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General Information

Transvas Profiler: Entering Franking

Date Logged: 11 March 2014

What is Franking?

Please see Knowledge Base Article "Transvas Profiler: Franking" for full details of the different methods schemes have to frank pensions.

How do I input the Franking Style?

In Transvas, these inputs are located on the **Retirement Benefits** screen, on the **Advanced Information** tab.

The section labelled "**Franking Styles**" contains 3 inputs:

From Age
Style for Retirement on or after Selected Age
Style for Retirement before Selected Age

The last two inputs allow you to select a "style" of franking from the list:
> Full Franking of Excess Pension;
> Franking of Escalation Only;
> Public Sector Scheme Franking;
> No Franking.

The option you select for "**Style For Retirement on or after Selected Age**" will be applied on reaching GMP age whenever **Illustration Age** is greater than, or equal to the age specified in "**From Age**"
The option you select for "**Style for Retirement before Selected Age**" will be applied on reaching GMP age whenever **Illustration Age** is less than the age specified in "**From Age".**

So if the scenario for a male with GMP is as follows:
> **Scheme NRA = 60**
> **From Age = Scheme NRA**
> **Style for Retirement on or after Selected Age = Franking of Escalation Only**
> **Style for Retirement before Selected Age = Full Franking of Excess Pension**
> **Illustration Age A = 60**
> **Illustration Age B = 55**

For the projection to age 60, the system will revalue the excess to age 60, then on reaching age 65, will frank any GMP revaluation (that is not covered by a GMP bridge) out of the excess pension, but ensuring it never goes below the excess pension at age 60.

For the projection to age 55, the system will revalue the excess to age 55 (and apply any early retirement factors), then on reaching age 65, will frank any GMP revaluation (that is not covered by a GMP bridge) out of the excess pension. The entire pension could be franked to cover the GMP.

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Can Transvas Assume Franking Styles?

The validation system within Transvas Profiler can make assumptions about the Franking Styles if you choose not to enter any details about it.

The assumption made will be the same as the scenario laid out above which is **by far the most common method schemes apply**.

Therefore, unless you fully understand the scheme's methodology you may decide to let the system default to the assumed values which are:

From Age = Scheme NRA
Style for Retirement on or after Selected Age = Franking of Escalation Only
Style for Retirement before Selected Age = Full Franking of Excess Pension

What order is Franking Applied?

Different schemes will apply franking using different methods. It is not practical to allow for inputs that cover all scenarios for such a complex subject.

Therefore where there is a difference between GMP revalued to GMP age, and the GMP Bridge the day before GMP age the system will need to either frank excess pension or pay a GMP step-up.
It will check through each of the excess slices in the following order and apply the relevant franking to that slice before moving to the next (assuming there is still some GMP revaluation to frank).

Largest Pre 97 Excess Pension slice
Second largest Pre 97 Excess Pension slice…(until no more Pre 97 Excess Pension Slices)
Largest Post 97 Pension slice
Second largest Post 97 Pension slice…(until no more Post 97 Pension Slices)