



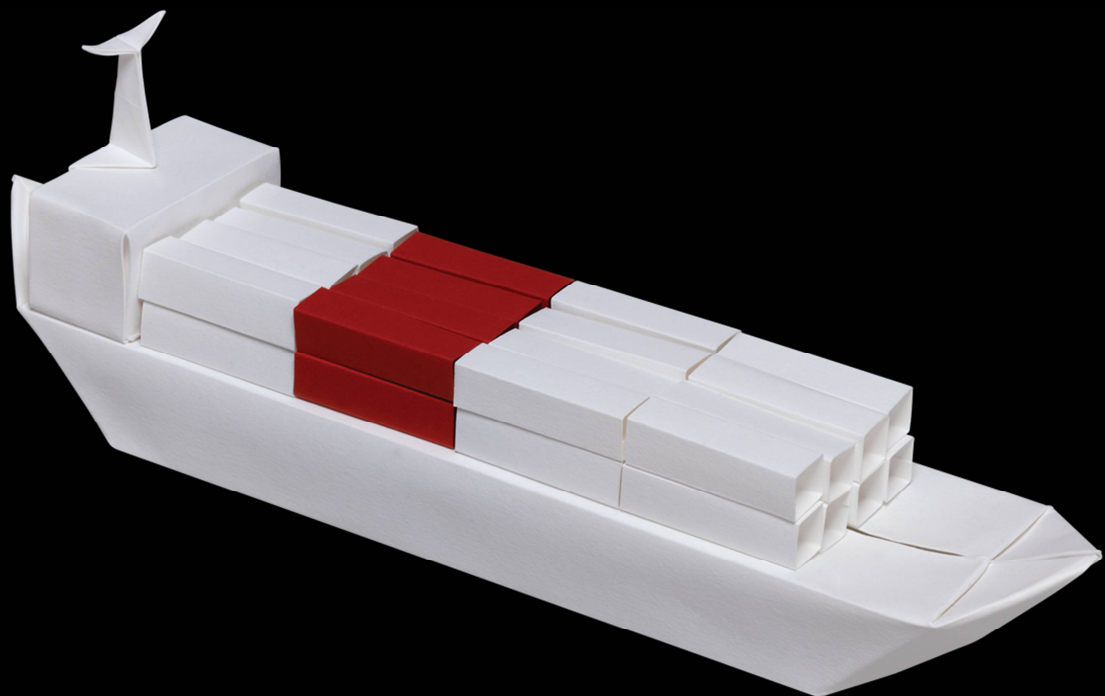
N A B A R R O  
CLARITY MATTERS

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# DB transfer guide

The new information requirements

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# DB transfer guide – the new information requirements

A guide to the information trustees must provide to members from 6 April 2015 when transferring "safeguarded benefits" – including DB and CARE benefits.

This guide applies to transfer payments made on or after 6 April 2015 unless a statement of entitlement was issued or a formal offer to transfer was made before that date. It is relevant both where the member has a statutory right to transfer and where a transfer is made under the relevant scheme provisions.

Additional disclosure requirements apply where the transfer payment contains contracted-out rights.

Trustees must also check that the receiving scheme is a registered pension scheme and is a genuine contract-based or occupational pension scheme. Appropriate due diligence is set out in a new [voluntary code of good practice on combating pensions scams](#).

The information in this guide is based on the *Pension Schemes Act 1993* (as amended by the *Pension Schemes Act 2015*), the *Pension Schemes Act 2015 (Transitional Provisions and Appropriate Independent Advice) Regulations 2015*, the *Occupational Pension Schemes (Transfer Values) Regulations 1996* (as amended) and the [Pension Regulator's guidance on DB transfers](#).

