

# QROPS PENSION TRANSFER REPORT



Money Purchase to a Qualifying Recognised Overseas Pension Scheme

**CLIENT NAME: Lucy Smith**

**Client Ref: LS000811**

**FROM: ABC Pensions Ltd ABC Personal Pension**

**TO: Royal Skandia Royal Skandia EIA/EIB/ERB with Charging Structure A (fixed 8 year term) held with Aurora Quantum**

**ADVISER NAME: Clare Banner**

**REPORT PRINT DATE: 25/11/2011**

## Analysis Report

### Introduction

The purpose of this analysis is to provide information, which will assist you to make an informed decision, on whether or not, to transfer all or some of your pension funds to an alternative Pension arrangement.

This analysis does not, on its own, show whether or not transferring your funds is advisable, as that also depends on many other factors, such as your “attitude to risk” and your personal circumstances and objectives. It does, however, give an indication of the likelihood of being able to match or exceed the fund provided by the Existing plans with a transfer to an alternative plan based on a charges comparison.

Projections have been provided to indicate the possible fund value at retirement based on assumed growth rates this is compared with the projected fund if invested in:

- **Royal Skandia Royal Skandia EIA/EIB/ERB with Charging Structure A (fixed 8 year term) held with Aurora Quantum**

Before you review the figures of the analysis, if you are potentially transferring benefits from the UK to the chosen jurisdiction you should consider the advantages and disadvantages of transferring to a Qualifying Recognised Overseas Pension Scheme (QROPS).

A QROPS is a way of moving your UK pension to a scheme administered outside the UK, which is more flexible and easily accessible if you have retired abroad or are planning to do so and do not intend to return to the UK.

Most QROPS are money purchase or ‘defined contribution’ schemes where the member knows how much they are investing, but not what they will receive as the pension fund size will depend upon the performance of the underlying investments of the QROPS. The performance is not guaranteed.

Compared to a UK pension, a QROPS could offer you some or all of the following features:

- You have greater flexibility when choosing the amount of income you take and the currency in which it is paid – possibly removing any currency risk;
- Upon death, income can be paid to beneficiaries other than your spouse. This may also be the case for UK pensions however a QROPS may provide more flexibility over the class of beneficiaries.
- Wider investment choices – particularly useful if you want to invest in assets which reflect the currency and inflation factors where you plan to retire rather than UK biased choices.
- You may be able to withdraw a lump sum greater than the 25% currently available from most UK schemes. Subject to jurisdiction rules.
- The minimum normal retirement age in the UK is 55. The minimum normal retirement age for QROPS is subject to jurisdiction rules.
- As the Lifetime Allowance (LTA) restrictions cease on transfer to the QROPS, there are no restrictions on the fund size you can build up. In the UK, pension funds which exceed the LTA (£1.5m from 06.04.2011) are subject to tax charges on the excess funds.
- If you die, your family may be able to inherit your pension benefits free of UK inheritance tax.

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- Income is generally paid gross whereas most UK pensions deduct basic rate income tax at source. Whilst the income tax may be reclaimable a QROPS can overcome this complication. You may however be liable to tax in your new country of residence.
- You can consolidate your UK pensions into one pension arrangement for your convenience.
- Choice of jurisdictions which offer QROPS to ensure the rules and taxation are most favourable to your circumstances.

The value you may place on these benefits is unable to be quantified and as such is not reflected in the 'critical yield' calculation which tries to summarise only the known facts and figures.

The page headed 'Alternative Pension Plan' in this report details other points to be considered before deciding to transfer your existing pension arrangements(s).

### **The analysis will show the results of this comparison as:**

1. The estimated fund value at retirement from the providers.
2. The estimated annual investment return needed, from the Proposed Plan, to provide a fund at retirement age of 65 equal to that of your Existing arrangements.
3. The estimated percentage difference between the proposed alternative Pension policy and your Existing arrangements at retirement.
4. The immediate effect on your fund as a result of the transfer.
5. The fund values that may be paid as a death benefit immediately following transfer.

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 your existing plan providers.

### **Personal Pension Policies**

These policies operate on the "Money Purchase" basis (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. 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 normally used to provide a pension by purchasing an annuity in the open market. The amount of pension provided is therefore dependent upon the annuity rates then available in the market.

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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 result of this analysis.

