Pension Transfer Report

Including Transfer Value Comparator (TVC)

Client Name: Peter Williams
Client Ref: PW120167
Adviser Name: John Smith
Report Print Date: 11/10/2018

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	PW120167
Title	Mr
Forename	Peter
Middle Initials	
Surname	Williams
Gender	Male
Date of Birth	28/07/1960
Employment Status	Employed
Marital Status	Married
Partner's Date of Birth	05/01/1972
Partner's Forename	Rachel
Partner's Surname	Williams
Partner's Gender	Female
Health Status	Normal
Dependents	Yes
Dependent Notes	
Attitude to Risk	Medium
Lifetime Allowance Protection	Enhanced Protection
Country of Residence	England, Northern Ireland, Wales or Other

Analysis Report

Introduction

The purpose of this analysis is to provide information, regarding the possible transfer of your benefits provided by the Group UK Retirement 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 Group UK Retirement scheme is:

- £848,000.00 and is guaranteed until 15/04/2018.

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

- Royal London Pension Portfolio(359)

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 estimated income options available from the proposed alternative pension policy.
5. 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 15/01/2018, 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 £29,214.03

Transfer Value Comparator

Group UK Retirement - Normal Scheme Retirement Age 65

The Transfer Value Comparator (TVC) shows a comparison of the Cash Equivalent Transfer Value (CETV) and the estimated cost of acquiring the same promised income in a Defined Contribution scheme. A CETV is generally based on the full value of the expected pension income.

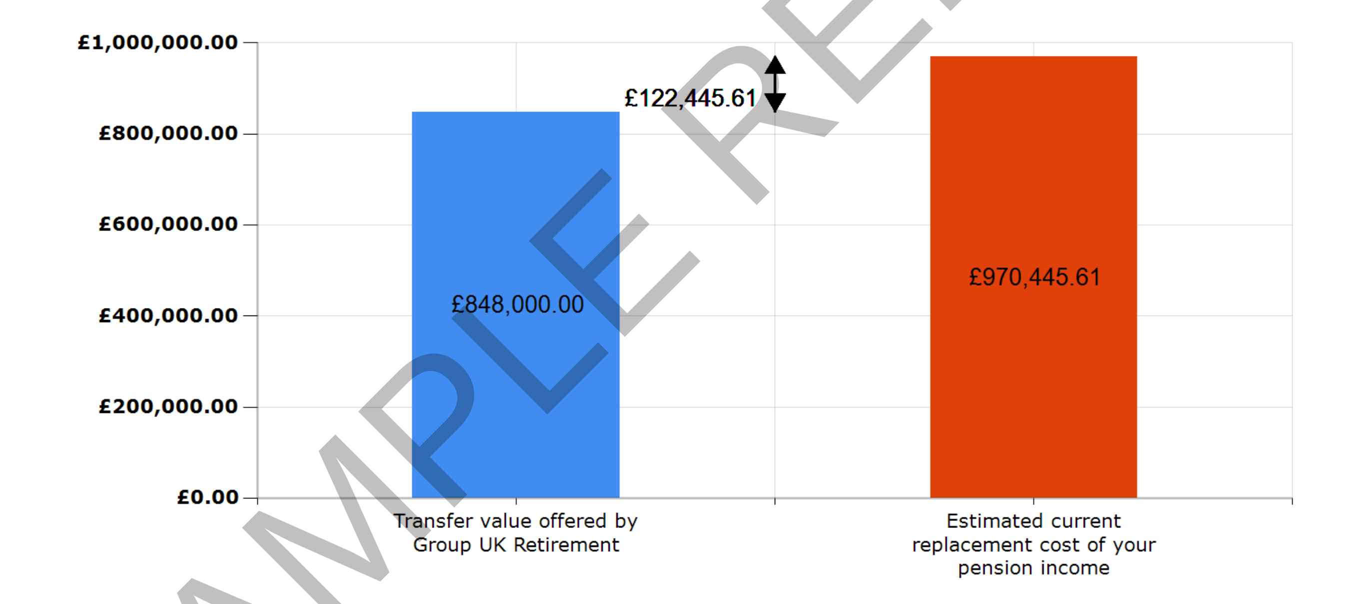
You have been offered a cash equivalent transfer value of £848,000.00 in exchange for you giving up any future claims to a pension from the scheme.