## DB TRANSFER INFORMATION

	Trigger*	Information	Delivery
1	Member with <i>safeguarded benefits</i> requests information on how to carry out a transfer.	<b>Transfer Information A</b>	In writing within one month of request.
2	Member with <i>safeguarded benefits</i> requests information on how to apply for a <i>statement of entitlement</i> .	<b>Transfer Information A</b>	In writing within one month of request.
3	Member with <i>safeguarded benefits</i> makes an application for a <i>statement of entitlement</i> .	<b>Transfer Information A</b>	In writing within one month of request (unless already provided under 2).
4	Member, other than under 1-3 above, requests a valuation of their <i>safeguarded benefits</i> .	<b>Transfer Information A</b>	In writing within one month of request.
5	The trustees confirm they are able and willing to carry out a request from a member to pay a transfer of <i>safeguarded benefits</i> (other than a statutory cash equivalent).	<b>Transfer Information B</b>	In writing on the same day that the trustees confirm to the member they are ready and willing to carry out the transfer.
6	The trustees are required by legislation to provide the member with a <i>statement of entitlement</i> #.	<b>Transfer Information B</b>	In writing on the same day that the trustees provide the <i>statement of entitlement</i> (which must be within 10 days of the guarantee date, which must be within three months of the application for the <i>statement of entitlement</i> ).
7	On request from a member.	<b>Transfer Information C</b>	As soon as reasonably practicable and at least within three months of the request (unless the information has been provided to the member within the last 12 months).
8	Information the member or survivor must provide to the trustees.	<b>Transfer Information D</b>	Within three months of: the day on which the <i>statement of entitlement</i> is provided; the day on which the trustees confirm they agree to transfer; or the day on which trustees provide the member with a valuation of his <i>safeguarded benefits</i> .

\*Trustees should assume the purpose of the transfer is to provide *flexible benefits* under another scheme unless the member confirms otherwise.

# Trustees will be required to provide additional information to the member if the value of the CETV is reduced or increased after the *statement of entitlement* has been provided.

## Useful definitions

### *Appropriate independent advice:*

- advice given by an adviser who has permission from the Financial Conduct Authority to advise on the conversion or transfer of pension benefits under *article 53E* of the *Financial Services and Markets Act 2000 (Regulated Activities) Order 2001*;
- required before any of *safeguarded benefits* can be made, unless the total value of the member's *safeguarded benefits* under the scheme is £30,000 or less.

### *Flexible benefit:*

- a money purchase benefit;
- a cash balance benefit; or
- a benefit, other than a money purchase benefit or cash balance benefit, calculated by reference to an amount available for the provision of benefits to or in respect of the member (whether the amount so available is calculated by reference to payments made by the member or any other person in respect of the member or any other factor).

### *Safeguarded benefits:*

- benefits other than money purchase or cash balance benefits (including DC benefits with a guaranteed annuity rate).

### *Statement of entitlement:*

- a statement of the cash equivalent value of a member's benefits which the trustees are required to provide in accordance with *section 93A* of the *Pension Schemes Act 1993*. *Statements of entitlement* are not issued for transfers made outside the statutory procedure (for example where the member is within 12 months of normal pension age or where only part of the value of the DB benefit is being transferred).

# Transfer Information A

## **Information to be given where transfer information is requested or a transfer request is made in relation to *safeguarded benefits***

An explanation that the trustees are required to check that *appropriate independent advice* has been received by the member before the trustees are able to carry out the transfer, unless the total value of the member's *safeguarded benefits* is £30,000 or less on the valuation date.

A statement that:

- confirmation that *appropriate independent advice* has been received by the member should be provided to the trustees before the end of a three-month period beginning with:
  - (a) the day on which a *statement of entitlement* is provided; or
  - (b) where no *statement of entitlement*, the day on which the trustees provide written confirmation that they agree in principle to carry out the transfer or, if later, the day on which the trustees provide the member with a valuation of his *safeguarded benefits*; and
- unless the member confirms otherwise, the trustees will assume that the purpose of the transfer is to provide *flexible benefits* under another pension scheme.

## **The information above is not required where trustees can satisfy themselves, within one month of the member's request or application, that the total value of the *safeguarded benefits* is £30,000 or less**

In this case, the trustees are required to inform the member that there will be no requirement for the trustees to check that appropriate independent advice has been received before they are able to pay a transfer.

## **Information suggested by voluntary code of practice on combating pension scams**

Every pension transfer pack should include pension scam awareness material. If a transfer pack is not being sent to a member directly, pension scam awareness material should be sent to the member's home address. This should include a copy of the Pension Regulator's latest pension scam materials. <http://www.thepensionsregulator.gov.uk/pension-scams.aspx>

# Transfer Information B

## Information to be given where trustees are able and willing to carry out a transfer request or are required to provide a *statement of entitlement* (unless Transfer Information A has already been given)

An explanation that the trustees are required to check that *appropriate independent advice* has been received by the member before the trustees are able to carry out the transfer, unless the total value of the member's *safeguarded benefits* is £30,000 or less on the valuation date.