### Personal Information

<b>Name</b>	Mrs Lucy Smith
<b>Date of Birth</b>	28/07/1966
<b>Sex</b>	Female
<b>Marital Status</b>	Married
<b>Spouse/Civil Partners Date of Birth</b>	14/04/1963
<b>Other Dependants</b>	Yes
<b>Health Status</b>	Normal
<b>Attitude to Risk</b>	Medium
<b>Employment Status</b>	Employed
<b>Retirement Age for Analysis</b>	65

### Plan for analysis

<b>Plan Name</b>	<b>ABC Pensions Ltd ABC Personal Pension</b>
<b>Fund Value</b>	£102,907.00
<b>Transfer Value</b>	£102,907.00
<b>Fund Valuation Date</b>	02/08/2011

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## Notes & Assumptions

- The illustrations take into account the current charging structure of the Royal Skandia Royal Skandia EIA/EIB/ERB with Charging Structure A (fixed 8 year term) held with Aurora Quantum and your existing arrangements.
- The fund available at retirement will depend upon the actual growth in your selected plan and the funds. The figures are not guaranteed.
- All firms use the same rates to illustrate how funds may be converted into a pension but their charges vary. The maximum that growth rates can be illustrated at is set by the UK Financial Services Authority (FSA), some providers however choose to show lower rates. This comparison is on a like for like basis.
- The actual transfer value received may be higher or lower than that shown due to investment fluctuations between the calculation date of this analysis & completion of the transfer.
- You should be aware the investment choice available with Royal Skandia may differ from your current providers. This could impact on the future performance of your fund.
- The figures illustrated for the plan considered assume that investment will be with the provider's standard default fund & charges unless otherwise specified.
- When projected fund values are shown in Today's terms inflation is assumed to be 2.5%pa.
- The projected values are rounded down to three significant figures as per the industry standard in line with FSA rules which means that £109,100 is shown as £109,000. Where there are multiple ceding plans or benefits with individual projected values below £100,000 which together are above £100,000 the accumulative projections may include 4 significant figures i.e. £75,600 + £33,500 = £109,100, where as the accumulated transfer may achieve £109,600 but would be shown as £109,000 consequently the rate of return required and effect on fund shown may in some instances conflict with the comparison of projections.

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## COMPARISON AT AGE 65

### FUNDS TRANSFERRED TO Royal Skandia Royal Skandia EIA/EIB/ERB with Charging Structure A (fixed 8 year term) held with Aurora Quantum

The figures below take into account your ABC Pensions Ltd ABC Personal Pension transfer value of £102,907.00.

Projected Fund (Paid Up) at proposed age of 65			
Assumed Growth Rates	5%	7%	9%
Existing Plan - ABC Pensions Ltd ABC Personal Pension	£205,000	£300,000	£435,000
<b>New Plan - Royal Skandia - Royal Skandia EIA/EIB/ERB with Charging Structure A (fixed 8 year term) held with Aurora Quantum</b>	<b>£141,000</b>	<b>£215,000</b>	<b>£323,000</b>
Rate of Return Required from Royal Skandia	6.75% (+1.75%)	8.62% (+1.62%)	10.51% (+1.51%)
The effect this will have on the fund if moved to Royal Skandia	-30.97%	-28.1%	-25.7%

Where the total projected fund value from the receiving scheme is £100,000 or more, that figure will be rounded down to the nearest thousand. Please see the notes page.

### FUND VALUE COMPARISON

On the day of transfer, the value of the funds in your existing arrangements and the proposed replacement plan are as follows:

ABC Pensions Ltd ABC Personal Pension	£102,907.00
Royal Skandia - Royal Skandia EIA/EIB/ERB with Charging Structure A (fixed 8 year term) held with Aurora Quantum	£102,775.33

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## PROPOSED PENSION PLAN

### Standard Charges

<b>Royal Skandia Royal Skandia EIA/EIB/ERB with Charging Structure A (fixed 8 year term) (Default Fund) held with Aurora Quantum</b>	
QROPS Initial Charge	£645.00
QROPS Annual Charge	£845.00 pa
Taken annually in advance on the 1st of July. Pro-rata charge taken at outset for the first year.	
Royal Skandia Allocation Rate	100%
The Allocation rate may be enhanced in line with any adviser commission given up.	
Royal Skandia Administration Charges	£96.00 pq
Royal Skandia Annual Policy Management Charge for 8 Years	1.55%
Royal Skandia Investment Fund Charge	1.5%
Royal Skandia Surrender Charge	
Based on initial TV (net of QROPS charges) 12.4% in year one reducing by 1.55% 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 commission (if any) which will normally be taken. If other funds or level of commission are selected the results of the analysis would be different.

