

Frequently Asked Questions Transferring out



Do you have a question about transferring your pension benefits?

In this leaflet, we answer some of your most common questions about transfers. Please read this information before contacting the Scheme Administrator, Railpen.

Decision ahead



Get in correct lane

1. What is a cash equivalent transfer value (CETV)?

A CETV is the current cash value of your benefits in the Scheme. It is a one-off amount of money that you can receive from the Scheme and transfer to another registered pension provider. This is instead of the Scheme paying you a Defined Benefit (DB) pension income and/or lump sum, and any other associated benefits that may be paid after you die, such as a dependant's pension. If you choose to transfer, you would have no further benefits within the UU Group of the ESPS and would also no longer have Protected Person status (this only applies for members who were in the ESPS at privatisation in 1990).

2. How is the CETV calculated?

We work out the CETV by looking at what we expect your pension would cost the Scheme overall. To do this, we make certain assumptions based on advice from the Scheme Actuary. The main assumptions are about what pension increases will be in the future, how the Scheme's assets will grow and how long members and their dependants will live. We make these assumptions on a Scheme-wide rather than individual basis. We also take into account current market conditions.

We review CETV assumptions regularly throughout the year, to ensure they represent the best estimate of what will happen in the future. This means the **transfer values can both increase and decrease from month to month**. Not all reviews will result in changes to the underlying calculations but we cannot predict in advance when changes will be required or implemented.

3. Are there restrictions on when I can transfer out?

Yes, you only have a statutory (legal) right to transfer your Defined Benefit (DB) benefits out of the Scheme if you are more than one year from your normal pension age.

You can request a non-statutory transfer if you are within 12 months of your normal pension age or have already reached your normal pension age. The Trustee is not obliged to provide one but will consider requests on an individual basis. Transfer values cannot be paid after your pension payments have started. If you are still building up service (an active member) you will need to leave the Scheme (either by leaving the Company or opting out) before you can make a transfer. Question 8 has more information on CETVs for active members.

You **must** take independent financial advice before you transfer if your transfer value from a Defined Benefit scheme is over £30,000 and you are transferring to a Defined Contribution (DC) Scheme. You need to allow enough time to appoint a qualified financial adviser and receive this advice before you can make a transfer payment. We will need to see proof that your adviser and their sponsoring firm are registered with the Financial Conduct Authority, and that the arrangement you are transferring to is registered with HMRC. Even if your transfer value is less than £30,000, you may still wish to get independent financial advice.

4. What happens to my Additional Voluntary Contributions (AVCs) if I transfer?

If you choose to transfer your DB pension you must transfer your AVC account (if you have one) at the same time. The AVC transfer value will be the value of your AVC account at the time of the transfer. You can however transfer out only your AVC account if you wish, leaving your DB benefits in the Scheme.

5. Where can I transfer to?

You can currently transfer your pension to another HMRC registered scheme that will accept your transfer, or to a Qualifying Recognised Overseas Pension Scheme. However, there are some restrictions on transfers to help prevent pension scams. This means we may need to carry out due diligence checks into the transfer request. Sometimes it may mean that you cannot transfer your benefits to a particular pension scheme. You may be able to transfer your UU ESPS benefits to another Group of the ESPS Group. Please contact Railpen for further information on this.

6. Are there any charges for transferring out?

Normally there are no charges for transferring out of the Scheme. If you ask for more than one transfer value within 12 months, this may be chargeable.

7. Is the CETV guaranteed?

A statutory CETV is guaranteed for 3 months. Any AVCs included in the transfer value are not guaranteed and will be the value at the date they are disinvested.

8. What is a non-guaranteed CETV?

If you are still building up DB service in the Scheme, your benefits are increasing every day. As such, we cannot give you a guaranteed CETV (i.e. one that would not change for 3 months) because the value of your pension is still increasing every day.

Pension scams

It is illegal for companies to cold-call you about your pensions, unless you have consented to the call in advance or are an existing customer of the caller.

If you receive an unexpected call about your pension from someone you don't know it could be a scam. Calls are usually about transferring or accessing your benefits, or about an investment opportunity.

If you are concerned about a call you have received, you can find help and information on the Financial Conduct Authority's 'ScamSmart' website: www.fca.org.uk/scamsmart. You can also call them on **0800 111 6768**.