A statement that:

- confirmation that *appropriate independent advice* has been received by the member should be provided to the trustees before the end of a three-month period beginning with:
  - (a) the day on which a *statement of entitlement* is provided; or
  - (b) where no *statement of entitlement*, the day on which the trustees provide written confirmation that they agree in principle to carry out the transfer or, if later, the day on which the trustees provide the member with a valuation of his *safeguarded benefits*; and
- unless the member confirms otherwise, the trustees will assume that the purpose of the transfer is to provide *flexible benefits* under another pension scheme.

## The information above is not required where the value of the transfer payment is £30,000 or less

In this case, the trustees are required to inform the member that there will be no requirement for the trustees to check that *appropriate independent advice* has been received before they are able to carry out the relevant transaction.

## Information suggested by voluntary code of practice on combating pension scams

Every pension transfer pack should include pension scam awareness material. If a transfer pack is not being sent to a member directly, pension scam awareness material should be sent to the member's home address. This should include a copy of the Pension Regulator's latest pension scam materials. <http://www.thepensionsregulator.gov.uk/pension-scams.aspx>

## Where an application is made for a statement of entitlement

A written statement (the "*statement of entitlement*") of the amount of the cash equivalent at the guarantee date of any benefits which have accrued to or in respect of the member.

## The trustees must also send the following information with the *statement of entitlement*

A statement in writing:

- indicating whether, and if so for what reasons and by what amount, the member's initial cash equivalent has been reduced and an estimate of the date (if any) by which it will be possible to make available a cash equivalent which is not so reduced;
- explaining that the member has no right to make an application for a *statement of entitlement* within 12 months of the last such application;
- explaining that if the member wishes to exercise his right to take the cash equivalent he must submit a written application to do so within three months beginning on the guarantee date;
- explaining that in exceptional circumstances the cash equivalent may be reduced and

that the member will be informed if it is so reduced; and

- where the scheme has begun to wind up, explaining that:
  - (a) the value of the member's cash equivalent may be affected by the scheme's winding up; and
  - (b) a decision to take a cash equivalent should be given careful consideration.

A statement that the Financial Conduct Authority, the Pensions Regulator and the Pensions Advisory Service provide information about transfers that may assist the member in deciding whether to transfer.

If the scheme is an eligible scheme for PPF purposes, confirmation that the scheme is an eligible scheme and that the Board of the PPF exists.

A recommendation that the member should take financial advice before making decisions about transfers (except where *appropriate independent advice* is required).

# Transfer Information C

## Information to be provided to a member on request

Whether any cash equivalent is available to the member (or would be available if he stopped accruing those rights at least one year before normal pension age) and, if so:

- an estimate of its amount, calculated on the basis that he will stop accruing on a particular date;
- the accrued rights to which it relates;
- whether any part of the estimated amount of the transfer value is attributable to additional benefits which have been awarded at the discretion of the trustees, or which will be awarded at their discretion if their established custom continues unaltered and in either case whether that part is attributable to the whole or only to part of those benefits; and
- if the estimated amount of the cash equivalent includes a reduction of the initial cash equivalent:
  - (a) a statement of that fact, a statement of the amount by which the initial cash equivalent has been reduced and an explanation of the reason for the reduction;
  - (b) an estimate of the date (if any) by which it will be possible to make available a cash equivalent which is not so reduced; and
  - (c) a statement of the member's rights to obtain further estimates.

Whether any transfer value (other than a cash equivalent) is available to the member or would be if the member's pensionable service were to terminate and if so:

- an estimate of its amount, calculated on the basis that the member's pensionable service terminated or will terminate on a particular date;
- the accrued rights to which it relates;
- whether any part of the estimated amount of the transfer value is attributable to additional benefits which have been awarded at the discretion of the trustees, or which will be awarded at their discretion if their established custom continues unaltered and in either case whether that part is attributable to the whole or only to part of those benefits; and
- if the estimated amount of the transfer value has been reduced to an amount which is less than it otherwise would be because of an actuary's opinion that the scheme's assets are insufficient to meet its liabilities in full:
  - (a) a statement of that fact and an explanation;
  - (b) an estimate of the date (if any) by which it will be possible to make available a transfer value the amount of which is not so reduced; and
  - (c) a statement of the member's rights to obtain further estimates.

A statement that the Financial Conduct Authority, the Pensions Regulator and the Pensions Advisory Service provide information about transfers that may assist the member in deciding whether to transfer.

If the scheme is an eligible scheme for PPF purposes, confirmation that the scheme is an eligible scheme and that the Board of the PPF exists.

Recommendation that the member should take financial advice before making decisions about transfers (except where *appropriate independent advice* is required).

