

PENSION TRANSFER ANALYSIS

Prepared for
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Relating to
ABC Pension Scheme

Prepared
30 June 2015
Transfer Bureau
O&M Pension Solutions

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INTRODUCTION

This Pension Transfer Analysis Report is designed to assist in deciding whether a transfer of benefits from the Existing Scheme to an alternative pension contract would be appropriate.

This report provides:

- A calculation of the annual rate of growth (Critical Yield) required to in order to match the value of the benefits that would have been available in the Existing Scheme assuming the transfer value is invested into a Personal Pension and an annuity is purchased at retirement.
- Comparisons of the projected benefits in the Existing Scheme and the potential benefits arising from purchasing an annuity from a Personal Pension.
- A series of Cash Flow Models illustrating the potential outcomes on transfer to a Personal Pension assuming either Uncrystallised Funds Pension Lump Sum or Pension Drawdown is used to access benefits equivalent to those available in the Existing Scheme.
- A comparison of the projected benefits available upon death, before and after retirement.

Assumptions

As we are projecting into the future, we have to use a range of assumptions. This report follows the assumptions laid out by the industry regulators, the Financial Conduct Authority (FCA). The assumptions cover how your pension fund may grow, how your pension fund is converted into an annual pension and future inflation rates. The FCA sets out 3 economic scenarios which are described as Low, Intermediate (Mid) and High.

Life Expectancy for Cash Flow Modelling

The Cash Flow Models use data provided by the Office for National Statistics to make assumptions about average life expectancy. In your case the assumptions are as follows:

UK Average Life Expectancy (source: ONS)	You	Partner
Based upon your gender and year of birth	87	90

Disclaimer

This report has been produced based on the information provided to O&M Pension Solutions by the scheme administrators. Whilst it is believed that this interpretation of the information is correct, it cannot be guaranteed and O&M Pension Solutions accept no liability for any errors in, or omissions from, the information provided.

This report does not make a recommendation for or against a transfer of benefits.

This report has been produced in accordance with the assumptions set out in the FCA Conduct of Business Sourcebook.

CRITICAL YIELDS FOR ANNUITY PURCHASE

The benefits in an individual pension plan grow according to the investment return of the funds in which the plan is invested. The Critical Yield shows how much growth is required each year in order to match the value of the benefits that would have been available in the Existing Scheme assuming an annuity purchase in an individual pension plan. For the purposes of valuing the Existing Scheme benefits, an Annuity Interest Rate of 2.5% has been used. This rate is set by the FCA and is reviewed each month.

The rates in the Personal Pension Critical Yields table below breaks down the Critical Yield into two components: the growth required to match the value of the starting pension in the existing scheme; and the additional annual growth required to match the value of guaranteed periods and increases to the existing scheme pension once it comes into payment.

The table is also broken down into Single Life and Joint Life Critical Yields. The Single Life Yields make no allowance for any spouse's pensions in the existing scheme, whereas the Joint Life yields will allow for the Existing Scheme's spouse's pension. Based on your current marital status and the scheme rules, you would currently be classified as Joint Life.

The critical yields shown have been based on a transfer to the following plan:

Personal Pension Royal London Pension Portfolio

Personal Pension Critical Yields

The following critical yields are based on a transfer value of £142,000.

	Single Life		Currently Classified as Joint Life	
	Full Pension	Cash & Reduced Pension	Full Pension	Cash & Reduced Pension
Retiring at Age 65	6.3%	5.9%	6.8%	6.4%
Comprised of				
Level Pension of £16,138 (Full) £11,819 (Reduced)	4.6%	4.6%	5.0%	4.9%
Effect of Pension Increases and Guaranteed Period	+1.7%	+1.3%	+1.8%	+1.5%
Retiring at Age 55	7.3%	5.4%	8.0%	6.2%
Comprised of				
Level Pension of £7,740 (Full) £5,358 (Reduced)	3.2%	2.2%	3.7%	2.7%
Effect of Pension Increases and Guaranteed Period	+4.1%	+3.2%	+4.3%	+3.5%

Assuming Scheme applies to Pension Protection Fund Today

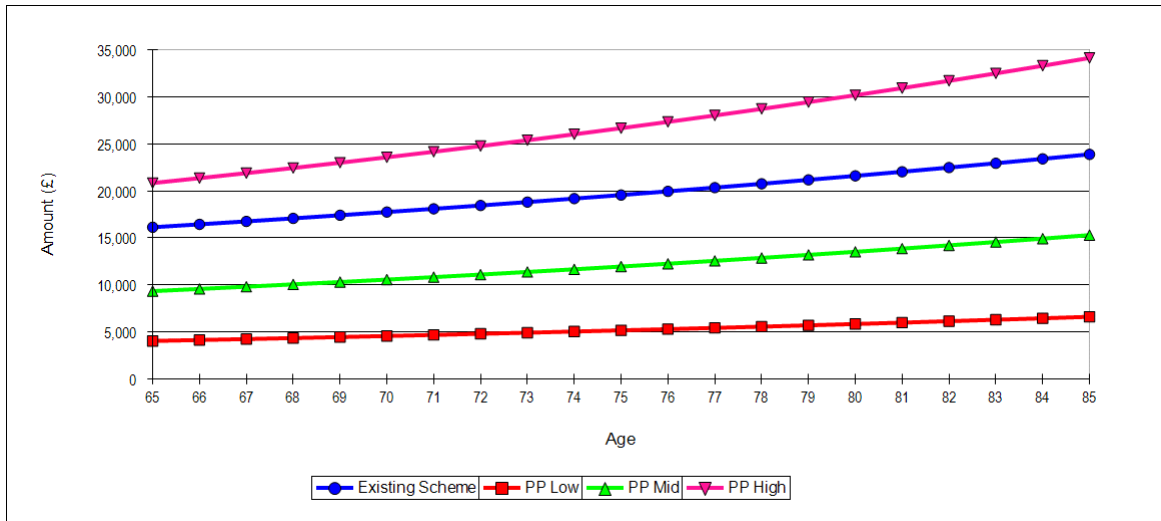
	Single Life		Joint Life	
	Full Pension	Cash & Reduced Pension	Full Pension	Cash & Reduced Pension
Retiring at Age 65			5.3%	5.1%
Retiring at Age 55			9.3%	9.1%

