



PASA GUIDANCE

Good Practice Guidance on DC Transfers

October 2022

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Disclaimer

This document is for guidance only and doesn't purport to constitute legal advice. It's not exhaustive and nothing in this document can be relied upon as evidence of compliance with any other legal or regulatory requirements. This document relates to circumstances prevailing at the date of its publication and may not have been updated to reflect subsequent developments. Following the document's guidance doesn't relieve a party of its legal and regulatory obligations and following the guidance may not prevent a claim being brought against a party.

Acknowledgements

PASA is grateful to the authors of the Guidance, the members of the DC Transfers Working Group, and their employers.

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1. Introduction

PASA exists to promote and improve the quality of pensions administration services for UK pension schemes. Transfers from trust based DC schemes are a key, and growing, part of this activity. However, the time taken to process these transfers and the processes followed, vary hugely. This has a detrimental impact on the service offered to savers and on the trust and confidence in the occupational DC scheme community. Some key issues are:

- Some transfers take months to complete
- Processes can be lengthy and opaque
- There's a perception schemes try to hold on to funds for as long as possible, with a consequent impact on saver benefits

A key objective of the DC Transfers Working Group is to drive improvement in this area; enabling faster, well-communicated, efficient, cost-effective and risk-appropriate transfer processing strategies scheme administrators and wider stakeholders can execute.

PASA is aware of the work being carried out by the STAR initiative¹ and, while this Guidance contains no measures specific to STAR requirements, these workstreams are complementary to each other. PASA and STAR continue to provide support to each other.

It's important to be mindful of striking the right balance between saver protection and an individual's desire to transfer their pension. This Guidance aims to drive high standards and improved transfer option communications, to assist savers with making informed choices in a secure environment.

¹ <https://www.joinstar.co.uk/>

2. Impact of recent legislation on pension transfers

The pensions industry is awash with new legislative obligations. The following items require significant effort from all organisations involved in pension transfers:

- **The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021**
Implemented in late November 2021, these Regulations placed additional obligations on those involved in pension transfers to further protect individuals against pension scams
- **Stronger Nudge to Pensions Guidance**
Aimed at ensuring savers over 50, looking to transfer for the purpose of accessing benefits, either receive Pension Wise guidance or explicitly opt out of it. It should be noted 'Stronger Nudge' requirements could have an impact on the timeline of a transfer request
- **National Minimum Pension Age (NMPA) increase**
Although the NMPA increase to age 57 doesn't come into force until 2028, any saver whose benefits were transferred after 03 November 2021 may be entitled to a retirement age of 55 if their transferring scheme specifically included this entitlement

Additionally, FCA regulated schemes need to be mindful (whether they're transferring or receiving schemes) of changes potentially arising out of the recent **'New Consumer Duty' (CP21/36) consultation**.

This Guidance isn't prescriptive in how the above items are dealt with, but it's important to appreciate they now form a significant part of the pension transfers landscape, and participants must ensure they meet their obligations accordingly. It's also important to understand the new legislative measures and consultation outcomes are designed to protect savers.

Pensions Dashboards, although not directly related, will also impact the way in which transfer information is supplied to savers.

3. The pension transfers landscape

The pension transfers landscape has experienced many changes in the recent years:

- Transfer volumes have increased markedly since the Pension Schemes Act 2015 and the introduction of pension freedoms. Transfer volumes processed via the Origo Transfer Service increased by 132% between 2015/16 and 2021/22
- Pension scams have also increased, putting savers at risk
- Legislative changes have placed additional obligations on organisations involved in transfers
- Pensions Dashboards will radically change the way pension information is supplied to savers and will likely drive a further increase in transfer volumes

The above list isn't exhaustive, but these items alone will place additional pressures on processing teams which will likely place upward pressure on transfer times.

Further exacerbating the situation is the fact some matters are outside the control of the processing organisation, e.g. awaiting details from a receiving scheme.

While priority should be given to effective safety checks, it's imperative saver communication is both timely and appropriate. For example, if there's a delay on a transfer due to information being required from a third party, or because of pension scam checks, this should be communicated to avoid frustrating everyone in the process and avoid potential saver complaints. Administrators may not be able to control a third party, but they should seek to influence the process to improve the service for the saver.

Transfers not raising any red flags should be processed as speedily as possible, to ensure good saver outcomes.

It's important to note, while this Guidance is voluntary, we anticipate the Pensions Ombudsman will reference it when reviewing complaint cases as a source of what good industry practice looks like.