**Information suggested by voluntary code of practice on combating pension scams**

Every pension transfer pack should include pension scam awareness material. If a transfer pack is not being sent to a member directly, pension scam awareness material should be sent to the member's home address. This should include a copy of the Regulator's latest pension scam materials. <http://www.thepensionsregulator.gov.uk/pension-scams.aspx>

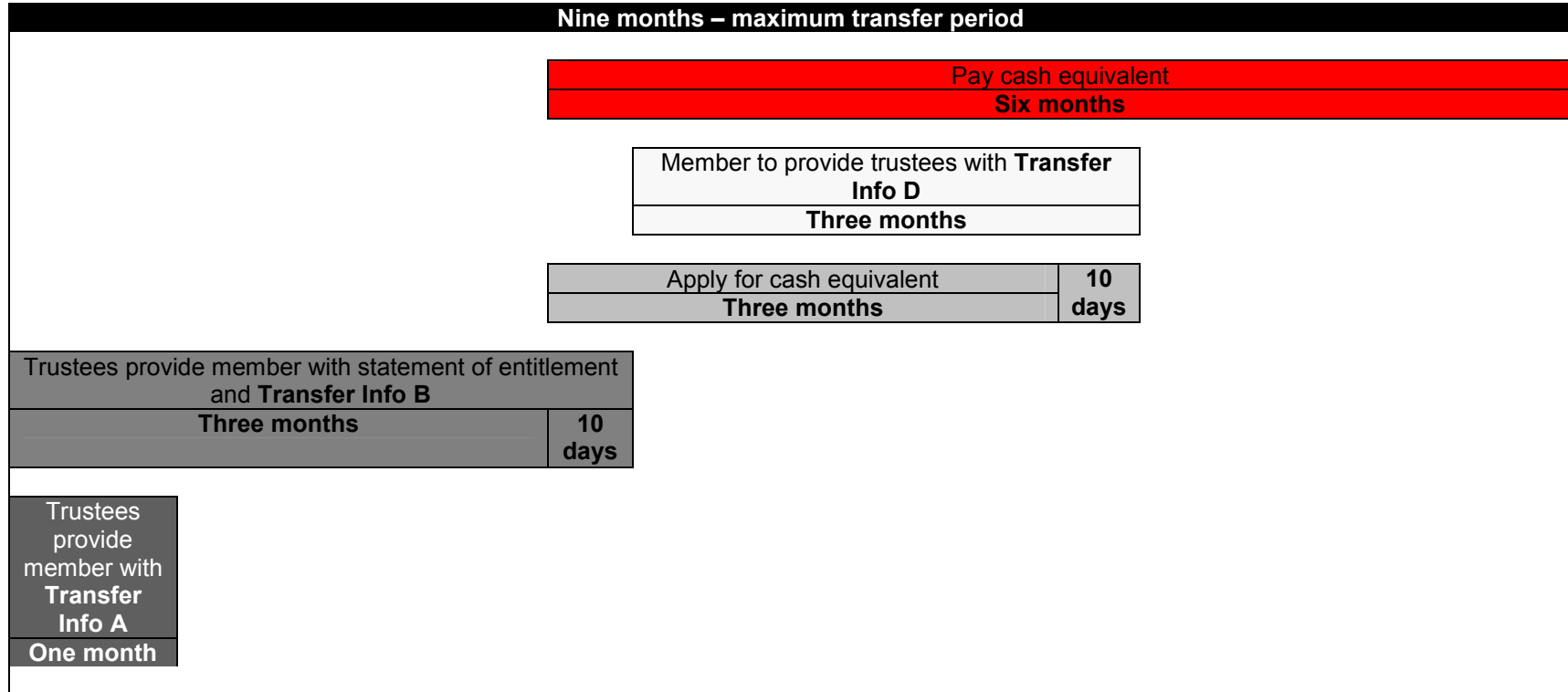
# Transfer Information D

## **Confirmation from the member that *appropriate independent advice* has been received**

Statement in writing from the authorised independent adviser confirming:

- advice has been provided which is specific to the type of transaction proposed;
- the adviser has permission from the Financial Conduct Authority to provide that advice;
- the relevant Financial Conduct Authority firm reference number of the business in which the adviser works; and
- the member's name and the name of the receiving scheme.

**STATUTORY TRANSFER TIMELINE – Safeguarded benefits**



Member applies for a SE



GD



SE

GD = Guarantee Date  
SE = Statement of Entitlement



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