RETIREMENT BENEFITS AT AGE 65 FOR ANNUITY PURCHASE

Annual Pension Benefits

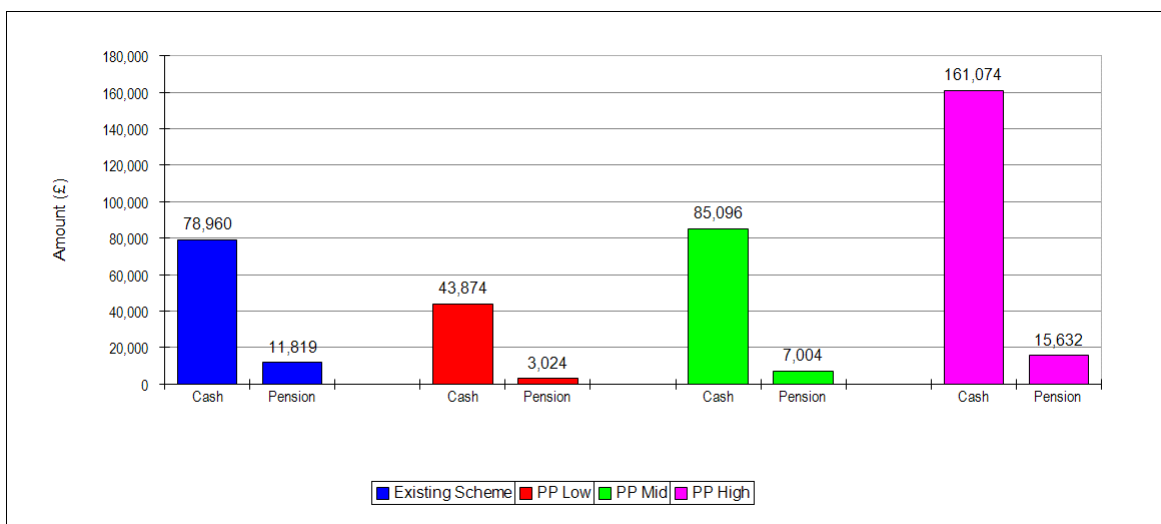
The graph below compares the projected pension benefits for the Existing Scheme with those that could become available at age 65 if purchasing an annuity from the Personal Pension at the Low, Mid and High rates of return. The initial pensions are:

Existing Scheme	Personal Pension		
£16,138	£4,032 (Low)	£9,338 (Mid)	£20,843 (High)



Tax Free Cash and Reduced Annual Pension

The estimated maximum amounts of tax free cash and annual pension payable at age 65 are as follows:



DRAWING INCOME ONLY CASH FLOW MODELLING FROM AGE 65

The tables below show the funds left within the Personal Pension Plan, assuming you withdraw the same pension each year as would be payable to you if you stayed in the Existing Scheme. Once you reach your average life expectancy, they show the amount being payable as the spouse/partner pension within the scheme. In addition, they show the critical yield required from now until various ages to match the scheme pension payable net of tax from the Personal Pension. The initial pension payable at age 65 from the scheme is £16,138. Allowing for tax of 20%, your net of tax income from the scheme at age 65 would be £12,910.

Taking Full Scheme Pension and No Tax Free Cash - using UFPLS in Personal Pension

This table assumes the UFPLS option will be used in the Personal Pension, which means 25% of the amount drawn would be tax free for a period of time.

Your Age	Probability of Reaching Your Age		Annual Scheme Pension after Tax	Personal Pension Fund Remaining at Start of Year			Growth Rate required to fund pension until age
	You	Partner		Low 2%	Mid 5%	High 8%	
65	92%	94%	£12,910	£175,000	£340,000	£644,000	
70	88%	91%	£14,204	£104,000	£328,000	£811,000	-1.3%
75	82%	86%	£15,656	£20,700	£304,000	£1,030,000	1.6%
80	73%	79%	£17,286	fund depleted	£265,000	£1,340,000	3.0%
85	61%	68%	£19,117	fund depleted	£207,000	£1,760,000	4.0%
87	56%	63%	£9,955	fund depleted	£176,000	£1,960,000	4.2%
90	46%	53%	£10,586	fund depleted	£161,000	£2,370,000	4.4%
95	30%	35%	£11,741	fund depleted	£124,000	£3,260,000	4.6%
100	15%	18%	£13,038	fund depleted	£72,700	£4,490,000	4.8%
105	5%	7%	£14,496	fund depleted	£209	£6,220,000	5.0%
Age Pension Fund Depleted				76	105	>105	
Probability of Reaching that Age (You/Partner)				80%/85%	5%/7%		

Taking Full Scheme Pension and No Tax Free Cash - using Full Drawdown in Personal Pension

This table assumes Full Drawdown option will be used in the Personal Pension, which means 25% of the Initial Fund is taken as cash and used to provide income until that runs out, then income is drawn from the fund (and taxed).

Your Age	Probability of Reaching Your Age		Annual Scheme Pension after Tax	Personal Pension Fund Remaining at Start of Year			Growth Rate required to fund pension until age
	You	Partner		Low 2%	Mid 5%	High 8%	
65	92%	94%	£12,910	£131,000	£255,000	£483,000	
70	88%	91%	£14,204	£109,000	£311,000	£679,000	-1.4%
75	82%	86%	£15,656	£20,900	£305,000	£954,000	1.6%
80	73%	79%	£17,286	fund depleted	£259,000	£1,250,000	3.1%
85	61%	68%	£19,117	fund depleted	£192,000	£1,620,000	4.0%
87	56%	63%	£9,955	fund depleted	£158,000	£1,810,000	4.3%
90	46%	53%	£10,586	fund depleted	£137,000	£2,180,000	4.5%
95	30%	35%	£11,741	fund depleted	£91,900	£2,980,000	4.7%
100	15%	18%	£13,038	fund depleted	£27,400	£4,100,000	4.9%
105	5%	7%	£14,496	fund depleted	fund depleted	£5,660,000	5.1%
Age Pension Fund Depleted				76	101	>105	
Probability of Reaching that Age (You/Partner)				80%/85%	12%/16%		

DRAWING CASH SUM AND INCOME CASH FLOW MODELLING FROM AGE 65

The tables below show the funds left within the Personal Pension Plan, assuming you withdraw an initial amount equivalent to the Tax Free Cash Sum payable if you stayed in the Existing Scheme (£78,960) followed by the same reduced pension each year as would be payable to you if you stayed in the scheme. Once you reach your average life expectancy, they show the amount being payable as the spouse/partner pension within the scheme. In addition, they show the critical yield required from now until various ages to match the scheme pension payable net of tax from the Personal Pension. The reduced initial pension payable is £11,819. Allowing for tax of 20%, your net of tax income from the scheme at age 65 would be £9,455.