In 2019, the PASA DB Transfers Working Group created a 'Transfer Template' to improve the quality of scheme and saver information available on transfer cases. The Transfer Template is made available to savers and their advisers and aims to reduce follow up data requests from advisers and to improve the quality of advice through better understanding of the security and benefits of 'safeguarded benefits'.

Under Section 48 of the Pension Schemes Act 2015, there are certain circumstances when a scheme's trustees or managers must check a saver or survivor has taken appropriate financial advice pertaining to the transfer. These are:

- If the benefits include any ‘safeguarded benefits’. These are benefits including some form of guarantee or promise during the accumulation phase about the rate of secure pension income savers (or their survivors) will receive, or will have an option to receive i.e. broadly speaking, a form of defined benefit, and
- The value of the safeguarded benefits exceeds £30,000

Items such as templates provide valuable help to all involved in the transfer process. Therefore, a Transfer Template, with a DC focus, is included as a key element of this Guidance and can be found in the Appendices. Further details of the context around the Transfer Template are set out in section 9. It should be noted, while the Transfer Template is intended to provide assistance to those involved in the transfer process, this Guidance isn’t prescriptive about its use.

4. Aims

The primary aim of this Guidance is to **improve the overall saver experience through faster and more secure transfers**. This document supports the aim by setting out:

- A standardised and non-prescriptive process flow for transfers, highlighting the important ‘what’ rather than the ‘how’
- A recommendation trustees agree acceptable Service Level Agreement timescales for processing transfers upfront with their administrators, set within the context of an ever-changing regulatory environment
- Template communications to provide an important leg-up, particularly for smaller organisations with smaller resource pools

Efficient and secure methods of electronic communication are recommended, where appropriate, and add value to the saver. The use of non-encrypted email communications shouldn’t be used as these are easily intercepted. The [PASA eAdministration publications](#) provide further guidance on this topic.

Improve communications and transparency in the processing of transfers

Keeping savers and stakeholders better informed and pro-actively managing expectations reduces the need for chasing and raising queries.

Each communication should add real value to the saver by keeping them informed of the transfer’s progress. Ensuring the steps in the transfer are clearly signposted, provides benefit and comfort to savers, the vast majority of whom will be pensions lay people with limited understanding of the technicalities surrounding their pension.

Improve efficiency for all involved

Using standard forms and templates with clear instructions will result in savers and advisers receiving the required information promptly.

Using a Transfer Template with a DC focus to standardise transfer requests will aid automation, result in improved efficiency, save time and resources and help avoid repetitive requests for further information.

5. Standard and non-standard cases

It's important to acknowledge there are varying degrees of complexity of cases.

Standard cases meet the criteria outlined below:

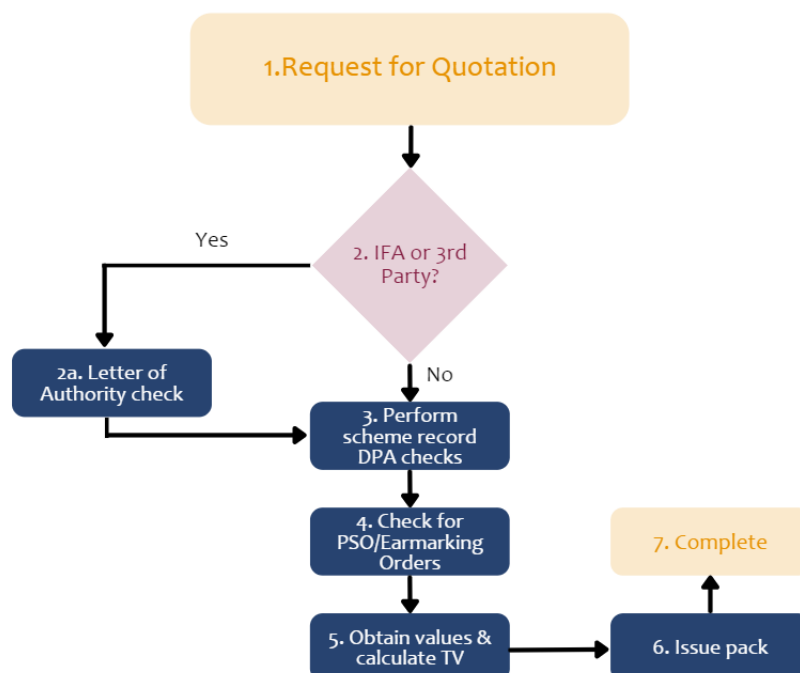
- The request is received via the standard 'business as usual' process
- The transferring arrangement contains no complex investments, e.g. a SIPP invested in commercial property
- There are no pension scam concerns
- Pricing for the investments is readily available
- Referral to trustees isn't required
- A transfer of the full value of the saver's pension is required
- There are no 'safeguarded benefits'

