



Pension Savings Review

Mr A. Example

STRICTLY PRIVATE & CONFIDENTIAL

“The best performing pension could produce more than three times more pension income than the worst performing one. The really bad news is that your pension fund is more likely to be amongst the bad than the good”

The Observer – May 2008

MyPensionSavings.co.uk is a marketing style of Cavendish Financial LLP providing advice to individuals seeking to make the most of their **existing pension savings**. All of the research into existing pension arrangements is undertaken by MyPensionSavings.co.uk at **no cost to you and without obligation**.

Cavendish Financial LLP takes full responsibility and liability for the advice provided. If a transfer is recommended we will propose a particular plan, a selected pension provider, and recommend suitable funds in which to invest.

Pension Savings Review

Mr A. Example

18 Any Road
Any Town
Any County
KT7 1SX

Date of Birth: 24th January 1959

National Insurance No: DD 42 18 90 D

Preferred Retirement Age: 65

Employment Status: Employed

Marital Status: Married

Occupation: Retail Manager

Scope of Evaluation

Attitude to Investment Risk
Plan Charges
Contract In/Contract Out of SP2
Availability of any Guaranteed Annuity Rates
"Closed" funds
Investment Performance & Choice
Penalties on Transfer [If Any]
Plan Flexibility
Critical Yield Analysis
Service and Availability of Ongoing Advice

Your Peace of Mind

Every potential pension transfer in the UK falls under the Financial Services Authority [FSA] regulations, and you should only consider a transfer of your pension savings after you have taken specialist advice. The pensions market is notoriously complex and, in order to ensure that you are getting the best deal, you need to speak to a pension transfer advisor who knows the market well and can give you the advice you need.

Such is our commitment to ensuring our clients receive the very best advice in relation to their pension savings that each case we handle is evaluated by two pension transfer specialists before a transfer is recommended.

Your Instructions

Following our telephone discussion on XXth February 2009, we agreed to restrict our advice to your retirement savings. You are concerned that you may not be getting the best from your existing pension provision and we have agreed to investigate your existing pension savings to establish whether you would be better off transferring to an alternative pension plan provider.

You are keen to ensure that your personal pension provides you with the opportunity to choose from the best funds, the best service providers and to get the best value for your money. It should also offer you considerable flexibility and choice when it comes to taking your benefits at retirement.

Having analysed your existing pension savings I am able to recommend a transfer of your pension savings to a new pension plan with XXXX. This report summarises the reasons for my recommendations.

Attitude to Investment Risk

Thank you for responding to our Attitude to Risk questionnaire. Following our discussions we would consider your attitude to investment risk to be regarded as: -

Moderate. This suggests you are prepared to accept some risk to get potential returns above inflation over the longer term but you want to limit the amount of your money in more risky investments. You understand that investment returns cannot be guaranteed and you accept that you might get back less than you put in, especially in the short term.

We discussed your attitude to risk and you would prefer to be a little more adventurous with your pension fund as you progress towards your preferred retirement age of 65. Although alternative funds are likely to be more volatile in the short-term, you have a sufficient investment term remaining to benefit from medium to long-term growth. For this reason I believe you should make full use of investment funds which better meet your investment objectives and attitude to risk.

Plan Charges

Although there are a number of important factors to consider it is useful to start by comparing the charging structures of your existing plan and that of an appropriate alternative plan. Charging structures are just one factor to consider. In some circumstances it can be worth using a slightly more expensive plan, if there are likely to be other clear benefits, (for example the prospect of better fund performance).

Contracted Out of SP2 – “Protected Rights”

Part of your pension fund is made up of Protected Rights as you have previously contracted out of the Second State Pension (S2P). I recommend that you contract back in to S2P as it is government funded and is likely to be better sheltered from mortality, interest rate and investment performance risks. Also, the Government has indicated that contracting out will stop in 2012, so it is also sensible to prepare for this in advance. When your Protected Rights fund is transferred, the National Insurance Contributions Office will be notified and you will automatically be contracted back into S2P

Availability of Guaranteed Annuity Rates

I have also investigated whether there are any guaranteed annuity rates applicable to your current pension plan. Some older plans still carry these valuable benefits; however your existing pension plan **does not** carry any such guarantees.

“Closed” Funds

Few people realise that 66/110 of UK With Profits funds have been designated as “Closed” funds. This means these funds are no longer open to new investors and priorities shift from active investment to meeting arising liabilities.

Typically, closed funds cease to be well managed because they no longer need to attract new money and as a consequence investment returns fall.

Estimates suggest that over £191bn are invested in “closed” funds. Companies currently with “closed” funds include Royal & Sun Alliance, NPI, Equitable Life, Britannic, Pearl, Allied Dunbar and many others.

I have researched the fund[s] your pension savings are currently invested in and the XXXX With Profit fund is designated as “closed”.

