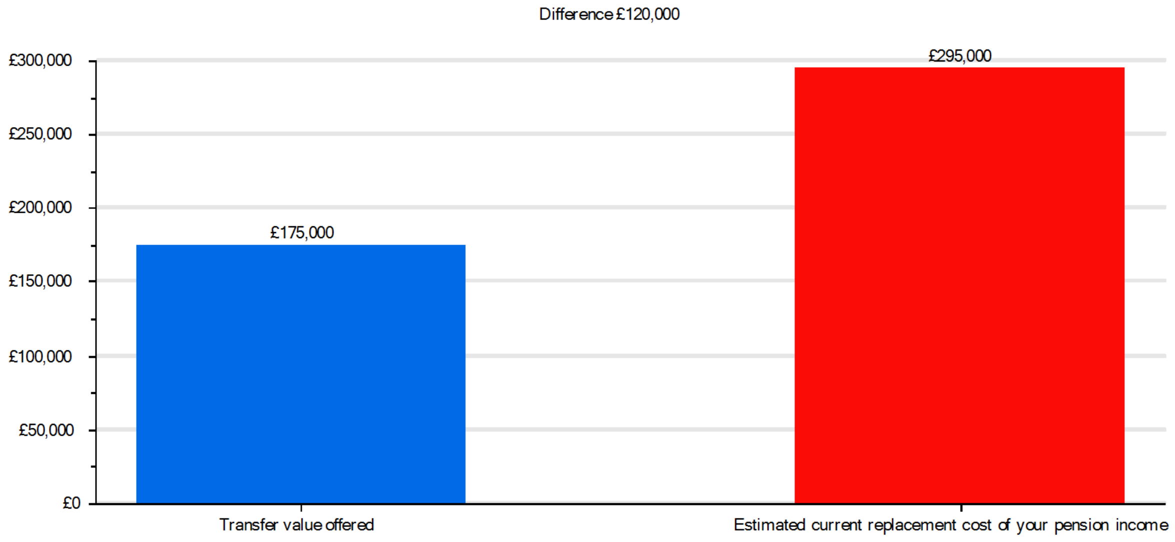
You have been offered a cash equivalent transfer value of **£175,000** in exchange for you giving up any future claims to a pension from the scheme.

Will I be better or worse off by Transferring?

- We are required by the Financial Conduct Authority to provide an indication of what it might cost to replace your scheme benefits.
- We have done this by looking at the amount you might need to buy the same benefits.

It could cost you **£295,000** to obtain a comparable level of income from an insurer.

This means the same retirement income would cost you **£120,000** more by transferring.



Transfer Values Comparator Notes

1. *The estimated replacement cost of your pension income is based on assumptions about the level of your scheme income at normal retirement age and the cost of replacing that income (including spouse's benefits) for an average healthy person using today's costs.*
2. *The estimated replacement value takes into account investment returns after any product charges that you might be expected to pay.*
3. *No allowance has been made for taxation or adviser charges prior to benefits commencing.*

TRANSFERRING

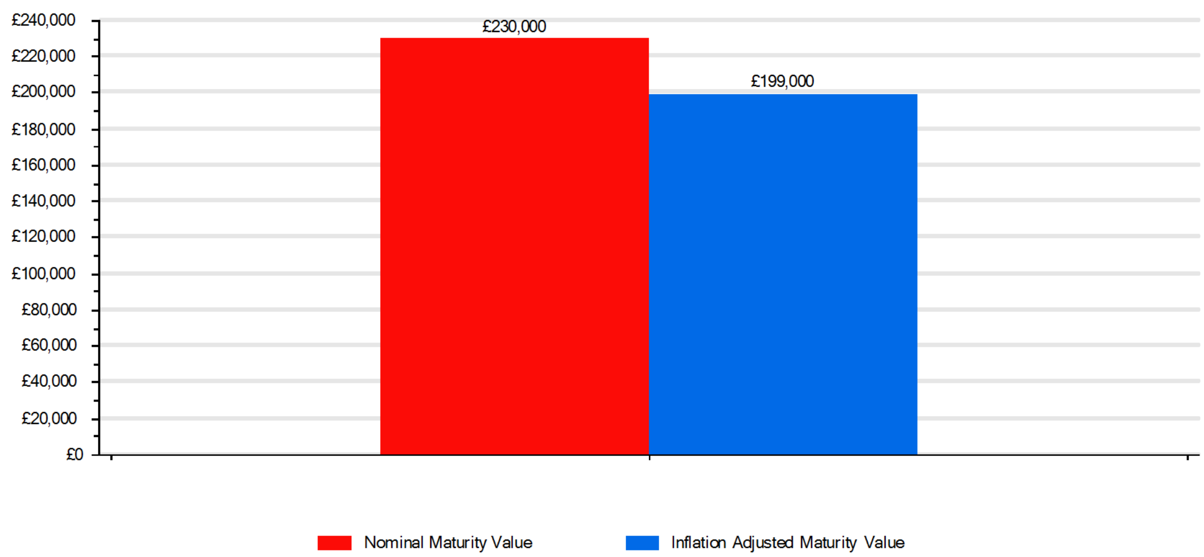
If you transfer your safeguarded benefits to a flexible pension, then your retirement income will be based on how the transfer value grows in the new flexible plan.