Non-standard cases contain characteristics covered by the criteria outlined below:

- A SIPP invested in commercial property
- Following appropriate due diligence, the case is suspected to be a pension scam
- Pricing for the investments isn't readily available
- Referral to trustees is required
- Partial transfers
- Where there are 'safeguarded benefits'
- Non-statutory transfers, including cases where a transfer requires specific consent (from the employer/trustees) or requires the exercise of trustee discretion
- Pension sharing / earmarking orders

6. Process flow – Quotation request

The following quotation process is representative of the quotation processes currently in use and the steps contained are broadly representative of industry best practice.



STEP 1 – Request for Quotation

Either the saver or the saver's independent financial adviser (IFA) contacts the scheme administrator to request a quotation.

STEP 2 – IFA or Third Party

Determine if the quotation request has come from the saver or the IFA.

STEP 2a – Letter of Authority check

If the quotation request has come from the IFA or other third party, the administrator must ensure, following its own processes, it has appropriate authority to provide the quotation information.

The administrator must also advise the saver in writing such a request has been received.

STEP 3 – Customer Verification Checks

The administrator must verify the saver's identity, and confirm the saver has a record in the scheme.

The administrator must also check the saver is entitled to a quotation – they may not be entitled to one if, for example, they've received one in the last 12 months (in which case the previously supplied quotation may be used), or if they've already started to draw benefits. Savers should never be expected to pay for a statutory quotation.

STEP 4 – Check for non-standard aspects

The administrator must check to see if there are any non-standard aspects about the saver's fund, e.g. Pension Sharing orders, or investment in legacy property fund(s).

STEP 5 – Obtain values and calculate TV

The administrator calculates the transfer value (including external values, if present).

STEP 6 – Issue pack

The administrator sends the Quotation Pack to the saver / third party. A ‘peer review’ approach would help ensure quality.

This can be done either via paper or electronic means, although electronic communication is recommended for expediency. Where electronic communication is used, this must be sent via secure means.

The Quotation Pack should include the information detailed in the Example Settlement Forms Checklist in Appendix 3 to ensure, should the saver decide to proceed, they and their IFA are aware of what documentation will be required.

STEP 7 – Complete Quotation

The quotation is complete.

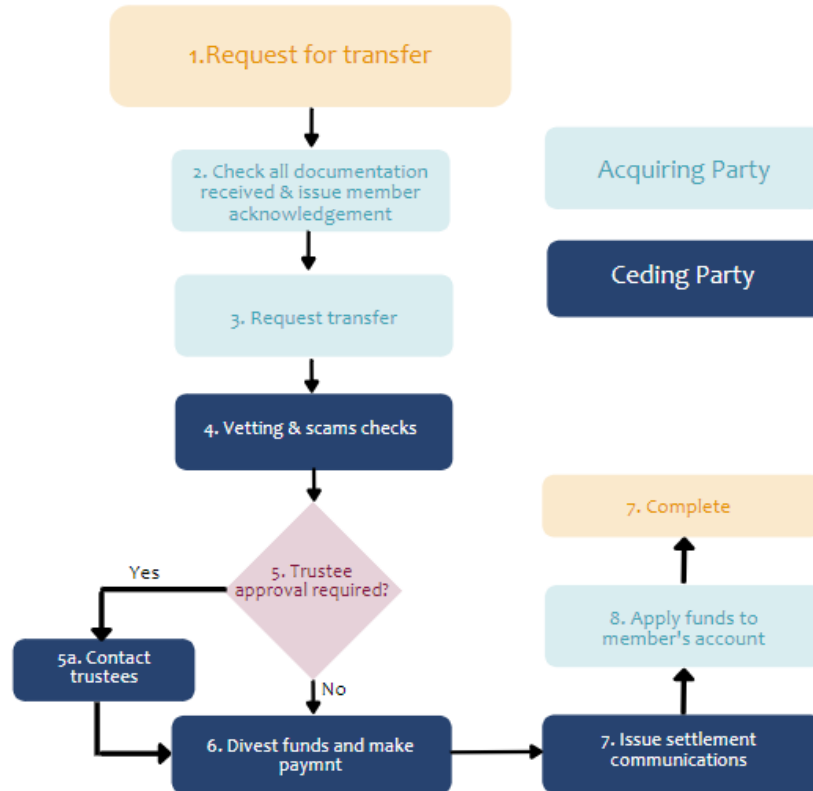
Trustees should agree upfront with their Administrators acceptable Service Level Agreement timescales for processing transfers and transfers should be processed in line with these SLAs. Adherence to these SLAs should be monitored and reported on.