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 from an insurer.

It could cost you £970,445.61 to obtain a comparable level of income from an insurer.

This means the same retirement income could cost you £122,445.61 more by transferring.



See 'Notes' on the next page for a detailed explanation of this information.

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. An investment return of 1.01% and product charge of 0.75% per annum have been assumed when calculating the figures above.
3. No allowance has been made for taxation or adviser charges prior to benefits commencing.

Income Options Comparison at Retirement Age 65 - Full Pension

The below table shows the income options that could be available if the transfer was to go ahead to the proposed pension plan.

Estimated benefits from the existing scheme, calculated to be **£29,214.03**.

In Royal London Pension Portfolio, your fund value at retirement could provide an income of:

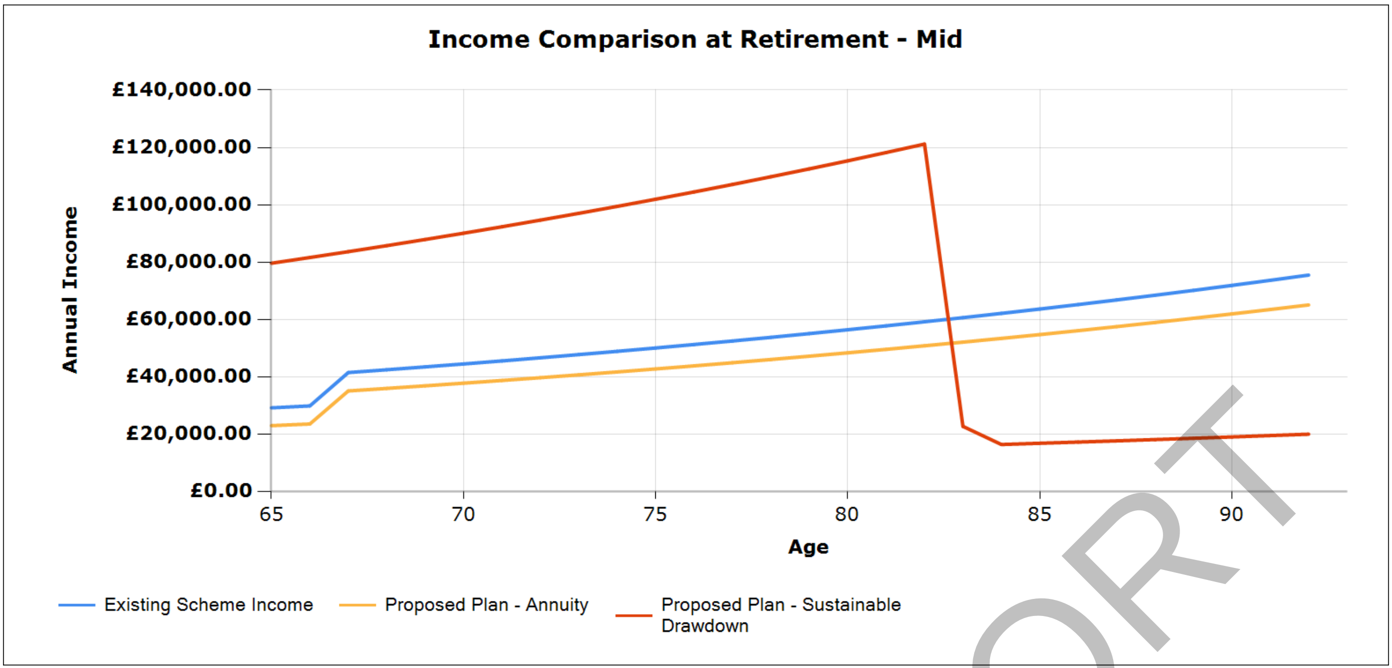
Growth Rate	Low (2%)	Mid (5%)	High (8%)
Fund	£904,548.56	£1,124,217.50	£1,388,701.05
Annuity joint life increasing by RPI.	£18,505.26	£22,999.25	£28,410.05
Age that drawdown fund will run out, assuming same income as an annuity is taken.	120+	120+	120+
Drawdown amount available to maintain an income increasing by RPI to age 83*	£59,815.56	£79,624.29	£105,252.68

The below graph shows the projected pension benefits for the existing scheme with the income options that could be available if the transfer was to go ahead to the proposed pension plan.