Taking Initial Cash and Reduced Scheme Pension - using UFPLS in Personal Pension

This table assumes the UFPLS option will be used in the Personal Pension, which means 25% of the amount drawn would be tax free for a period of time. An initial amount of £92,894 would be drawn to provide an initial sum net of tax equal to the scheme tax free cash sum of £78,960.

Your Age	Probability of Reaching Your Age		Annual Scheme Pension after Tax	Personal Pension Fund Remaining at Start of Year			Growth Rate required to fund pension until age
	You	Partner		Low 2%	Mid 5%	High 8%	
65	92%	94%	£9,455	£82,600	£247,000	£551,000	
70	88%	91%	£10,420	£27,700	£238,000	£706,000	1.3%
75	82%	86%	£11,502	fund depleted	£220,000	£916,000	2.6%
80	73%	79%	£12,714	fund depleted	£190,000	£1,200,000	3.6%
85	61%	68%	£14,074	fund depleted	£146,000	£1,590,000	4.2%
87	56%	63%	£9,955	fund depleted	£123,000	£1,790,000	4.4%
90	46%	53%	£10,586	fund depleted	£101,000	£2,160,000	4.6%
95	30%	35%	£11,741	fund depleted	£51,900	£2,960,000	4.8%
100	15%	18%	£13,038	fund depleted	fund depleted	£4,070,000	5.0%
105	5%	7%	£14,496	fund depleted	fund depleted	£5,630,000	5.2%
Age Pension Fund Depleted				72	98	>105	
Probability of Reaching that Age (You/Partner)				86%/89%	20%/25%		

Taking Initial Cash and Reduced Scheme Pension - using Full Drawdown in Personal Pension

This table assumes Full Drawdown option will be used in the Personal Pension, which means 25% of the Initial Fund is taken as cash and used initially to provide the £78,960 tax free cash and income at the same level as the scheme until that runs out, then income is drawn from the fund (and taxed).

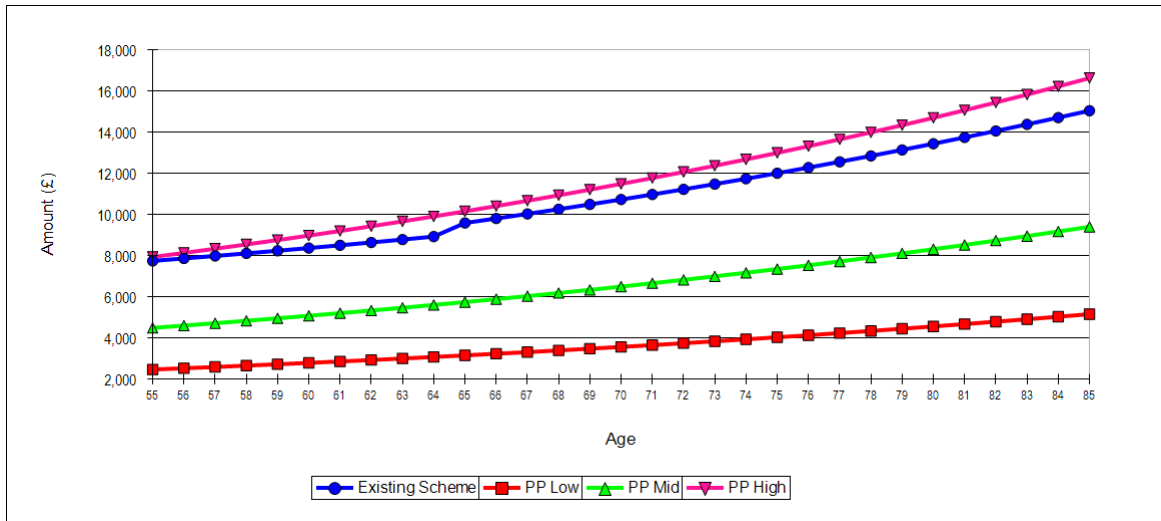
Your Age	Probability of Reaching Your Age		Annual Scheme Pension after Tax	Personal Pension Fund Remaining at Start of Year			Growth Rate required to fund pension until age
	You	Partner		Low 2%	Mid 5%	High 8%	
65	92%	94%	£9,455	£87,700	£255,000	£483,000	
70	88%	91%	£10,420	£29,500	£252,000	£679,000	1.3%
75	82%	86%	£11,502	fund depleted	£233,000	£925,000	2.6%
80	73%	79%	£12,714	fund depleted	£202,000	£1,210,000	3.6%
85	61%	68%	£14,074	fund depleted	£155,000	£1,600,000	4.2%
87	56%	63%	£9,955	fund depleted	£131,000	£1,800,000	4.4%
90	46%	53%	£10,586	fund depleted	£107,000	£2,160,000	4.6%
95	30%	35%	£11,741	fund depleted	£54,900	£2,960,000	4.8%
100	15%	18%	£13,038	fund depleted	fund depleted	£4,070,000	5.0%
105	5%	7%	£14,496	fund depleted	fund depleted	£5,620,000	5.2%
Age Pension Fund Depleted				72	98	>105	
Probability of Reaching that Age (You/Partner)				86%/89%	20%/25%		