All stages of the transfer should be processed as efficiently as possible and strike an appropriate balance between speed and risk.

The use of electronic media is recommended for expediency and security.

7. Process flow - Settlement process

The following settlement process has been defined by the working group as being representative of practices currently in use and the steps contained are representative of industry best practice.



STEP 1 – Request for transfer

The saver sends a transfer request to the receiving scheme.

STEP 2 – Check all documentation received

The receiving scheme checks all the necessary documentation has been received. To assist with this, an example Settlement Forms Checklist is provided in Appendix 3.

Once forms have been checked, an acknowledgment should be sent to the saver on the same day. This should either confirm the transfer will be processed subject to due diligence checks or request any additional information (see below).

Should the receiving scheme consider any information to be missing, this should be requested as part of the acknowledgement letter.

If paper-based identification (ID) has been supplied, this should be returned to the saver with the acknowledgement. Original documents should be returned via recorded delivery.

If the saver fails an online identity verification, the acknowledgement letter should explain this and ask for alternative paper-based ID.

As with the overall communication strategy set out in this paper, the acknowledgement letter should look to set expectations of the next steps and timeframes.

STEP 3 – Request transfer

The receiving scheme requests the transfer from the transferring scheme. This request must enable the transferring scheme to identify the saver and transferring policy/arrangement and must therefore contain:

- Forename(s)
- Surname
- Date of birth
- National Insurance number
- Postcode
- Ceding policy/reference number

A saver is deemed to have made an application in writing on the date received by the scheme trustees/manager or on the date it is posted, if sent by registered or recorded delivery, provided all the information **necessary** to progress (see above) has been supplied.

STEP 4 – Vetting and scams checks

The transferring scheme checks the transfer request received from the receiving scheme.

At all times, the requirements set out in [The Occupational and Personal Pension Schemes \(Conditions for Transfers\) Regulations 2021](#) must be adhered to (see Appendix 5).

If the transfer cannot be completed within one month, the saver must be informed the transfer will be assessed against two conditions as set out in regulation 5 of the above.

STEP 5 - Trustee approval required?

The transferring scheme determines if trustee approval is required to pay the transfer.

STEP 5a – Contact trustees

If required, the transferring scheme contacts the trustees for approval.

STEP 6 – Divest funds and make payment

The transferring scheme disinvests the proceeds of the transferring policy, covering both internal and external funds, and makes payment to the receiving scheme.

STEP 7 – Issue settlement communications

The transferring scheme drafts standard communications to confirm the transfer proceeds have been paid.

STEP 8 – Apply funds to saver’s account

The receiving scheme has received the transfer proceeds from the transferring scheme and applies them to the saver’s account.

STEP 9 – Complete settlement

The transfer is complete and both transferring scheme and receiving scheme update their records accordingly.

8. The Transfer Template

It's important all participants involved in the transfer journey are supplied with high quality information as soon as possible to ensure a saver is able to make a properly informed decision.

A Transfer Template, with a DC focus, is included as a key element of this Guidance and can be found in Appendix 4. The Transfer Template has been designed to be used by both advisers and administrators.

Data requirements in the template are simplified into scheme and saver level data:

- Scheme level data should be set up once and provided whenever an adviser requests information about the scheme
- Saver level data should be provided to the adviser only once, at the point of request

The overall objective of the Transfer Template is to maximise the chance of savers receiving high quality advice, based on an accurate understanding of the benefits and options under the transferring scheme. Access to standard information in a consistent format has significant potential to reduce the cost of advice, helping to deliver better value for the saver.

The Transfer Template can be completed manually or electronically, depending on administrator capability. The use of electronic media is recommended for expediency, security and ease of access.

We recommend administrators adopt the industry-developed Transfer Template and ensure both the scheme and saver level information sections are fully completed and sent to savers' advisers on request.

Appendix 1 - Example Quotation Acknowledgement Letter

Private & Confidential

[Insert saver name and address]

Date: [insert date]

Our ref: [insert reference number]

Dear [insert saver name]

[Insert Scheme Name]

Request for a Transfer Value

I refer to your recent request for a Transfer Value.