Other charges imposed by third parties, such as custodian charges or bank charges when transferring funds electronically may apply.

Your financial adviser is receiving a commission payment in respect of the underlying investment you have chosen. The commission amount is used to calculate the projected values and yield figures shown.

### Early Transfer Analysis

This table shows the estimated transfer value away from the proposed pension product, Royal Skandia - Royal Skandia EIA/EIB/ERB with Charging Structure A (fixed 8 Year term), 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)	<b>1st Quartile (Best)</b>	(2)	<b>2nd Quartile</b>	(3)	<b>3rd Quartile</b>	(4)	<b>4th Quartile (Worst)</b>
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Year	5%	7%	9%
1	£90,808 (4)	£92,783 (4)	£94,759 (4)
2	£93,017 (4)	£97,086 (4)	£101,233 (4)
3	£95,247 (4)	£101,534 (4)	£108,066 (4)
4	£97,499 (4)	£106,136 (4)	£115,284 (4)
5	£99,772 (4)	£110,899 (4)	£122,914 (3)
6	£102,069 (4)	£115,833 (3)	£130,988 (3)
7	£104,390 (3)	£120,946 (3)	£139,537 (3)
8	£106,736 (3)	£126,248 (3)	£148,597 (3)
9	£108,724 (4)	£131,375 (3)	£157,841 (3)
10	£111,190 (4)	£137,196 (3)	£168,189 (3)
11	£113,740 (3)	£143,329 (2)	£179,297 (3)
12	£116,376 (3)	£149,792 (2)	£191,221 (1)
13	£119,103 (3)	£156,603 (1)	£204,020 (1)
14	£121,922 (3)	£163,779 (1)	£217,759 (1)
15	£124,838 (2)	£171,342 (1)	£232,507 (1)
16	£127,852 (2)	£179,310 (1)	£248,339 (1)
17	£130,970 (2)	£187,707 (1)	£265,333 (1)
18	£134,193 (2)	£196,555 (1)	£283,575 (1)
19	£137,526 (2)	£205,879 (1)	£303,156 (1)

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**As well as the charges and investment option, there are a number of other factors to consider before transferring to a QROPS:**

### **About You**

- Consider a QROPS if:

You are no longer resident in the UK and you are certain that you will continue to live outside the UK for at least five tax years and you have no plans to return, except for short visits.

OR

If you are still living in the UK, but plan to retire permanently abroad and are sure that you will then be able to meet the requirements shown above a QROPS may also be suitable.

- Consider keeping your existing UK pension(s) if:

You expect to return to the UK for long periods, or permanently, in the future or you plan to stay in the UK.

### **About your current pension**

**Before transferring your pension to a QROPS make sure you are aware of all benefits offered by your current arrangements.**

- Consider a QROPS if:

You have not yet purchased an annuity

AND

Your money purchase scheme has no guarantee, or you are concerned about high charges.

- It could be better to keep your existing UK pension(s) if:

You have already purchased an annuity or your scheme is in payment

OR

Your money purchase scheme has a guarantee or very competitive charges

OR

Your only pension is the basic state pension.

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## LUMP SUM AT NORMAL RETIREMENT AGE - 65TH BIRTHDAY

Set out below is a comparison of the estimated Pension Commencement Lump Sum that may be provided on retirement at proposed age of 65

Existing Plan	Royal Skandia Royal Skandia EIA/EIB/ERB with Charging Structure A (fixed 8 year term) held with Aurora Quantum
£75,000	£53,900

### Assumptions

1. The value of the investments in the Royal Skandia Royal Skandia EIA/EIB/ERB with Charging Structure A (fixed 8 year term) held with Aurora Quantum will grow at 7% pa before charges are deducted.
2. Retail prices Index (RPI) 2.5%.
3. The UK Standard Lifetime Limit will be £1.5m from 06.04.2011. (This is only relevant if you have a 'Protected Pension Commencement Lump Sum' in respect of membership of the benefits accrued by the scheme before 6th April 2006).