The income options comparison takes into account the fact that you already have the following guaranteed income available and this may reduce the income required via a drawdown arrangement.

Guaranteed Income	Name	Amount	Increase Rate	Payable from age	Payable to age
State Pension	State Pension	£10,673.03 (Mid)	RPI	67	Guaranteed for Life

The existing scheme pension and annuity from the proposed plan would provide a guaranteed income for life. The drawdown income from the proposed plan is not guaranteed and will be dependent on future investment returns.


Income Comparison at Retirement - Mid
Annual Income
£140,000.00
£120,000.00
£100,000.00
£80,000.00
£60,000.00
£40,000.00
£20,000.00
£0.00
65
70
75
80
85
90
Age
Existing Scheme Income
Proposed Plan - Annuity
Proposed Plan - Sustainable Drawdown

Proposed Plan Annuity & Sustainable Drawdown Year on Year Results

Age	Existing Scheme	Existing Scheme - Guarantees	Annuity	Annuity - Guarantees	Sustainable Drawdown	Sustainable Drawdown - Guarantees
65	£29,214.03	£0.00	£22,999.25	£0.00	£79,624.29	£0.00
70	£32,734.10	£11,781.03	£26,021.54	£11,781.03	£78,451.11	£11,636.47
75	£36,754.15	£13,329.16	£29,440.98	£13,329.16	£88,760.23	£13,165.60
80	£41,345.83	£15,080.72	£33,309.77	£15,080.72	£100,424.05	£14,895.67
85	£46,591.17	£17,062.45	£37,686.95	£17,062.45	£0.00	£16,853.08
90	£52,584.06	£19,304.59	£42,639.32	£19,304.59	£0.00	£19,067.72

*Target age calculated using ONS National Life Tables, Great Britain (2014-2016)

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
Royal London Pension Portfolio(359)	5.19%

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	£1,139,636.00

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
Royal London Pension Portfolio(359)	-2.91%

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	£624,550.66

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
Royal London Pension Portfolio(359)	120+

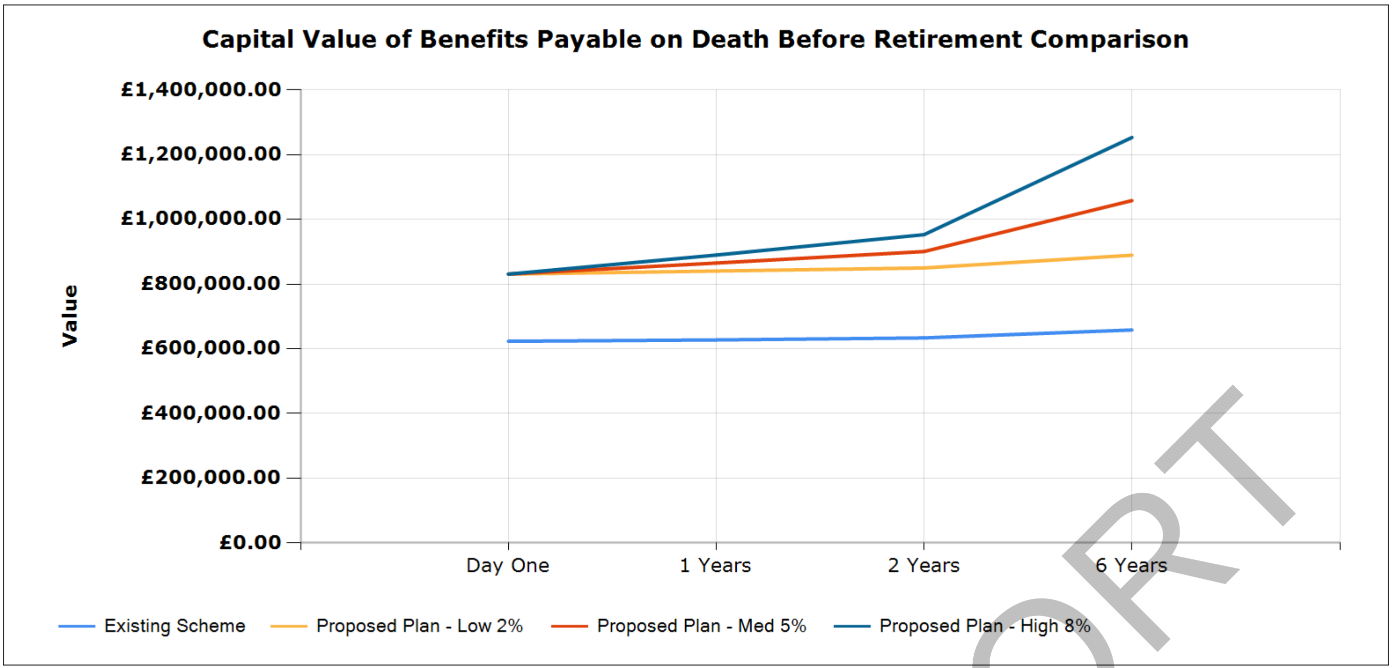
Please note that these results are dependent upon the assumptions used. Please see the Assumptions section for further details.