A transfer value statement will be issued to you within [**X working days – as per your agreed SLA**] unless we don't have all the information we require.

If we're unable to provide the information within [**X working days – as per your agreed SLA**] we'll let you know as soon as possible.

You should note the transfer value won't be guaranteed, and the value could go up or down. We'll enclose the forms to be completed with your quotation, should you decide to transfer your pension benefits.

Pension scams

[Scheme name] will look for signs of a pension scam when any transfer is requested. These may include schemes offering payment of benefits earlier than age 55 or tax-free cash payments greater than HMRC allows.

Such information can be very misleading and, in some cases, may be fraudulent and illegal. Falling foul of a scam could mean you lose some or all of your pension savings. Please see www.pension-scams.com or www.fca.org.uk/scamsmart for more information.

To help prevent you from becoming the victim of a pension scam, we carry out checks to ensure, as far as possible, the scheme you're transferring to is a registered and reputable scheme. If we've any concerns regarding this, we'll contact you directly, and we may refuse to pay the transfer.

[TRANSFER REGULATIONS NOTIFICATION INFORMATION CAN OPTIONALLY BE PROVIDED HERE TO MEET DISCLOSURE]

Financial advice and Guidance

Before making any decisions, we recommend you speak to an impartial FCA-regulated financial adviser.

Some of the questions savers often ask before they choose a financial adviser are:

- Do you have permissions from the Financial Conduct Authority (FCA) to give me advice on whether I should transfer my pension benefits?
- Are you only going to be able to recommend a restricted selection of alternative choices or can you recommend any suitable product?
- Do you or your business have your own products or fund which you may recommend to me?
- If you do, how much money do I pay if you recommend those funds or products, in addition to the fees I might pay for advice or for your services?
- What are you going to charge me for the advice you'll provide?

You can find authorised independent financial advisers by searching the FCA register (<https://register.fca.org.uk>). You can also visit www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser to help you find a suitable financial adviser. **Please note you're expected to meet any costs associated with obtaining financial advice.**

If you're over the age of 55 and are considering transferring your pension benefits to take immediate retirement benefits, you can get free and impartial face to face, online or telephone guidance on your pension options from Pension Wise. To book a telephone or face to face appointment, go to www.moneyhelper.org.uk/pensionwise or call them on 0800 138 3944.

[SCHEME-SPECIFIC INFORMATION CAN BE ADDED HERE]

Next Steps

Exploring a transfer can be a lengthy process so, to give you a guide on timescales we have set out the usual steps below:

- Obtain a quote – the scheme should send this to you within [X working days - as per your agreed SLA] following receipt, allowing for postage
- Receive financial advice on all your options – you should typically allow 6 to 8 weeks
- If you wish to proceed you'll need to return the relevant forms to the scheme. You should allow [X working days – as per your agreed SLA] for the transfer to be processed, assuming there are no queries
- Receive Pension Wise guidance or opt out
- Receiving arrangement writes to confirm the transfer has been received. This is typically [X working days – as per your agreed SLA] after the monies have been received

If you have any questions regarding this letter or require any further information. please contact us on [phone] or [email]. Please quote [reference] when you call.

Appendix 2 - Example Settlement Acknowledgement Letter

Private & Confidential

[Insert saver name and address]

Date: [insert date]

Our ref: [insert reference number]

Dear [insert saver name]

[Insert Scheme Name]

Request for a Transfer Value

I refer to your recent request to transfer your pension benefits.

[TRANSFER REGULATIONS NOTIFICATION INFORMATION CAN BE PROVIDED HERE TO MEET DISCLOSURE]

We'll now review the documentation you've provided, and we may require further information from you. If this is the case, we'll contact you again.

If we have all the information we need to proceed with your transfer, you should allow [**X working days – as per your agreed SLA**] for the transfer to be processed.

Once the transfer payment has been made, the receiving arrangement will write to you to confirm the transfer has been received. This is typically [**X working days – as per your agreed SLA**] after the monies have been received.

If you have any concerns about the transfer of your pension benefits or want to discuss the time taken to process the transfer, please contact [**complaint contact**] at [**contact information**].

If you have any questions regarding this letter or require any further information. please contact us on [**phone**] or [**email**]. Please quote [**reference**] when you call.

Appendix 3 – Example Settlement Forms Checklist

The forms required and the process each administrator goes through will determine how this may work in practice. It'll need to be tailored to fit schemes' specific circumstances.