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## DEATH BENEFIT COMPARISON

On the day of transfer, the capital value of the death benefits under your existing arrangements and the proposed replacement plan are as follows:

ABC Pensions Ltd ABC Personal Pension	£102,907.00
Royal Skandia Royal Skandia EIA/EIB/ERB with Charging Structure A (fixed 8 year term) held with Aurora Quantum	£102,775.33

If the death benefit available after transfer is lower than that provided by the existing arrangements, consideration should be given to replacing the shortfall.

If you have been a UK non resident for 5 complete tax years then the value of your QROPS will be paid in accordance with the scheme rules. This would normally be a lump sum payment to the nominated beneficiary or beneficiaries, however a number of other options may be available including the following:-

An annuity to a spouse or dependents.

Creation of a new plan for Named Beneficiaries.

Retention of your plan in trust for distribution at a predefined date, this must be within 2 years of your death.

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## Summary Transfer Comparison

### Projected Fund Value at proposed retirement age 65

Provider	Plan	5%	7%	9%
Royal Skandia	Royal Skandia EIA/EIB/ERB with Charging Structure A (fixed 8 Year term)	£141,000	£215,000	£323,000
Royal Skandia	Royal Skandia EIB/ERB/EIA with Charging Structure B	£141,000	£214,000	£321,000
Royal Skandia	Royal Skandia EIB/ERB/EIA with Charging Structure C	£137,000	£207,000	£308,000
Royal Skandia	Royal Skandia EIB/ERB with Charging Structure A	£128,000	£201,000	£308,000
Royal Skandia	Royal Skandia Managed Capital Account	£129,000	£193,000	£284,000

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## PENSION TRANSFER COMPARISON FILE SUMMARY

<b>Name</b>	Mrs Lucy Smith	<b>Date of Birth</b>	28/07/1966
<b>Sex</b>	Female	<b>Marital Status</b>	Married
<b>Spouse / Civil Partner DOB</b>	14/04/1963	<b>Other Dependants</b>	Yes
<b>Health Status</b>	Normal	<b>Attitude to Risk</b>	Medium
<b>Desired Retirement Age</b>		<b>Proposed Retirement Age</b>	65

### TRANSFER INTO Royal Skandia Royal Skandia EIA/EIB/ERB with Charging Structure A (fixed 8 year term) held with Aurora Quantum

The figures below take into account your ABC Pensions Ltd ABC Personal Pension transfer value of £102,907.00.

Projected Fund (Paid Up) at proposed age of 65			
Assumed Growth Rates	5%	7%	9%
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### FUND VALUE COMPARISON

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### Record of Input Data

Print Date 25/11/2011

#### Client Data

Ref	
Title	Mrs
Forename	Lucy
Surname	Smith
Sex	Female
Date of Birth	28/07/1966
Partner's Date of Birth	14/04/1963
Marital Status	Married
Health Status	Normal
Other Dependants	Yes
Enhanced / Primary Protection Applicable	None
Attitude to Risk	Medium
Employment	Employed

#### Plan(s) for Transfer

Scheme Name	ABC Pensions Ltd ABC Personal Pension
Type	Personal Pension
Fund Valuation Date	02/08/2011
Fund Value	£102,907.00
Fund Value Transfer	£102,907.00
Pre 97 Protected Rights TV	£0.00
Post 97 Protected Rights TV	£0.00
Current Death Benefits Value	£102,907.00
Proposed Retirement Age	65
Monetary Values / Today's terms	Monetary

#### Growth Rates

Growth Rates	Low	Med	High
	5%	7%	9%

#### Projections at age 65.

Projections Fund - Paid Up	£205,000.00	£300,000.00	£435,000.00
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### Plans Selected For Comparison

Provider Selection	All	Selected
Royal Skandia Royal Skandia EIB/ERB with Charging Structure A held with Aurora Quantum		YES
Royal Skandia Royal Skandia EIB/ERB/EIA with Charging Structure B held with Aurora Quantum		YES
Royal Skandia Royal Skandia EIB/ERB/EIA with Charging Structure C held with Aurora Quantum		YES
Royal Skandia Royal Skandia Managed Capital Account held with Aurora Quantum		YES
Royal Skandia Royal Skandia EIA/EIB/ERB with Charging Structure A (fixed 8 year term) held with Aurora Quantum		YES