New Flexible Pension Plan

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

The following chart shows the projected value of the flexible plan at age 65. This chart assumes an annual growth rate of 5.00% before the deduction of adviser, product and investment charges.

The inflation adjusted maturity value represents the maturity value in today's terms adjusted for inflation at an annual rate of 2.5%.



Flexible Pension Income in Retirement

A flexible pension can provide income in several different ways. The two main options are:

- Secure Pension Income
- Unsecure 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 income usually comes in the form of ***Flexi-Access Drawdown*** 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.

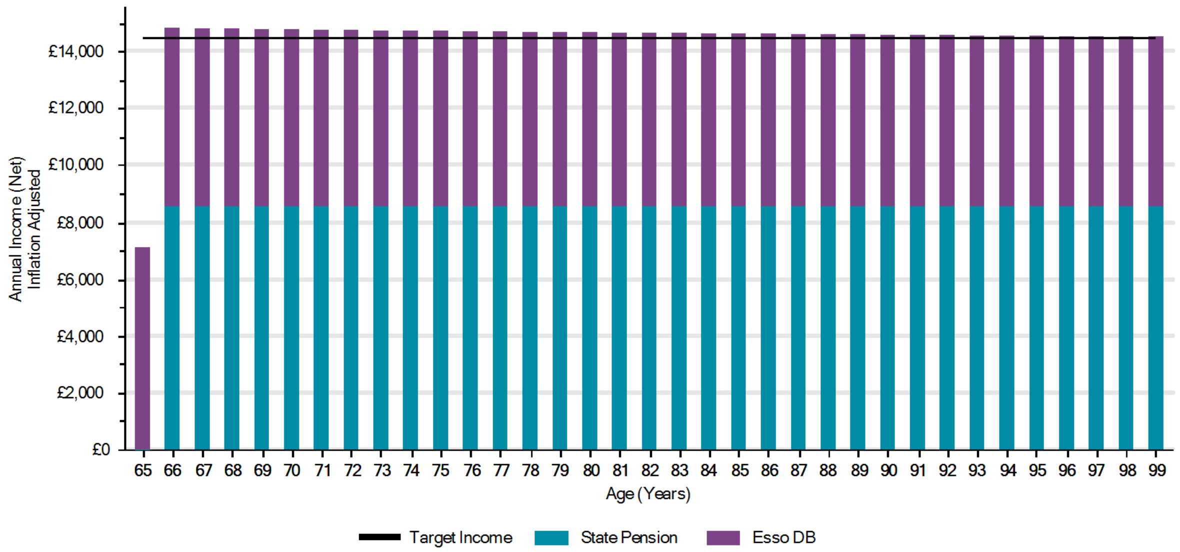
SAFEGUARDED BENEFITS

You hold safeguarded benefits in the defined benefits pension scheme Esso DB. This kind of scheme ***promises*** to pay you a ***pension income for life***.

Retirement Income

The following chart shows the projected annual pension income you will receive after tax from your safeguarded benefits in each year of retirement. The chart also shows your projected state pension.

Consider if this level, and shape, of income is suitable for your retirement needs.



Projected Annual Pension from the scheme at Retirement Age

If you were to start taking a pension from this plan at age 65 then it is projected that you would receive an annual Pension of: **£8,244**.

Adjusting this value to take account of inflation at 2.5% per year gives a projected annual pension in today's terms of: **£7,108**.

This annual pension will be subject to income tax.

Notes

The values in the chart 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.

Cash Equivalent Transfer Value

Your current pension scheme is offering a Cash Equivalent Transfer Value (CETV) of **£175,000** in exchange for giving up the safeguarded benefits shown above.

