

## General

**Special Terms Product**

**Date Logged: May 2014**

## Background

Transvas Profiler does not hold information on every product and fund available for receiving individual transfers from occupational pension schemes.

## Resolution

O&M requires an illustration projecting the transfer value, to retirement age for the member under review, showing the Reduction in Yield applicable (i.e. the effect of all product charges on the rate of return).

The wording in the illustration is usually something like 'The charges on the plan will effectively reduce the investment return from 7% to 5.5%'. This equates to a reduction in yield of 1.5% (i.e. 6% - 4.5%)

Transvas Profiler calculates the Critical Yield with no charges whatsoever. An Annual Management Charge is then calculated and input into Transvas Profiler that will result in the correct Reduction in Yield at retirement. The Critical Yield will then correctly reflect the effect of the product charges.

Therefore, if the No Charges Critical Yield is 5% and the Reduction in Yield is 1.5%, the Critical Yield allowing for the plan charges will need to be 6.5% (i.e. 5% + 1.5%)

The report will then be issued, based on the Industry Standard growth rates of 2%, 5% and 8%.

## Further Considerations

**If a report is required with lower rates of return (for example: fund specific growth rates of 1.5%, 4.5% and 7.5%) please let us know the rates of return required and we will arrange for a new report to be produced on that basis. A re-run fee of £25 plus VAT will be charged for this.**