9. Is my DB cash equivalent transfer value more likely to go up or down in future?

We don't know. We work out a transfer value by making certain assumptions and looking at the current market conditions (see Question 2). Both these factors will change over time in a way we cannot predict.

10. How can I tell if taking a transfer is the best option?

There are many factors to consider. This is why the law requires members to take independent financial advice where the DB transfer value is £30,000 or more and being transferred to a DC Scheme. The financial adviser will help you work out whether it is the best option for you. The following is not an exhaustive list but you should think about:

- Your willingness to accept the risk that your invested pension could fall in value once transferred.
- The loss of potential increases to your pension once it is being paid to you.
- The loss of any potential beneficiary benefits if you die.
- Your family history and your own personal outlook on living for longer.
- The value of any other savings and pensions you may have.
- Whether you are confident managing your pension investments throughout your lifetime.
- Whether you wish to continue to pay into a pension scheme on a tax-efficient basis (please read the MPAA section of our Annual Allowance leaflet).
- Whether you have any tax protections that could be lost if you transfer.

11. How do I find an Independent Financial Adviser?

You can find a financial adviser by calling IFA Promotions on 0800 0209430 or by visiting www.Unbiased.co.uk. You can find advice on what to think about when you appoint an adviser at: www.moneysavingexpert.com/savings/best-financial-advisers. It is important that you receive advice from a regulated adviser who is qualified to deal with transfers from DB pension schemes.

12. What are the fees charged by an Independent Financial Adviser?

The charges for financial advisers can vary. There is usually an initial fee for advice, which can be a fixed figure or a percentage of the transfer value. However, some advisers charge per hour for their services, so it is better to check first.

There is normally an ongoing fee, which includes the costs of servicing and managing the invested funds once a transfer takes place. The 'Total Expense Ratio' (TER) is the figure which should be used to establish the total ongoing fees. You should make sure the fees are clear before you go ahead. Over the lifetime of your investment, a low percentage fee can result in a significant amount of money.

13. If I decide not to proceed with a transfer out, what do I need to do?

You don't have to do anything. If Railpen does not receive your completed transfer out documentation within 3 months, it will close your case and your benefits will remain in the Scheme.

14. If I decide not to transfer out, do I still have the option to do so at a later date?

Yes (see Question Q3). The cost for an additional CETV within 12 months is currently £300. However, if we receive a request for a CETV from a pensioner for divorce purposes, there is currently a cost of £600 per quote.

15. Can I transfer just part of my DB pension?

Yes, it may be possible to transfer just part of your DB pension, although you can't transfer just part of your AVCs. If you are over age 55 and meet certain criteria, you may be able to transfer 50% of the value of your DB benefits. Railpen will give you details about this option if it applies to you.

16. How long will it take to pay the transfer value?

It can take several months to complete a transfer of benefits from one pension arrangement to another. This is because we will need to provide quotations, you will need to take advice and all parties will need to issue, complete or return documentation. Once we have received all the documentation, we will usually make transfer payments as soon as possible. However, if you have AVCs that need to be disinvested, you have a particularly large transfer value; or we need to refer to HMRC (see Question 17), the transfer payment is likely to take longer.

17. What happens if there is a delay in my transfer because of a referral to HMRC?

If we receive your completed documentation within the guaranteed period of three months, the transfer value will be honoured. However, we may need to refer the transfer request to HMRC. This may happen if the receiving scheme is not well known to us. We would ask HMRC to confirm that the scheme is formally registered. We will need to wait until we receive this confirmation from HMRC before we make the transfer payment. We may also need to do further checks. This depends on the arrangement and if we have any concerns about possible pension scam activity.

18. What is Railpen and how can I get in touch?

The Trustee has appointed Railpen to provide the administration services for the United Utilities PLC Group of the ESPS. Railpen is a large third party pension administrator with expertise in the Electricity Supply Pension Scheme. You can contact Railpen on 02476 472 583 if you have any further questions about transferring out your benefits.

19. How can I find my previous pensions? You can use the Pension Tracing Service at: www.gov.uk/find-pension-contact-details or telephone: **0800 731 0193**

Further information

You can find information about transfers on the websites below to help you make a decision.

MoneyHelper:

www.moneyhelper.org.uk/

The Pensions Regulator:

www.thePensionsRegulator.gov.uk/DBtransfers

The Trustee, UU Pensions Team and Railpen are not authorised to provide advice on whether you should transfer your pension benefits.

04/20/SD/8596b