Although this checklist indicates certain items can be handled using either an electronic or paper mechanism, a move to electronic methods where possible is strongly recommended for efficiency and security benefits.

The saver will need to complete the checklist below before returning the application form to whichever scheme (transferring or receiving) requires the documents listed. Schemes will have different processes and the schemes involved in a saver's transfer will need to explain the specifics of their processes to the individual.

It should be noted, in certain circumstances, the saver will be legally required to take advice. Please refer to the end of this Appendix.

Transfer Forms Checklist

To ensure the transfer of your benefits can be made as quickly and as safely as possible, please take some time to check you have enclosed all the necessary documentation for the transfer of your pension benefits to proceed.

[brackets indicate there is flexibility here depending on individual scheme requirements.]

Please use the following tick list as a guide.

	Who would provide this	Please tick box
A certified copy of birth certificate, valid passport or driving licence [where required]	You will need to arrange for this	
A certified copy of marriage or civil partnership certificate (only where you have changed name and not provided evidence to the scheme already) [where required]	You will need to arrange for this	
Transfer Out Authority Form (this can be paper or electronic) <ul style="list-style-type: none"> • Part 1 of the form needs to be completed and signed by you • Part 2 of the form needs to be completed and signed by your new provider 	You should complete part 1 and you or your adviser will need to arrange for Part 2 to be issued to your receiving provider to complete their section	
One of: <ul style="list-style-type: none"> • A copy of the receiving scheme's HMRC registration letter (this can be paper or electronic) showing the Pension Scheme Tax Reference (PSTR) number • A printout of the HMRC website confirming the receiving scheme's HMRC tax reference number 	Your receiving provider should provide this along with Part 2 above	

Where your transfer value is over £30,000 and contains 'safeguarded benefits' (broadly, benefits which include some form of guarantee or promise during the accumulation phase about the rate of pension income you (or your survivors) will receive or will have an option to receive), you're required by law to take appropriate financial advice from a qualified financial adviser. Your adviser should help you with these forms to make sure you've captured everything correctly.

Failure to provide the appropriate information above may cause a delay in the transfer of your pension benefits to the receiving provider.

[If certified copies are acceptable – please refer to Appendix 5]

Appendix 4 – Transfer Template

This is broken down into two separate sections:

1. Scheme information relating to core information pertaining to the Scheme (and all savers of it) to be understood
2. Saver information relating to the individual who is the subject of the transfer request

The following points should be adhered to by administrators:

- Scheme information must be maintained and can be reused for future transfer requests for other savers
- Both Scheme information and Saver information must be stored securely, ideally in an electronic format, in a way which complies with all relevant GDPR obligations
- When required, both Scheme information and Saver information must be sent securely, ideally in an electronic format, in a way which complies with all relevant GDPR obligations

What is this trying to achieve?

- Templates make it easier for those involved in transfers to understand what information is required for the processing of the transfer, by laying out information in a clear and easy to understand way, significantly reducing the likelihood of omission or error
- To highlight scenarios where the saver is required by law to take appropriate financial advice, i.e. where the saver's fund exceeds £30k and there are safeguarded benefits
- To improve the level of information made available to advisers
- To ensure savers and their financial advisers are in possession of all the information necessary to make an informed decision, appropriate for the saver in question

Transfer Template

Scheme Information

The information requirements at Scheme level are fairly simple.

Information Requirements	Comments
Transferring Scheme Name	
Scheme Section	
Pension Scheme Tax Reference Number	
Scheme Normal Retirement Age	
Are partial transfers available?	
Are transfers available after normal retirement age?	

Saver Information

The information requirements at saver level are also straightforward.

Information Requirements	Comments
Saver Title	
Saver Forename(s)	
Saver Surname	
Saver Date of Birth	
Scheme Section	To align with Scheme Information
Saver Reference/Number	
Saver Transfer Value	
Transfer Value Calculation Date	
Target Retirement Age	
Are Safeguarded Benefits present?	
Is a Pension Sharing Order in place?	
Are any protections in place?	For example LTA, PCLS
Is saver entitled to Age 55 NMPA?	

Appendix 5 – References and links

- [The Pensions Regulator Guidance on dealing with Transfer Requests](#)
- [The Pension Regulator Guidance on Communicating and Reporting: DC Schemes](#)
- [PSIG Code on combating scams](#)
- [Joint Money Laundering Steering Group Guidelines](#)
- [Certifying a document](#)



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