RETIREMENT BENEFITS AT AGE 55 FOR ANNUITY PURCHASE

Annual Pension Benefits

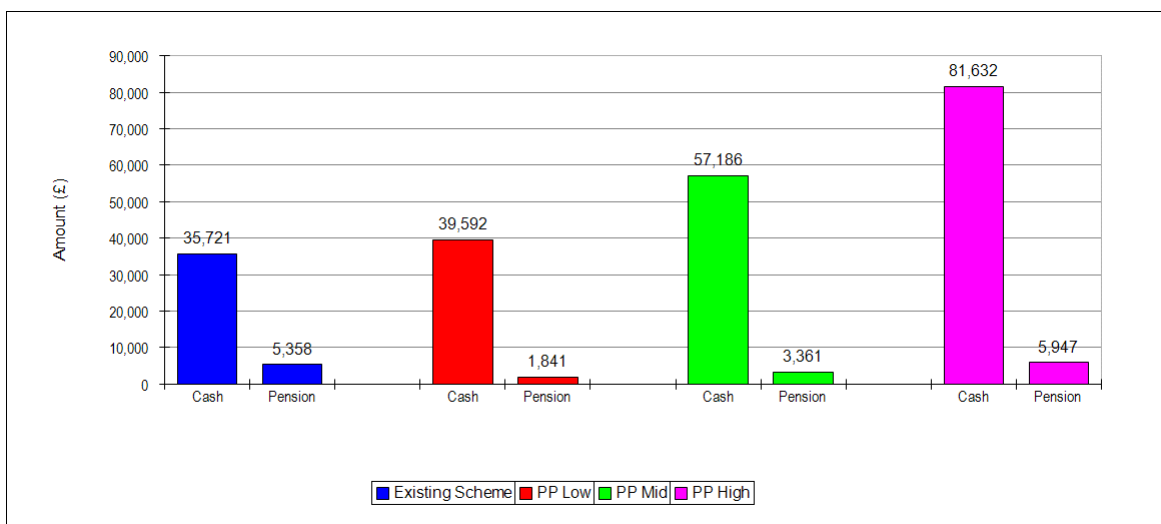
The graph below compares the projected pension benefits for the Existing Scheme with those that could become available at age 55 if purchasing an annuity from the Personal Pension at the Low, Mid and High rates of return. The initial pensions are:

Existing Scheme	Personal Pension		
£7,740	£2,455 (Low)	£4,481 (Mid)	£7,930 (High)



Tax Free Cash and Reduced Annual Pension

The estimated maximum amounts of tax free cash and annual pension payable at age 55 are as follows:



DRAWING INCOME ONLY CASH FLOW MODELLING FROM AGE 55

The tables below show the funds left within the Personal Pension Plan, assuming you withdraw the same pension each year as would be payable to you if you stayed in the Existing Scheme. Once you reach your average life expectancy, they show the amount being payable as the spouse/partner pension within the scheme. In addition, they show the critical yield required from now until various ages to match the scheme pension payable net of tax from the Personal Pension. The initial pension payable at age 55 from the scheme is £7,740. Allowing for tax of 20%, your net of tax income from the scheme at age 55 would be £6,192.

Taking Full Scheme Pension and No Tax Free Cash - using UFPLS in Personal Pension

This table assumes the UFPLS option will be used in the Personal Pension, which means 25% of the amount drawn would be tax free for a period of time.

Your Age	Probability of Reaching Your Age		Annual Scheme Pension after Tax	Personal Pension Fund Remaining at Start of Year			Growth Rate required to fund pension until age
	You	Partner		Low 2%	Mid 5%	High 8%	
55	97%	98%	£6,192	£158,000	£228,000	£326,000	
60	95%	96%	£6,692	£128,000	£237,000	£414,000	-7.4%
65	92%	94%	£7,668	£94,100	£245,000	£534,000	-2.3%
70	88%	91%	£8,581	£50,900	£247,000	£694,000	0.4%
75	82%	86%	£9,605	fund depleted	£243,000	£914,000	2.0%
80	73%	79%	£10,752	fund depleted	£232,000	£1,210,000	3.0%
85	61%	68%	£12,038	fund depleted	£210,000	£1,620,000	3.7%
87	56%	63%	£6,298	fund depleted	£198,000	£1,830,000	4.0%
90	46%	68%	£6,740	fund depleted	£199,000	£2,220,000	4.1%
95	30%	35%	£7,549	fund depleted	£197,000	£3,080,000	4.3%
100	15%	18%	£8,455	fund depleted	£189,000	£4,270,000	4.5%
105	5%	7%	£9,472	fund depleted	£173,000	£5,950,000	4.6%

Age Pension Fund Depleted	74	>105	>105
Probability of Reaching that Age (You/Partner)	83%/87%		

Taking Full Scheme Pension and No Tax Free Cash - using Full Drawdown in Personal Pension

This table assumes Full Drawdown option will be used in the Personal Pension, which means 25% of the Initial Fund is taken as cash and used to provide income until that runs out, then income is drawn from the fund (and taxed).

Your Age	Probability of Reaching Your Age		Annual Scheme Pension after Tax	Personal Pension Fund Remaining at Start of Year			Growth Rate required to fund pension until age
	You	Partner		Low 2%	Mid 5%	High 8%	
55	97%	98%	£6,192	£118,000	£171,000	£244,000	
60	95%	96%	£6,692	£125,000	£209,000	£344,000	-7.6%
65	92%	94%	£7,668	£98,200	£243,000	£484,000	-2.4%
70	88%	91%	£8,581	£52,200	£242,000	£646,000	0.4%
75	82%	86%	£9,605	fund depleted	£233,000	£841,000	2.0%
80	73%	79%	£10,752	fund depleted	£216,000	£1,100,000	3.1%
85	61%	68%	£12,038	fund depleted	£186,000	£1,470,000	3.8%
87	56%	63%	£6,298	fund depleted	£170,000	£1,650,000	4.1%
90	46%	53%	£6,740	fund depleted	£165,000	£2,000,000	4.2%
95	30%	35%	£7,549	fund depleted	£153,000	£2,760,000	4.5%
100	15%	18%	£8,455	fund depleted	£133,000	£3,830,000	4.6%
105	5%	7%	£9,472	fund depleted	£101,000	£5,320,000	4.8%

Age Pension Fund Depleted	74	>105	>105
Probability of Reaching that Age (You/Partner)	83%/87%		

DRAWING CASH SUM AND INCOME CASH FLOW MODELLING FROM AGE 55

The tables below show the funds left within the Personal Pension Plan, assuming you withdraw an initial amount equivalent to the Tax Free Cash Sum payable if you stayed in the Existing Scheme (£35,721) followed by the same reduced pension each year as would be payable to you if you stayed in the scheme. Once you reach your average life expectancy, they show the amount being payable as the spouse/partner pension within the scheme. In addition, they show the critical yield required from now until various ages to match the scheme pension payable net of tax from the Personal Pension. The reduced initial pension payable is £5,358. Allowing for tax of 20%, your net of tax income from the scheme at age 55 would be £4,287.

Taking Initial Cash and Reduced Scheme Pension - using UFPLS in Personal Pension

This table assumes the UFPLS option will be used in the Personal Pension, which means 25% of the amount drawn would be tax free for a period of time. An initial amount of £42,025 would be drawn to provide an initial sum net of tax equal to the scheme tax free cash sum of £35,721.