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	Royal London Pension Portfolio(359)		
			Low 2%	**Mid 5%**	**High 8%**
Day One	Lump Sum	£6,329.08	£831,040.00	£831,040.00	£831,040.00
	Partners Pension	£10,862.60	£0.00	£0.00	£0.00
	Capital Value	**£623,392.48**	**£831,040.00**	**£831,040.00**	**£831,040.00**
1 Years	Lump Sum	£6,392.37	£840,484.94	£865,205.06	£889,925.19
	Partners Pension	£11,245.25	£0.00	£0.00	£0.00
	Capital Value	**£627,585.32**	**£840,484.94**	**£865,205.06**	**£889,925.19**
2 Years	Lump Sum	£6,520.22	£850,037.19	£900,774.69	£952,982.88
	Partners Pension	£11,681.45	£0.00	£0.00	£0.00
	Capital Value	**£633,809.90**	**£850,037.19**	**£900,774.69**	**£952,982.88**
6 Years	Lump Sum	£7,057.70	£889,344.25	£1,058,289.88	£1,253,174.00
	Partners Pension	£13,643.72	£0.00	£0.00	£0.00
	Capital Value	**£658,378.09**	**£889,344.25**	**£1,058,289.88**	**£1,253,174.00**


Capital Value of Benefits Payable on Death Before Retirement Comparison
£1,400,000.00
£1,200,000.00
£1,000,000.00
£800,000.00
£600,000.00
£400,000.00
£200,000.00
£0.00
Value
Day One
1 Years
2 Years
6 Years
Existing Scheme
Proposed Plan - Low 2%
Proposed Plan - Med 5%
Proposed Plan - High 8%

Proposed Pension Plan

Standard Charges

Royal London Pension Portfolio	
Annual Charge	0.35% pa
Large Fund Discount; £0-£32,800 0.9%, £32,800-£65,600 0.5%, £65,600-£197,000 0.45%, £197,000-£656,000 0.4%, £656,000+ 0.35%	

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.

Plans outside the portfolio have been matched by sectors used on the portfolio.

Funds have been selected for the various sectors based on lowest annual charge then value of funds under management.

Fund Name	**Split %**	**Initial %**	**Ongoing % ***
RLP Property Pen	14.5	0	1
RLP Long (15yr) Corporate Bond Pen	17	0	1
RLP Long (15Yr) Index Linked Pen	9.5	0	1
RLP Global Managed Pen	59	0	1
Weighted Average		**0**	**1**
Default Fund		0	1
Adjustment to charges		**0**	**0**

* This is the total charge inclusive of annual management charges, additional expenses and negotiated discounts where applicable.