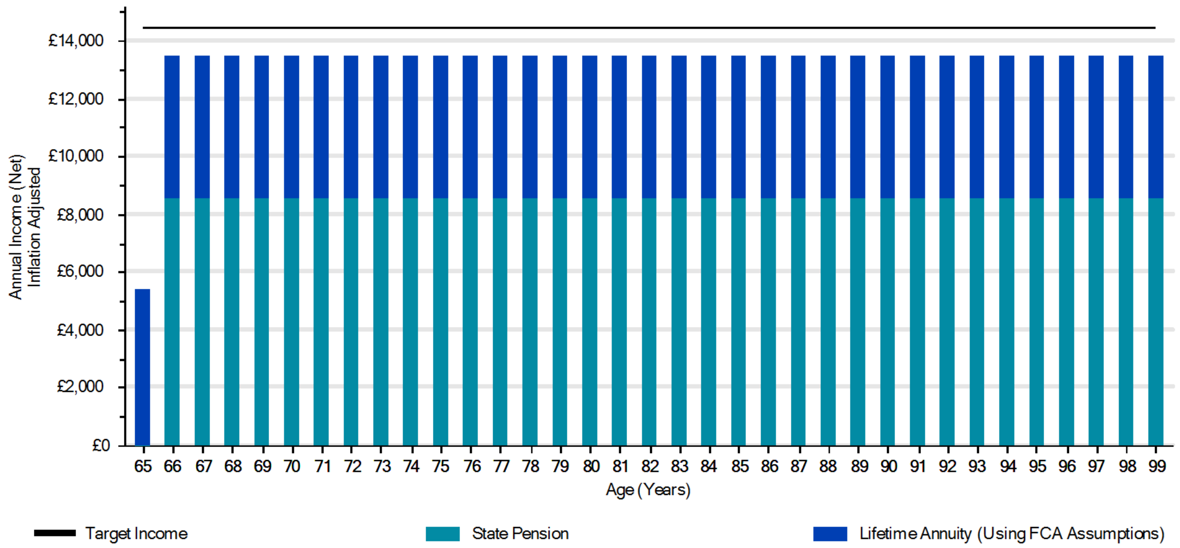
SECURE RETIREMENT INCOME

If you ***transfer*** your safeguarded benefits, then you could take ***secure income*** in retirement. The maturity value of the flexible pension at retirement would be used to purchase a ***lifetime annuity.*** This annuity would pay a ***guaranteed income for life***.

Flexible Pension Secure Retirement Income

This chart looks at using your flexible pension to purchase a ***lifetime annuity***. The chart shows the yearly ***secure income*** after tax from the annuity plus your state pension entitlement.

Consider if this level and shape of income is suitable for your retirement needs.



Projected Annual Pension from the scheme at Retirement Age

If you were to start taking a pension from this plan at age 65 then it is projected that you could purchase an annual Pension of:
£6,063.

Adjusting this value to take account of inflation at 2.5% per year gives a projected annual pension in today's terms of:
£5,358.

Notes

- The values in the chart are shown in today's terms and have been adjusted to reflect inflation at an annual rate of 2.5%.
- The annual pension income is calculated in line with the UK regulator's future annuity assumption rules.
- The target income line is the same as the target income line shown against your "Safeguarded Benefits – Retirement Income."
- 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.