Your Age	Probability of Reaching Your Age		Annual Scheme Pension after Tax	Personal Pension Fund Remaining at Start of Year			Growth Rate required to fund pension until age
	You	Partner		Low 2%	Mid 5%	High 8%	
55	97%	98%	£4,287	£116,000	£186,000	£284,000	
60	95%	96%	£4,545	£96,300	£199,000	£369,000	-4.3%
65	92%	94%	£3,712	£73,600	£213,000	£486,000	-1.5%
70	88%	91%	£4,040	£54,600	£235,000	£657,000	-0.1%
75	82%	86%	£4,411	£32,300	£260,000	£894,000	1.0%
80	73%	79%	£4,828	£6,560	£288,000	£1,220,000	1.8%
85	61%	68%	£5,299	fund depleted	£319,000	£1,680,000	2.4%
87	56%	63%	£6,298	fund depleted	£332,000	£1,920,000	2.6%
90	46%	53%	£6,740	fund depleted	£351,000	£2,330,000	2.9%
95	30%	35%	£7,549	fund depleted	£382,000	£3,230,000	3.3%
100	15%	18%	£8,455	fund depleted	£416,000	£4,480,000	3.6%
105	5%	7%	£9,472	fund depleted	£450,000	£6,240,000	3.9%
Age Pension Fund Depleted				81	>105	>105	
Probability of Reaching that Age (You/Partner)				71%/77%			

Taking Initial Cash and Reduced Scheme Pension - using Full Drawdown in Personal Pension

This table assumes Full Drawdown option will be used in the Personal Pension, which means 25% of the Initial Fund is taken as cash and used initially to provide the £35,721 tax free cash and income at the same level as the scheme until that runs out, then income is drawn from the fund (and taxed).

Your Age	Probability of Reaching Your Age		Annual Scheme Pension after Tax	Personal Pension Fund Remaining at Start of Year			Growth Rate required to fund pension until age
	You	Partner		Low 2%	Mid 5%	High 8%	
55	97%	98%	£4,287	£118,000	£171,000	£244,000	
60	95%	96%	£4,545	£102,000	£208,000	£344,000	-4.3%
65	92%	94%	£3,712	£78,200	£222,000	£484,000	-1.5%
70	88%	91%	£4,040	£58,000	£245,000	£653,000	-0.1%
75	82%	86%	£4,411	£34,300	£271,000	£887,000	1.0%
80	73%	79%	£4,828	£6,940	£299,000	£1,210,000	1.8%
85	61%	68%	£5,299	fund depleted	£331,000	£1,660,000	2.4%
87	56%	63%	£6,298	fund depleted	£344,000	£1,890,000	2.6%
90	46%	53%	£6,740	fund depleted	£363,000	£2,300,000	2.9%
95	30%	35%	£7,549	fund depleted	£394,000	£3,180,000	3.3%
100	15%	18%	£8,455	fund depleted	£427,000	£4,420,000	3.6%
105	5%	7%	£9,472	fund depleted	£460,000	£6,150,000	3.9%
Age Pension Fund Depleted				81	>105	>105	
Probability of Reaching that Age (You/Partner)				71%/77%			

EXISTING SCHEME PENSION BENEFITS

The pension benefits accrued in the ABC Pension Scheme are comprised of a number of separate elements, or slices of pension that are treated differently by the scheme or have different legislation governing their behaviour.

The following details the types of pension benefit that were accrued and the different slices of benefit within each type along with details of how they increase before and after retirement.

Guaranteed Minimum Pension (GMP)

Post 88 GMP

Pension at 1 August 2011	£1,250
Increases before age 65	4% per annum
Increases after age 65	CPI (max 3%) per annum*

*The increases on GMP benefits from age 65 paid by the Existing Scheme are detailed above. If the increase in CPI is greater than the scheme increases, the balance of the increase is awarded as an addition to the member's state pension.

GMP is not payable before age 65. When you retire before this age, the scheme will pay a pension in lieu of the GMP (known as a GMP Bridge). For details of this see the 'Data Used for the report' section at the back of the analysis.

Other Scheme Pension Benefits

Pre 97 Barber Excess

Pension at 1 August 2011	£347.22
Increases before retirement	Statutory Orders (5% cap)
Increases after retirement	No escalation

Pre 97 Excess

Pension at 1 August 2011	£1,250
Increases before retirement	Statutory Orders (5% cap)
Increases after retirement	No escalation

05 - 09 Pension

Pension at 1 August 2011	£1,666.67
Increases before retirement	Statutory Orders (5% cap)
Increases after retirement	RPI (max 2.5%)

97 - 05 Pension

Pension at 1 August 2011	£3,333.33
Increases before retirement	Statutory Orders (5% cap)
Increases after retirement	RPI (max 5%)

Post 09 Pension

Pension at 1 August 2011	£972.22
Increases before retirement	Statutory Orders (2.5% cap)
Increases after retirement	CPI (max 2.5%)

Transferred-in Benefits

There are no fixed transferred-in benefits although there may be some added years' service included in the pension benefits listed above.

EXISTING SCHEME TAX FREE CASH (PCLS)

The scheme rules permit some pension to be exchanged for a tax free cash sum up to the maximum permitted by HM Revenue & Customs (HMRC).

This is otherwise known as pension commencement lump sum (PCLS). Whether this amount is completely tax-free will depend upon your remaining lifetime allowance.

The amount of cash available depends on the total value at retirement of the pension benefits, together with the rate at which the Existing Scheme exchanges pension benefits for cash; this is known as the commutation rate.

A protected cash sum figure of £12,500 as at 5 April 2006 has been provided, and this has been taken into account in the analysis.

TRANSFER VALUE

You have been offered a transfer value of £142,000, in lieu of benefits under the Existing Scheme, which can be invested into a Personal Pension contract.

ADDITIONAL VOLUNTARY CONTRIBUTIONS

In addition to the Existing Scheme transfer value of £142,000, a further amount of £123,456 exists. This represents in scheme Additional Voluntary Contributions that can be transferred separately or left within the scheme. As these AVC's are Money Purchase amounts, they have been excluded from the transfer analysis and critical yield calculations.

TRANSFER ALTERNATIVES

These benefits, apart from being left within your existing scheme, can be transferred to a Personal Pension Plan or a Section 32 contract.