Investment Performance Report

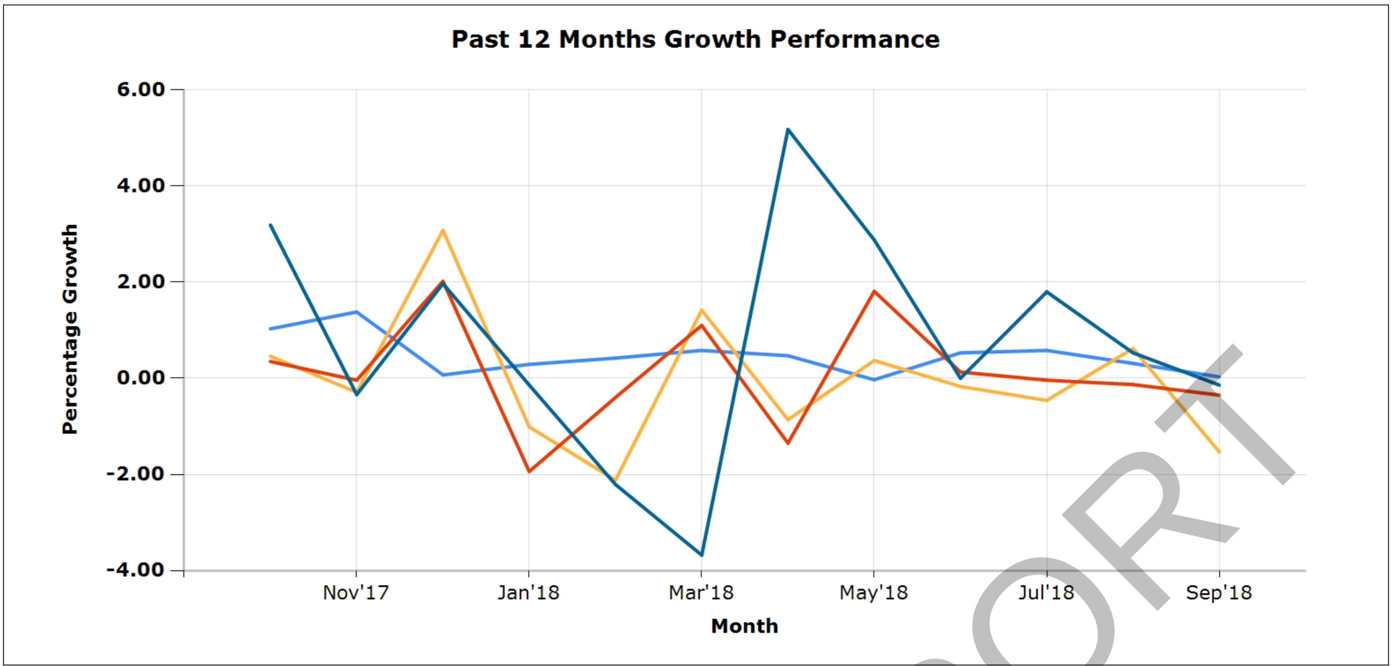
Royal London Pension Portfolio

Standardised Performance: 1 year to the end of September

Fund Name	2014	2015	2016	2017	2018
RLP Property Pen	16.27	11.83	3.70	4.01	5.79
RLP Long (15yr) Corporate Bond Pen	11.01	4.64	25.74	-2.92	-0.58
RLP Long (15Yr) Index Linked Pen	6.01	5.57	17.93	-3.45	1.10
RLP Global Managed Pen	8.74	-0.90	19.66	13.37	9.09
Weighted Average for the Proposed Plan	9.96	2.50	18.22	7.65	6.21