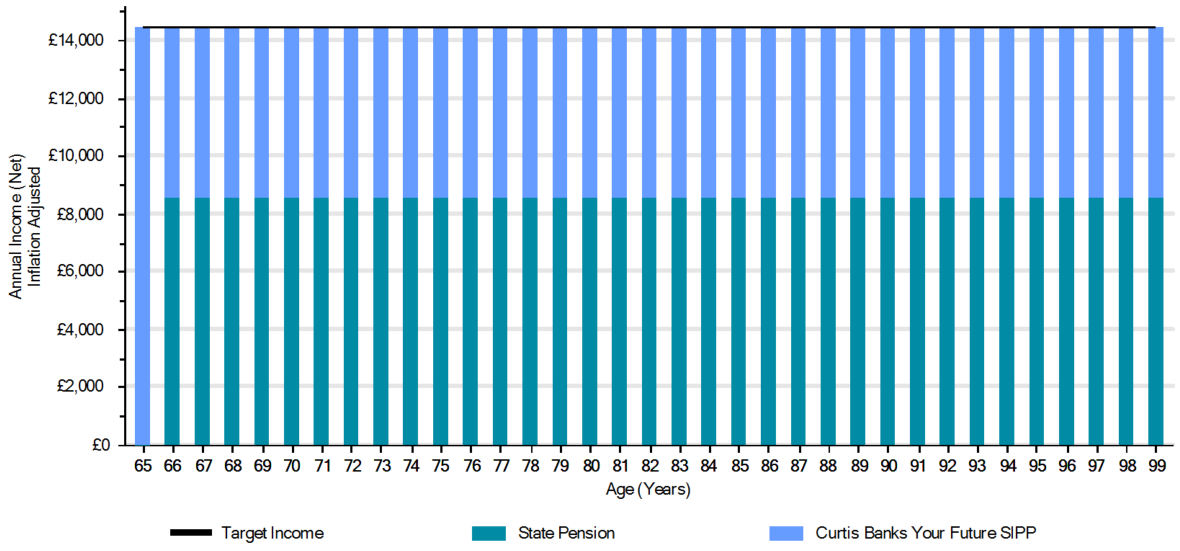
UNSECURE RETIREMENT INCOME

If you ***transfer*** your safeguarded benefits, then you could use the new flexible pension to provide ***unsecure income***. Your pension remains invested in the flexible plan. ***Flexi-access drawdown*** withdrawals would then be taken to meet your income needs. However, this unsecure income is ***not guaranteed***.

Flexible Pension Unsecure Retirement Income

This chart looks at using your flexible pension to take unsecure income via ***flexi-access drawdown***. The chart shows the yearly ***unsecure income*** after tax plus your state pension entitlement.

Consider if this level and shape of income is suitable for your retirement needs.



Projected Annual Pension from the scheme at Retirement Age

With unsecure income you can take as much income as you want, when you want, but you may run out of money if you withdraw too much too early. Your guaranteed annual pension from unsecure income is:

£0.

Adjusting this value to take account of inflation at 2.5% per year gives a projected annual pension in today's terms of:

£0.

Notes

- The values in the chart are shown in today's terms and have been adjusted to reflect inflation at an annual rate of 2.5%.
- The projection assumes an annual growth rate of 5.00% before the deduction of adviser, product and investment charges.
- The target income line is the same as the target income line shown against your "Safeguarded Benefits – Retirement Income."
- 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.

PENSION TRANSFER CONSIDERATIONS

Advantages - Keeping Your Defined Benefit Pension

Advantages of keeping your defined benefit pension plan in place include:

- It will pay out a secure income for life.
- The risk of providing the pension income is borne by the employer sponsoring the scheme.
- The income paid out increases each year up to certain statutory limits.
- It will usually continue to pay a pension to your spouse, civil partner or dependants when you die.

Disadvantages - Keeping Your Defined Benefit Pension

Disadvantages of keeping your defined benefit pension plan in place include:

- You have no control over your pension income.
- Income is always paid, and you could end up paying tax on income you don't need.
- You cannot take out ad hoc lump sums in case of unexpected expenditure.
- In times of high inflation, the pension income may reduce in real terms.
- Death Benefits are taxable and can only be paid to a dependant or spouse.
- If there is no spouse or dependant at the date of death, then no death benefits will be paid.

Advantages - Transferring to a Flexible Pension

The advantages of transferring to a flexible pension include:

- You have more flexibility and control over how and when you take pension benefits from age 55 onwards.
- You can increase and decrease your pension income inline with your cash flow needs.
- You can take ad hoc lump sums to meet one off expenditure.
- You control the investment strategy used in your pension.
- Death benefits are passed on tax free if death occurs before age 75.
- Death benefits are very flexible and, at the scheme's discretion, can be paid to any nominated person not just a spouse or dependant.

Disadvantages - Transferring to a Flexible Pension

Disadvantages of transferring to a flexible pension include:

- Safeguarded benefits are extremely valuable, and it is assumed that transferring is not suitable unless it can be clearly demonstrated that transferring is in your best interest.
- The amount of pension you will receive at retirement age is uncertain.
- Transferring to a new pension scheme and maintaining the pension can be time consuming and expensive.
- You bear all the risk of providing your pension income.
- Your pension benefits are determined based on the value of the investments held in the new pension plan and their value can go down as well as up.
- If you choose to take pension income flexibly you could run out of money in retirement.
- Increases in life expectancy may mean that the cost of pension income is more expensive in the future.
- Your entitlement to State Benefits such as Universal Credit, Income Support and Housing Benefit could be affected by transferring your pension.