Personal Pension Plan Benefits

In a Personal Pension the benefits at retirement are determined by how the transfer value has grown in the period to retirement, together with the annuity rates available at retirement to convert the pension fund into annual pensions.

The size of the pension fund also impacts the amount of death benefits and cash lump sums payable.

Personal Pension Plan - Escalation of Benefits from Retirement

In a Personal Pension Plan, at retirement the member would be able to choose the rate of pension increase.

For comparison purposes, the Personal Pension benefits are assumed to increase on a basis that matches the Existing Scheme as far as possible. If a lower escalation rate is selected a higher starting pension might be available and vice versa.

Personal Pension Plan - Tax Free Cash Sum

The tax free cash sum is calculated as 25% of the entire pension fund.

Section 32 Plan Benefits

The benefits in a Section 32 contract are also determined by the fund value available at retirement, which is in turn used to purchase pension benefits, death benefits and cash lump sums.

In addition the Section 32 contract treats any Guaranteed Minimum Pension (GMP) benefits in a similar way to the Existing Scheme and must ensure at least this level of pension is paid at age 65.

For the purposes of this report, no comparison has been made of the benefits on transfer to a Section 32 contract.

BENEFITS ON DEATH BEFORE RETIREMENT

Existing Scheme

A payment of £25,000 representing member's contributions plus interest at 3% per annum.

In the event of your death before retirement a Spouse's Pension is payable. The Spouse's Pension payable from each slice of pension is as follows:

50%	05 - 09 Pension
50%	97 - 05 Pension
50%	Post 09 Pension
50%	Post 88 GMP
0%	Pre 97 Barber Excess
0%	Pre 97 Excess

Personal Pension

Where a Personal Pension Plan has been established as a result of a transfer from a Final Salary Scheme, the entire fund will be paid as a lump sum although there may be an option to provide a pension with some or all of the lump sum.

BENEFITS ON DEATH AFTER RETIREMENT

Existing Scheme

The Existing Scheme member's pension will continue to be paid for a minimum of 5 years from the date of retirement.

Given your current marital status, on your death in retirement a spouse's pension of 50% would be payable based on the member's pension prior to commutation.

Personal Pension

In a Personal Pension the member chooses at retirement the style of benefit they wish to take, including the size of any spouse's pension.

For illustration purposes this report assumes a similar level of spouse's pension would be chosen to that in the Existing Scheme. Were a higher spouse's pension chosen, the amount of member's pension that could be purchased would be smaller and vice versa.

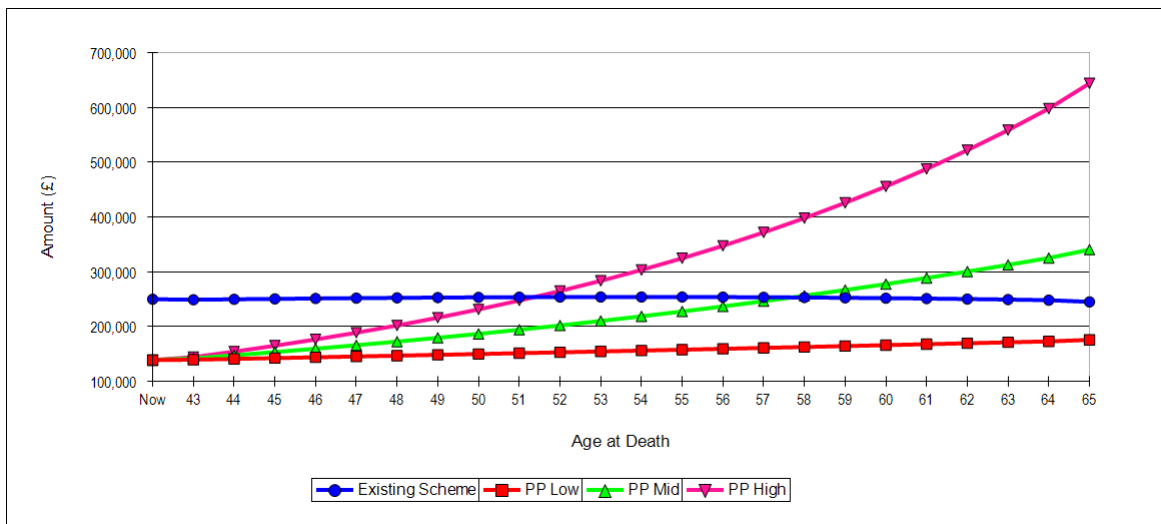
DEATH BENEFIT COMPARISONS

Death Before Retirement

Assuming Death	Benefit Payable	Existing Scheme	Personal Pension		
			Low	Mid	High
Immediately	Lump Sum	£25,000	£138,450	£138,450	£138,450
	Annual Pension	£3,902	£0	£0	£0
At age 55	Lump Sum	£36,264	£158,370	£228,743	£326,530
	Annual Pension	£5,273	£0	£0	£0
At age 65	Lump Sum	£48,736	£175,496	£340,383	£644,296
	Annual Pension	£6,667	£0	£0	£0

Capitalised Value of Death Benefits Before Retirement

To simplify the comparison of benefits payable on death before retirement, the graph below shows the capital cost of providing all projected death benefits from the Existing Scheme and the projected fund values that could be achieved by a Personal Pension.



PENSION PROTECTION FUND

The Pension Protection Fund (PPF) offers an “insurance scheme” to help provide a minimum level of pension should a pension scheme get into serious financial difficulty. It is funded by a series of levies applied to all final salary pension schemes. It should be noted that the management body of the PPF have the right to reduce the level of compensation being paid from the scheme should the PPF itself suffer financial hardship. The government does NOT underwrite the scheme.

Broadly speaking, those people below the normal retirement age of the scheme when the PPF is appointed will receive 90% of their accrued benefits immediately before the assessment date (subject to a review of the rules of the scheme by the PPF), whilst those past the normal retirement age of the scheme at this date would receive 100% of their accrued benefits.

In the PPF, the Total Pension is revalued from the PPF assessment date to the normal retirement date in line with statutory orders revaluation. GMP benefits do not receive separate revaluation. Benefits relating to Post April 1997 service will increase in payment (in line with CPI capped at 2.5%), whereas no increase in payment will be made in respect of any pension accrued before 1997.