Past 12 Months Growth Performance Information

Fund Name	Oct '17	Nov '17	Dec '17	Jan '18	Feb '18	Mar '18	Apr '18	May '18	Jun '18	Jul '18	Aug '18	Sep '18
RLP Property Pen	1.03	1.38	0.07	0.29	0.42	0.58	0.47	-0.03	0.53	0.58	0.31	0.03
RLP Long (15yr) Corporate Bond Pen	0.46	-0.29	3.08	-1.01	-2.12	1.42	-0.86	0.37	-0.17	-0.46	0.62	-1.53
RLP Long (15Yr) Index Linked Pen	0.35	-0.04	2.02	-1.94	-0.40	1.10	-1.35	1.81	0.13	-0.04	-0.13	-0.35
RLP Global Managed Pen	3.19	-0.34	1.97	-0.14	-2.21	-3.68	5.18	2.88	0.00	1.80	0.53	-0.14
Weighted Average for the Proposed Plan	2.14	-0.05	1.89	-0.40	-1.64	-1.74	2.85	1.93	0.06	1.06	0.45	-0.37



Please note that past performance cannot be a guide to the future and investment returns cannot be guaranteed.

Information produced by Selectapension Ltd in conjunction with data supplied by Morningstar and other external sources.

Early Transfer Analysis

This table shows the estimated transfer value away from the proposed pension product, Royal London - Pension Portfolio(359), 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%**	**5%**	**8%**
1	£840,484.91 (1)	£865,205.06 (1)	£889,925.20 (1)
2	£850,037.17 (1)	£900,774.68 (1)	£952,982.85 (1)
3	£859,697.99 (1)	£937,806.62 (1)	£1,020,508.58 (1)
4	£869,468.61 (1)	£976,360.98 (1)	£1,092,819.01 (2)
5	£879,350.27 (1)	£1,016,500.36 (2)	£1,170,253.15 (2)
6	£889,344.24 (2)	£1,058,289.92 (2)	£1,253,174.06 (2)
7	£899,451.79 (2)	£1,101,797.49 (2)	£1,341,970.52 (2)

Results Summary

Projected Fund Value at proposed retirement age 65

Provider	Plan	2%	5%	8%	RIY
Aviva	Pension Portfolio (Core)(455)	£907,573.90	£1,128,631.91	£1,394,836.95	1.1%
Transact	Personal Pension(488)	£904,713.24	£1,125,089.15	£1,390,736.84	1.2%
Aviva	Pension Portfolio (Choice)(1931)	£904,158.18	£1,124,372.82	£1,389,562.36	1.2%
Royal London	Pension Portfolio(359)	£904,548.56	£1,124,217.50	£1,388,701.05	1.2%
Scottish Widows	Retirement Account(288)	£898,488.49	£1,119,854.57	£1,386,081.44	1.2%
Standard Life	Active Money Personal Pension [0.8-2% AMC Funds](498)	£889,300.02	£1,105,265.87	£1,365,290.85	1.4%
Standard Life	Active Money SIPP [0.8-2% AMC Funds](2086)	£889,300.02	£1,105,265.87	£1,365,290.85	1.4%
Standard Life	SIPP for Wrap (777)	£887,721.94	£1,104,526.34	£1,365,948.64	1.4%

Results Excluding Adviser Remuneration At 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
Royal London Pension Portfolio(359)	4.38%

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	£1,139,636.00

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
Royal London Pension Portfolio(359)	-3.65%

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	£624,550.66

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
Royal London Pension Portfolio(359)	120+

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

Projected Fund Value at proposed retirement age 65, assuming no Adviser remuneration has been taken.

Provider	Plan	2%	5%	8%	RIY
Aviva	Pension Portfolio (Core)(455)	£961,699.75	£1,195,910.92	£1,477,953.45	0.3%
Transact	Personal Pension(488)	£958,683.24	£1,192,174.63	£1,473,838.78	0.4%
Aviva	Pension Portfolio (Choice)(1931)	£958,081.13	£1,191,399.35	£1,472,366.69	0.4%
Royal London	Pension Portfolio(359)	£958,286.23	£1,191,005.32	£1,471,201.39	0.4%
Scottish Widows	Retirement Account(288)	£951,866.14	£1,187,570.33	£1,469,038.20	0.4%
Standard Life	Active Money Personal Pension [0.8-2% AMC Funds](498)	£942,131.80	£1,170,927.81	£1,446,400.43	0.6%
Standard Life	Active Money SIPP [0.8-2% AMC Funds](2086)	£942,131.80	£1,170,927.81	£1,446,400.43	0.6%
Standard Life	SIPP for Wrap (777)	£940,823.26	£1,170,630.36	£1,447,671.54	0.6%

