

# Pension transfers

## Learning outcomes

At the end of this unit, candidates will be able to:

1. Explain fundamental aspects of the pension transfer process;
2. Explain the implications of transferring between different types of pensions;
3. Advise on pension transfers in a range of client specific circumstances and scenarios.

## Entry guidance

It is assumed that the candidate already has the knowledge gained from a study of unit Ro4 Pensions and retirement planning and Jo5 Pension income options or equivalent.

## Important notes

- This syllabus will be examined in the October 2017 and April 2018 sessions.
- Candidates will be examined on the basis of English law and practice in the tax year 2017/2018 unless otherwise stated.
- The general rule is that exams are based on the English legislative position three months before the date of the exams.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
  1. Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
  2. Select the appropriate qualification
  3. Select your unit on the right hand side of the page

- 1. Explain fundamental aspects of the pension transfer process**
  - 1.1 Explain the key regulatory rules relevant to pension transfers:
    - Financial Conduct Authority;
    - The Pensions Regulator.
  - 1.2 Explain the roles and responsibilities of the main parties involved in the pension transfer process;
  - 1.3 Explain key elements of the pension transfer advice process:
    - Key stages of the advice process;
    - Main comparison factors to analyse;
    - The role of Transfer Value Analysis Systems (TVAS).
- 2. Explain the implications of transferring between different types of pensions**
  - 2.1 Explain the implications of transferring out of different pension schemes:
    - Defined Benefit (DB) Schemes;
    - Other Safeguarded Benefits.
  - 2.2 Explain the implications of transferring between different types of pension:
    - Pension benefits and investment risk;
    - Death in service and disability benefits;
    - Charges.
  - 2.3 Explain the main features of the receiving scheme and their impact on the transfer recommendation:
    - Pension Commencement Lump Sum;
    - Annuities;
    - Flexi Access Drawdown;
    - Uncrystallised Funds Pension Lump Sum.
  - 2.4 Explain how income options and investment returns are related to a combination of investment risk and capital risk;
  - 2.5 Explain key issues relating to pension transfers arising from:
    - Lifetime allowance and transitional protections;
    - Cash incentives;
    - Funding and solvency;
    - Divorce;
    - Transfers to and from overseas.
- 3. Advise on pension transfers in a range of client specific circumstances and scenarios**
  - 3.1 Analyse the appropriateness of pension transfers in a range of scenarios:
    - Defined Benefit to Defined Contribution;
    - Safeguarded Benefit to Defined Contribution;
    - Future Benefit Crystallisation;
    - Immediate Benefit Crystallisation.
  - 3.2 Apply suitable solutions to potential pension transfers.

## Reading list

The following list provides details of various publications which may assist you with your studies.

**Note: The examination will test the syllabus alone.**

The reading list is provided for guidance only and is not in itself the subject of the examination.

The publications will help you keep up-to-date with developments and will provide a wider coverage of syllabus topics.

CII/PFS members can borrow most of the additional study materials below from Knowledge Services. CII study texts can be consulted from within the library.

New materials are added frequently - for information about new releases and lending service, please go to [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) or email [knowledge@cii.co.uk](mailto:knowledge@cii.co.uk).

## CII study texts

Pension transfers. London: CII. Study text AF7.

Pensions and retirement planning. London: CII. Study text Ro4.

Both texts are included as electronic resources within AF7 RevisionMate ([www.revisionmate.com](http://www.revisionmate.com)).

## Books

Organisational behaviour: an introductory text. Andrzej Huczynski, David Buchanan. 8th ed. Financial Times/Prentice Hall, 2013.

## Ebooks

The following ebooks are available through Discovery via [www.cii.co.uk/discovery](http://www.cii.co.uk/discovery) (CII/PFS members only):

Recreating sustainable retirement: resilience, solvency and tail risk. P. Brett Hammond, et al. Oxford: Oxford University Press, 2014.

Retirement portfolios: theory, construction and management. Michael J. Zwecher. Hoboken: Wiley, 2010.

## Factfiles and other online resources

CII factfiles are concise, easy to digest but technically dense resources designed to enrich the knowledge of members. Covering general insurance, life and pensions and financial services sectors, the factfile collection includes key industry topics as well as less familiar or specialist areas with information drawn together in a way not readily available elsewhere. Available online via [www.cii.co.uk/ciifactfiles](http://www.cii.co.uk/ciifactfiles) (CII/PFS members only).

The current State Pension scheme. Paul Clarke.

Further articles and technical bulletins are available at [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/PFS members only).

## Journals and magazines

Financial adviser. London: FT Business. Weekly. Also available online at [www.ftadviser.com](http://www.ftadviser.com).

Personal finance professional (previously Financial solutions). London: CII. Six issues a year. Also available at [www.thepfs.org/knowledge](http://www.thepfs.org/knowledge) (CII/PFS members only).

## Exemplar paper

An exemplar paper is available for this unit. It is available on the CII website under the unit description / purchasing page. You will be able to access this page from the Qualifications section of the CII website: [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications).

The exemplar paper is also available on the RevisionMate website [www.revisionmate.com](http://www.revisionmate.com) after you have purchased the unit.

## Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at [www.cii.co.uk/iilrevision](http://www.cii.co.uk/iilrevision) (CII/PFS members only).