This compensation is subject to an overall cap (currently £36,401.19 for those retiring at age 65) which will be increased each year, and adjusted to the age at which compensation comes into payment (future increases to the cap are assumed in line with AEI increases).

The PPF is not applicable if your benefits are held within a Public Sector Pension Scheme. This type of scheme is dependent upon income from Local and/or Central Government for its funding. Generally, therefore, a greater degree of security is available.

The following pages compare the benefits that the Pension Protection Fund might secure against those that the existing scheme provide.

The comparison is performed assuming the scheme apply to the Pension Protection Fund as at the date of this report. Comparisons are provided assuming retirement at both age 65 and age 55.

PENSION PROTECTION FUND COMPARISONS

The Normal Retirement Age of the Scheme is 65 and these comparisons assume the scheme applies to the PPF on 30 June 2015. 67% of your pension benefits relate to post April 1997 service and will receive escalation in the PPF.

Assuming retirement at age 65

Full Pension:	Pension Today	Pension at 65	Capitalised Value of Benefits	Critical Yield in Personal Pension
Existing Scheme	£9,501 pa	£16,138 pa	£495,690	6.8%
PPF	£8,551 pa (90%)	£13,302 pa (82%)	£360,598 (73%)	5.3%

Alternatively:

Cash + Reduced Pension:	Tax Free Cash Sum at age 65	+ Reduced Pension at 65	Capitalised Value of Benefits	Critical Yield in Personal Pension
Existing Scheme	£78,960	+ £11,819 pa	£456,782	6.3%
PPF	£76,074 (96%)	+ £9,977 pa (84%)	£344,478 (75%)	5.1%

Commutation rates used to convert pension into tax free cash are 18.388 (Existing Scheme) and 22.875 (PPF).

Assuming early retirement at age 55

Any applicable early retirement factors have been applied on both the existing scheme and the PPF in the calculation of the pension at age 55.

Full Pension:	Pension Today	Pension at 55	Capitalised Value of Benefits	Critical Yield in Personal Pension
Existing Scheme	£9,501 p.a.	£7,740 p.a.	£327,540	8.0%
PPF	£8,551 p.a. (90%)	£10,953 p.a. (142%)	£380,157 (116%)	9.3%

Alternatively:

Cash + Reduced Pension:	Tax Free Cash Sum at 55	+ Reduced Pension at 55	Capitalised Value of Benefits	Critical Yield in Personal Pension
Existing Scheme	£35,721	+ £5,358 p.a.	£265,198	6.2%
PPF	£84,516 (237%)	+ £8,214 p.a. (153%)	£369,634 (139%)	9.1%

Commutation rates used to convert pension into tax free cash are 15.0 (Existing Scheme) and 30.866 (PPF).

OTHER MATTERS

Transfer Value Expiry Date

The transfer value quoted by the Existing Scheme is due to expire on 1 September 2015. If a transfer of benefits proceeds after this date a revised value will need to be quoted by the scheme trustees.

Ill Health Retirement Benefits

The majority of final salary occupational pension schemes have the scope to pay enhanced benefits to members who wish to retire early due to ill-health. The level of enhancement, and indeed, whether any such enhancement will be paid is usually at the discretion of the scheme trustees on a case by case basis. This potential benefit will however be lost upon transfer to a Personal Pension.

Equalisation Issues

Male and Female retirement ages for the Existing Scheme were equalised at age 65 on 1 April 1991.

If the existing scheme benefits include GMP; it is important to note that the DWP has re-affirmed its intention to press ahead with regulations to make clear that there is a requirement on schemes to equalise GMPs. It is unclear, however, when the legislative changes will be made.

Scheme Status

The existing Scheme is closed to new members, whilst active members continue to accrue benefits in the Scheme.

Funding Position

The Existing Scheme is known to be in deficit. The extent to which members benefits are being restricted should be discussed with the trustees of the Existing Scheme.

Transfer Club

It is understood that the Existing Scheme is not a member of a transfer club, therefore, this is not an issue that needs further consideration.

ASSUMPTIONS

This report uses various assumptions which are prescribed by the Industry's Regulators and are subject to regular review.

Valuing Scheme Benefits

The Annuity Interest Rate is the annual rate of investment return used in calculating the Annuity Rates for the evaluation of scheme benefits and for converting the projected fund in the individual plan into a pension. The individual plan's pension amount assumes payments are made monthly in advance.

The mortality rates used to determine the annuity are based on the CMI tables PCMA00 and PCFA00 including mortality improvements and are derived from each of the male and female annual mortality projections models in equal parts. No allowance is made in these annuity rates for enhanced or ill health annuities.

Existing Scheme Assumptions

Where benefit increases are linked to an Index, the actual historic increases are used where known and assumptions about the future growth in the index are applied for future increases.

For pre-retirement increases, a separate check is made to ensure that the revaluation over the whole period from date of leaving to retirement is at least equal to any minimum rate and not greater than any maximum capping rate.

The following table includes the assumptions used for the most common types of increases.

	Scheme Projections	Critical Yields
Annuity Interest Rate	n/a	2.5%
Retail Price Index	2.5%	3.54%
Retail Price Index capped at 2.5%	2.5%	2.5%
Retail Price Index capped at 3%	2.5%	3%
Retail Price Index capped at 5%	2.5%	3.54%
Consumer Price Index	2%	3.02%
Consumer Price Index capped at 2.5%	2%	2.5%
Consumer Price Index capped at 3%	2%	3%
Consumer Price Index capped at 5%	2%	3.02%
Statutory Orders	2%	n/a
National Average Earnings Index	4%	4%

Personal Pension Assumptions

	Low	Mid	High
Annuity Interest Rate	0.3%	2.3%	4.3%
Fund Growth Rate	2%	5%	8%

Life Expectancy

The mortality rates used to determine life expectancy and survival probabilities are based on the UK 2012-based National Population Projections life tables published by the Office for National Statistics.

The life tables for 2013 onwards are based on projected mortality rates from the UK 2012-based National Population Projections. Projections are uncertain and become increasingly so the further they are carried forward in time, but in principle, are allowing for future improvements in mortality based on your gender and year of birth.

NOTES AND DATA USED FOR THE REPORT

Scheme Information

Summary Funding Statement

The most recent funding valuation of the Plan showed that on 31 March 2013 the funding position was as follows:

The value of the scheme liabilities were - £671.5 million

The Schemes assets were valued at - £620.2 million

Deficit - £51.3 million

Funding level - 92%

The participating Employers have agreed to pay additional contributions to the Scheme to restore the Scheme to full funding. Additional contributions will be paid for between 7 and 10 years from January 2014.