Adviser Remuneration

Adviser Remuneration (as input)

	Initial	Ongoing
Single Premium/Transfer	2%	0.5%
Single Premium/Transfer Monetary	£0.00	£0.00

Remuneration at proposed age 65

Provider	Plan	Fund (5%)	Initial (Single)	Fund-Based	Total
Aviva	Pension Portfolio (Core)	£1,128,631.91	£16,960.00	£36,536.05	£53,496.05
Transact	Personal Pension	£1,125,089.15	£16,960.00	£36,464.34	£53,424.34
Aviva	Pension Portfolio (Choice)	£1,124,372.82	£16,960.00	£36,462.82	£53,422.82
Royal London	Pension Portfolio	£1,124,217.50	£16,960.00	£36,460.97	£53,420.97
Scottish Widows	Retirement Account	£1,119,854.57	£16,960.00	£36,357.72	£53,317.72
Standard Life	Active Money Personal Pension [0.8-2% AMC Funds]	£1,105,265.87	£16,960.00	£36,134.11	£53,094.11
Standard Life	Active Money SIPP [0.8-2% AMC Funds]	£1,105,265.87	£16,960.00	£36,134.11	£53,094.11
Standard Life	SIPP for Wrap	£1,104,526.34	£16,960.00	£36,123.68	£53,083.68

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 / 28/07/2025.

Proposed Retirement Date – 28/07/2025

An Annual Pension of £22,684.47 p.a

or

A Pension Commencement Lump Sum of £116,347.80 and a reduced Annual Pension of £17,431.75 p.a.

Critical Yield		
	All benefits taken as Pension	**Reduced Pension plus PCLS**
Royal London Pension Portfolio(359)	-1.4%	-2.2%

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.

Lifetime Allowance

Introduction

The lifetime allowance is an overall ceiling on the amount of the tax privileged savings that any one individual can draw. For some individuals, this will be higher than the standard lifetime allowance. It applies to the total of all the pensions you have, including the value of pensions promised through any defined benefit schemes you belong to, but excluding your State Pension.

As of 6th April 2006 (known as A-Day) every individual will be taxed on the amount by which they exceed their allowance. The allowance in the tax year 2018-19 for most individuals is £1,030,000. From 6th April 2019, the allowance will index annually in line with Consumer Prices Index (CPI). Some individuals may have a higher allowance if they have registered for Protection.

Any benefits in excess of your limit taken as income may be subject to a tax charge of 25%. If benefits are taken as a lump sum the tax charge may be 55%.

The maximum Pension Commencement Lump Sum (PCLS) from all schemes is now based on the 25% rule although not all schemes have changed their rules to allow this, a higher value may be available where the PCLS available under the old rules is greater on pre A Day accrual. Where you are over the LTA, the maximum PCLS available will be 25% of your Lifetime Limit.

For the purpose of accessing the value of Defined Benefit schemes the pension is multiplied by a factor of 20 to provide the benefit value.

Example Calculation

Defined Benefit Income – Existing Scheme

The LTA charge is worked out by taking any LTA excess at retirement and applying the 25% charge to that amount, to come up with the LTA charge amount, this charge is then converted into annual monetary reduction. The reduction is calculated by taking the LTA charge and dividing this by an actuarial factor of 20, we will reduce the income by monetary reduction going forward.

Example

Rachel’s benefits within her defined contribution scheme have exceeded her available LTA by £150,000. Rachel has the choice of taking the excess as:

• A LTA lump sum of £67,500 or
• £112,500 could be retained in the scheme to provide Rachel with a pension income (which would then be subject to tax under PAYE)

Lifetime Allowance Charge at proposed retirement age of 65

Enhanced Protection protects your benefits built up at 5th April 2006 from any future lifetime allowance change, providing you registered for this before 6th April 2009. In order to qualify for enhanced protection, no further pension contributions (this included additional benefit accrual under a salary related scheme) can normally be made after 5th April 2006.

