



CASH EQUIVALENT TRANSFER VALUE (CETV) EXPLAINED

Three months and counting

The CETV is the amount your current pension scheme will offer you if you wish to transfer out of your defined benefit pension scheme into a defined contribution pension scheme. Once calculated, it is guaranteed for three months from the date shown on the statement.

Important information

Before we can provide you with advice it's important to understand that the transfer value you receive from your defined benefit scheme could be different to the figure currently quoted.

Where all the requirements have not been met (for any reason) within the three-month period, the transfer value will need recalculating and could be higher or lower than originally stated.

Without an in-date guaranteed CETV, the transfer from the defined benefit pension scheme is unlikely to proceed.

Additionally, before an appropriate transfer recommendation can be made, the scheme also needs to provide all supporting documentation within the three month window. Without the full scheme information alongside the CETV, we are unable to provide any advice before the CETV expires.

Transferring out of a Defined Benefit Scheme is unlikely to be in the best interests of or be suitable for most people.

When should a new CETV be obtained?

- ☒ CETV's are only guaranteed for three months.
- ☒ Typically, if the CETV has less than 4 weeks until expiry, a new guaranteed CETV from the Scheme should be obtained or an extension to the original guarantee date. As it is unlikely the CETV deadline can be met within these short timescales and would be at risk of expiring.
- ☒ If the CETV has already expired the Scheme Trustees should be approached for a new guaranteed CETV.



Usually, the initial CETV is provided by the Scheme without charge however, subsequent calculations may incur a charge from the Trustees that you would need to pay. Typically, these fees would be under £600, although this is dependent on the individual scheme.

Why might your transfer value be different?

When defined benefit scheme Trustees calculate a transfer value, they allow for a period of three months for everything to be completed. This includes the following:

- Finalising and returning all required forms
- Advice declarations
- Identity documents back to the Trustees of the scheme.

In some circumstances, due to the many processes and the number of 3rd parties involved, it may not be possible to complete a recommended transfer within this three-month timeframe. If this happens the transfer value may be recalculated by the scheme Trustee and, in some instances, may be higher or lower.

Why might it take more than three months?

- When clients enlist the help of an adviser most CETV's have already been produced so time pressure may already be an issue.
- Due to the Trustees internal procedures, sometimes the 'start date' – the day the transfer value is calculated - can be more than a week old before it's sent to the adviser.
- Some Trustees insist on sending the information requested directly to the scheme member (you), and not to the adviser, which can lead to delays.
- The scheme trustees may not have provided enough information for a Transfer Comparison report to be produced. This report is a regulatory requirement under Financial Conduct Authority rules. Many schemes outsource their administration to 3rd party firms who can take several weeks to provide the necessary information and respond to queries.
- The production of the Transfer Comparison (TVC) report may be completed by a specialist 3rd party firm and high volumes of requests can lead to delays – two weeks is a typical timeframe.
- Adviser support checks will also be conducted ensuring the right outcome and these can also add to the time pressures.
- Once an application and any discharge paperwork have been completed, the new provider can take a number of weeks to complete their application process before sending final confirmation to the Trustees of the defined benefit pension scheme for completion.
- Occasionally the defined benefit scheme Trustees can't acknowledge that all their requirements have been met in time, as the documentation sent is often unavailable to them until they have been scanned into their systems which can take up to 10 days. Also, additional ID documents, such as birth certificates and passports may be requested.

What can you do as the deadline approaches?

It's important to be aware of the three month expiry date and liaise closely with your adviser. It may be necessary for you, as the scheme member, to telephone the scheme and obtain confirmation that all necessary documents have been received and accepted, before the expiry date. If the deadline can't be met you may need to ask the Trustees **NOT** to send the transfer money until you have been informed of, and agree to accept, any revised transfer value.

What options do I have if I reach the CETV expiry date?

Some trustees may limit you to one CETV a year and you could be charged for any future requests. If you are approaching the deadline, it is important that you contact your Scheme to establish if they can provide a new CETV or grant an extension to the existing CETV. Where a revised CETV or extension can be obtained this could provide you with additional time to consider your options to ensure a transfer is best for you, rather than making a rushed or poor decision about your long-term financial security.

Active members of defined benefit pension schemes

As an active member of a defined benefit pension scheme, a guaranteed CETV will be unavailable at the outset. The scheme will provide an indicative value that can be used for comparison.

As this is an estimate, any recommendations are subject to review once the final transfer value is known and a Guaranteed CETV obtained from the scheme.

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Approver Quilter Wealth Limited, Quilter Financial Limited, Quilter Financial Services Limited & Quilter Mortgage Planning Limited.
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