



The Forthplus SIPP  
**Pension Transfer Policy**

## What is a Pension Transfer?

The Financial Conduct Authority (FCA) terms a Defined Benefit (DB) and Guaranteed Benefit transfer simply as a Pension Transfer. All other transfers of pension rights are considered Pension Switches. The FCA's definition of a Pension Transfer is:

A transaction, resulting from the decision of a retail client who is an individual:

a) to transfer deferred benefits (regardless of when the retail client intends to crystallise such benefits)

from:

- (i) an occupational pension scheme;
- (ii) an individual pension contract providing fixed or guaranteed benefits that replaced similar benefits under a defined benefits pension scheme; or
- (iii) (in the cancellation rules (COBS 15)) a stakeholder pension scheme or personal pension scheme, [This means if you have transferred to a Defined Contribution (DC) pension scheme but are still within your lawful cancellation period

to:

- (iv) a stakeholder pension scheme; or
  - (v) a personal pension scheme; or
  - (vi) a deferred annuity policy, where the eventual benefits depend on investment performance in the period up to the date when those benefits will come into payment; or
  - (vii) a defined contribution occupational pension scheme; or
- (b) to require the trustees or manager of a pension scheme to make a transfer payment in respect of any safeguarded benefits with a view to obtaining a right or entitlement to flexible benefits under another pension scheme.

What this means, in general terms, is the giving up of a guaranteed income in retirement, such as your pension being a percentage of your final salary or guaranteed annuity rates, through a one-off lump sum, which you would then invest, at your own risk, to provide for yourself in retirement.

The Forthplus SIPP is a Self-Invested Personal Pension, which is not a Defined Benefits pension, as there are no defined or guaranteed benefits. From age 55 you can access the funds you have in your SIPP, should you wish and how much you have or can take from your pension is entirely down to the amount you have contributed and how well your investments have performed, and the effect of charges.

## Why are Pension Transfers Treated Differently?

Dependant on your personal circumstances, the benefits in a Defined Benefit pension can be very varied and valuable. They give an element of certainty in your retirement years. The FCA position is that your adviser should always start from the assumption that it would not be advisable to transfer a defined benefit pension.

It is often difficult to appreciate the value of the benefits within these policies. Therefore, the FCA have deemed that should your Defined Benefits pension have a transfer value of over £30,000, then you must receive financial advice from a FCA regulated and authorised Pension Transfer Specialist (PTS). This advice will include an Appropriate Pension Transfer Analysis (APTA), which is a framework that covers all the relevant points that should be considered when analysing a transfer. It includes financial and non-financial items, as well as highlighting alternative ways someone can achieve their objectives without transferring. It will also include a Transfer Value Comparator (TVC), which is an estimate of the amount you would need to replace the pension income you would be giving up, assuming you invest this until retirement and then buy an annuity.

## Do Forthplus Pensions Provide Transfer Advice?

No. Forthplus Pensions Limited do not provide any advice whatsoever, whether it be on transfers, investments, appropriability, when or how much to withdraw from your pension, tax affairs, etc. Forthplus Pensions Limited are purely the Administrators of The Forthplus SIPP.

## What is Forthplus Pensions' Pension Transfer Policy?

Although we cannot give you any advice, as a responsible pension provider we have a number of actions we take to try to mitigate the risks you face. These are:

- At point of application, or point of request if an existing member, where a defined benefit transfer has been requested, we will provide the member with a copy of our Defined Benefit Policy (this document) which details the considerations and risks relating to pension transfers to members, which will act as a supplement to our Key Features document which already highlights risks associated with pension transfers amongst other matters
- Specific to DB transfers and the transfer of guaranteed benefits, the transfer advice must be provided by an appropriate FCA authorised and regulated Pensions Transfer Specialist who holds the specific permissions relating to pension transfer advice and must be provided under UK law with the inherent consumer protections of the Financial Ombudsman Service and the Financial Services Compensation Scheme
- Our Investment Policy is very strict, only allowing assets recognised as meeting the FCA's definition of being Standard Assets into The Forthplus SIPP. In fact, we go beyond that and do not allow assets traded on HMRC non-listed exchanges, such as AIM or emerging markets, where riskier investments can be found
- We only accept business from regulated adviser firms, who must sign up to our Terms of Business and adhere to our Investment Policy. It is notable, however, that it is your responsibility to find, assess and be comfortable with your financial adviser – we make no recommendations nor commendations of any of the financial advice firms we work with, instead we bind their actions to be limited through our Terms of Business and other applicable agreements
- Investment Managers & Discretionary Fund Managers (DFMs) must sign up to our Investment Manager & DFM Agreement, which again commits them to adhering to our Investment Policy
- We insist on being provided with a copy of the pension transfer report confirming the products and investments used within the pension transfer advice process. This is not to assess the advice in any way but to let us see the products and investments that you have been advised to go into and ensure that they match the investments you go in to. If the investments we are asked to place your funds into, differ from those in the APTA, fresh advice is required to be provided before we can proceed