Where individuals have Enhanced Protection any benefits taken are not tested against the lifetime allowance and will not suffer any lifetime allowance excess tax charge.

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	PW120167
Title	Mr
Forename	Peter
Middle Initials	
Surname	Williams
Gender	Male
Date of Birth	28/07/1960
Employment Status	Employed
Marital Status	Married
Partner's Date of Birth	05/01/1972
Partner's Forename	Rachel
Partner's Surname	Williams
Partner's Gender	Female
Health Status	Normal
Dependents	Yes
Dependent Notes	
Attitude to Risk	Medium
Lifetime Allowance Protection	Enhanced Protection
Country of Residence	England, Northern Ireland, Wales or Other
Notes	

Scheme Details

Calculation Date	15/01/2018
Scheme Name	Group UK Retirement
Date of Joining Scheme (dd/mm/yyyy)	05/08/1980
Date of Leaving Scheme (dd/mm/yyyy)	30/12/2001
Scheme Retirement Age	65
Desired Retirement Age	65
Scheme Status	Fully in Force
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	88%
Scheme Funding Status as at	30/06/2015

The estimated shortfall is larger than the shortfall assessed for the 30 June 2014 valuation. The main reason for the increase in the shortfall is the reduction in government bond and swap yields that occurred over the year, which caused a significant increase in the value of the Scheme's liabilities. The effect of this on the value of the liabilities was, however, offset by an increase in the market value of the Scheme's assets.

Transfer Value Information

Transfer Total Value	£848,000.00
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 15/04/2018.
GMP Cash Equivalent / Pre 97 Protected Rights Transfer Value	£25,069.79
Post 97 S9(2b) / Protected Rights Transfer Value	£52,162.34

Primary Group

Benefit Type	Amount	As At	Revaluation	Escalation	Spouse % DAR	G'tee Yrs
Post 88 GMP**	£2,090.04 per annum	30/12/2001	6.25% to age 65*	CPI, max 3% p.a.	50%	5
Post 97 Non GMP	£4,965.32 per annum	30/12/2001	LPI to age 65	CPI, max 2.5% p.a.	50%	5
Pre 97 Non GMP	£3,992.47 per annum	30/12/2001	LPI to age 65	CPI, max 2.5% p.a.	50%	5
Pre 88 GMP	£1,045.00 per annum	30/12/2001	6.25% to age 65	0%	50%	5

* GMP is revalued up until GMP age 65 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**	£1,045.02 per annum	30/12/2001	6.25% to age 65*	CPI, max 3% p.a.
Post 97 Non GMP	£2,482.66 per annum	30/12/2001	LPI to age 65	CPI, max 2.5% p.a.
Pre 97 Non GMP	£1,996.24 per annum	30/12/2001	LPI to age 65	CPI, max 2.5% p.a.
Pre 88 GMP	£522.50 per annum	30/12/2001	6.25% to age 65	0%
Return of Contributions	£4,563.36	30/12/2001	CPI	N/A

* GMP is revalued up until GMP age 65 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

Existing Scheme Details - Additional Plan Details

Dependents Pension (Other than spouse)

In addition to a spouses pension your current scheme may provide benefits for other dependents. Children's pension may also be payable in the event of your death. For the Scheme's definition of 'child' please look in your Scheme booklet.

Plans Selected For Comparison

Provider Selection	**Selected**
Aviva Pension Portfolio (Choice)(1931)	YES
Aviva Pension Portfolio (Core)(455)	YES
Royal London Pension Portfolio(359)	YES
Scottish Widows Retirement Account(288)	YES
Standard Life Active Money Personal Pension [0.8-2% AMC Funds](498)	YES
Standard Life Active Money SIPP [0.8-2% AMC Funds](2086)	YES
Standard Life SIPP for Wrap (777)	YES
Transact Personal Pension(488)	YES