Data Used

Personal Information

Client Name	Mr J Smith
Date of Birth	25 January 1973
Gender	Male
National Insurance No.	AB123456C
Member Reference No.	100-23456
Marital status	Married
Partner date of birth	18 June 1972
Same partner as at date of leaving	No
Current Employment Status	Employed
Joined Scheme	1 June 1990
Left Scheme	1 August 2011
Final Pensionable Earnings	£25,000
Tax Rate in Retirement	20%

Scheme Information

Scheme Name	ABC Pension Scheme
Scheme Category	NRA 65
Contracted Out Pre 4/97	Yes
GMP Bridge	Yes
Contracted Out Post 4/97	Yes
Basis of Post 97 Contracting Out	Reference Scheme S9(2b) Rights
Accrual Rate	60ths
Scheme Status	Closed To New Members Only
Funding Position	In Deficit
Pensionable Service Basis	Years and Months Rounded Down
Transfer Club Member	No
Scheme Benefits have money purchase underpin	No
Can money purchase AVCs be left in the scheme?	Yes

Retirement Ages

Scheme Retirement Age	65
Earliest Retirement Age allowed by scheme	55
Latest Retirement Age allowed by scheme	75
Retirement Ages Equalised	Yes
Date Retirement Ages Equalised	1 April 1991
Report illustration age A	65
Report illustration age B	55

Cash by Commutation

Does the scheme allow cash by commutation?	Yes
Does Scheme pay HMRC Post A Day maximum?	Yes
Protected Cash @ 5/4/2006	£12,500
Escalation applied to Pension before Commutation?	No
Bulk Transfer Cash Protection?	No

Death Benefits

Is the Spouses Pension only payable to the spouse to whom the member was married at date of leaving? No(Assumed)

Death Before Retirement

Return of Members Contributions £25,000
Return of Members Contributions interest 3% fixed
Spouse's Pension Defined on a Slice by Slice Basis

Death After Retirement

Guarantee Period 5 years
Spouse's Pension – Percentage of Total Pension 50%
Spouse's Pension based on Pension Before Commutation? Yes

Transfer Value

Total Transfer Value £142,000
Post 97 Contracted Out TV (included in Total TV) £82,500

Date of Transfer Value 1 June 2015
Transfer Value Guaranteed Until 1 September 2015
Transfer Value Basis Standard TV Only
Members Contributions £25,000
Additional Money Purchase AVCs £123,456

Pension Providers

Personal Pension Product Royal London Pension Portfolio
Initial Adviser Charge Basis Initial Percentage
Initial Charge Percentage 2.5%
Ongoing Adviser Charge Basis Ongoing Percentage
Ongoing Charge Percentage 0.5%
Ongoing Charge Frequency Annually
Charges Facilitated by Product Provider Yes
Fund 100% RLP Adventurous Managed Pen

Discretionary Increases

Discretionary Increases Before Retirement

Benefits before retirement are not subject to discretionary increases.

Discretionary Increases After Retirement

Benefits after retirement are not subject to discretionary increases.

Pension Benefits

Pre 97 Barber Excess

- £347.22 as at 1 August 2011.
- 'Pre 97 Excess Pension' slice that revalues by Statutory Orders (5% cap) and does not escalate.
- The NRA for this slice is 60.
- Full franking is applied before age 65 with franking of escalation only applied on or after this age.
- On retirement at age 65 the slice is revalued to age 60 and a factor of 1.35 is applied.
- On retirement at age 55 the slice is revalued to this age and a factor of 0.8 is applied.
- Commutation factor at age 65 is 16 and at age 55 is 15 (assumed).
- On death before retirement a 0% spouse's pension is payable.

Pre 97 Excess

- £1,250 as at 1 August 2011.
- 'Pre 97 Excess Pension' slice that revalues by Statutory Orders (5% cap) and does not escalate.
- Full franking is applied before age 65 with franking of escalation only applied on or after this age.
- On retirement at age 55 the slice is revalued to this age and a factor of 0.6 is applied.
- Commutation factor at age 65 is 16 and at age 55 is 15 (assumed).
- On death before retirement a 0% spouse's pension is payable.

05 - 09 Pension

- £1,666.67 as at 1 August 2011.
- 'Post 97 Pension' slice that revalues by Statutory Orders (5% cap) and escalates by RPI (max 2.5%).
- No franking is applied.
- On retirement at age 55 the slice is revalued to this age and a factor of 0.6 is applied.
- Commutation factor at age 65 is 18.5 and at age 55 is 15 (assumed).
- On death before retirement a 50% spouse's pension is payable.

97 - 05 Pension

- £3,333.33 as at 1 August 2011.
- 'Post 97 Pension' slice that revalues by Statutory Orders (5% cap) and escalates by RPI (max 5%).
- No franking is applied.
- On retirement at age 55 the slice is revalued to this age and a factor of 0.6 is applied.
- Commutation factor at age 65 is 19.5 and at age 55 is 15 (assumed).
- On death before retirement a 50% spouse's pension is payable.

Post 09 Pension

- £972.22 as at 1 August 2011.
- 'Post 97 Pension' slice that revalues by Statutory Orders (2.5% cap) and escalates by CPI (max 2.5%).
- No franking is applied.
- On retirement at age 55 the slice is revalued to this age and a factor of 0.6 is applied.
- Commutation factor at age 65 is 18.5 and at age 55 is 15 (assumed).
- On death before retirement a 50% spouse's pension is payable.

Post 88 GMP

- £1,250 as at 1 August 2011.
- 'Post 88 GMP' slice that revalues by GMP Fixed Rate and escalates by Statutory Minimum (GMP).
- This slice starts at age 65.
- Revaluation basis is 'Tax Years'
- This slice is non-commutable.
- On death before retirement a 50% spouse's pension is payable.

Notional GMP - paid up to GMP Age

- £1,250 as at 1 August 2011.
- 'GMP Bridge' slice that revalues by GMP Fixed Rate and does not escalate.
- Revaluation basis is '6th Aprils'
- On retirement at age 55 the slice is revalued to this age and a factor of 0.6 is applied.
- This slice is non-commutable.
- On death before retirement a 0% spouse's pension is payable.