Investment Performance

We also need to consider your expectations of future fund performance from both pension providers. We have discussed the fact that there is no guarantee that the internal or external investment funds available through the alternative XXXX pension plan will deliver better performance than those used by your existing provider.

However, having evaluated your existing plans’ investment performance against the alternative funds I am proposing I am confident in being able to offer you enhanced prospects for better growth.

However, please note that the value of investments can go down as well as up and past performance will not necessarily be repeated.

Penalties on Transfer

I have investigated whether your existing pension savings would be subject to a penalty should you decide to transfer the funds elsewhere. **There is no penalty applicable to your pension fund at this time.**

Critical Yield Analysis

This is a calculation applied to both illustrations from your existing and replacement pension plan providers. It tells us what additional yield will be required by a new pension plan, to compensate for the higher or lower charges on your existing plan.

I have performed these calculations on your behalf and they support my recommendation to transfer your pension savings to a plan with XXXX.

Service and Availability of Ongoing Advice

You have stated that you have not been provided with any advice or annual reviews in relation to your pension plan for over 10 years.

Recommendation

XXXX Individual Personal Pension Plan

I recommend you transfer your pension savings to a plan with XXXX. This is a great value pension plan that offers you better prospects of accumulating a larger pension fund by your retirement age, than your existing plan.

The plan I have recommended also provides an opportunity to pay regular contributions, should you decide to invest further funds into your retirement savings. There is a "large fund discount" feature with the XXXX plan which has the effects of reducing charges as your fund grows. This works as follows:

Total Fund Value	Reduction in AMC
£10,000 - £19,999	0.05%
£20,000 - £49,999	0.10%
£50,000 +	0.20%

Over time this can be quite a sizeable benefit. There are a number of other important points that make the XXXX Pension Plan exceptionally good value.

Highly competitive plan charges which means more of your money is being invested for growth.

You can switch in and out of various funds to change the mix of investments. You can make up to 20 free switches in a year and any number of funds can be switched at any time as you approach retirement.

100% of every payment you make will be invested in your pension. (Some other pensions take part of each payment made as a charge).

Plan Flexibility

It is important that your pension savings plan is able to accommodate changes in circumstances. The plan I have recommended enables you to commence monthly contributions at anytime. Contributions can also be increased, decreased, suspended and resumed subject to conditions.

Self Investment Facility

You may choose the self investment option under your plan. This option allows you to invest directly in certain types of investments including stocks & shares, investment trusts, open-ended investment companies (OEICs), unit trusts and fixed interest securities. This will allow access to over 1,200 funds from more than 45 fund managers under one roof and on preferential terms.

There are currently 76 funds available to choose from. This gives me the opportunity to recommend a number of different funds for you. This is a sensible policy as it reduces risk and your investment can be spread across a number of different investment sectors. As you approach retirement we can discuss switching you into a number of lower risk funds to consolidate the gains you will have made.

XXXX is a trusted, award winning specialist pension provider and is part of one of Europe's largest financial services companies with considerable financial strength. The organization has a very strong AA financial security rating by Standard & Poors, who are the worlds' foremost provider of independent credit ratings, indices, risk evaluation, investment research, data and valuations.

Fund[s] Recommendation

One of the benefits of the XXXX Pension Plan is that it provides wider access to a number of internal and external high quality external fund managers. I recommend that you use the following funds.

C M Schroder UK Mid 250 Fund – 50%

The aim of this popular fund is to achieve long term capital growth by investing in the medium sized companies listed on the FTSE Mid 250 Index. Compound Annual Return since launch in January 2005 - 8.4% [as at Aug 08]. Typically, this fund will be up to 95% invested in UK stock.

CM Dynamic Return – 50%

This fund aims to achieve capital growth by investing predominantly in units and shares of collective investment schemes which invest in any or all geographic or economic sectors of the world. This fund has a strong track record of providing medium to long term capital growth.

Service and Availability of Ongoing Advice

You have informed me that you have received no ongoing advice concerning your pension savings plan since it started over ten years ago. You have on a number of occasions contacted your pension plan provider but they have informed you that they are unable to provide advice to plan holders.

To fully maximise the benefits of your pension savings it is important that your pension plan is reviewed at least once a year, preferably with the assistance of a suitably qualified and experienced adviser. As part of our ongoing commitment to client service we offer a free annual review service without obligation.

Should you choose not to take advantage of our review service we strongly recommend that you seek quality advice on a regular basis and particularly as you approach retirement.

Such a review should include a re-assessment of your financial situation, and a review of your attitude to investment risk. Under normal circumstances it is wise to consider switching to lower risk funds within 5 years of retirement to help minimise the risk of falling stock markets reducing your retirement income. If I can be of assistance please contact me nearer the time to review the situation with you.

When it comes to saving for your retirement it is important that your investment choices are reviewed at least annually to ensure you stay on top of your financial planning for retirement.

Personal Pension Plan or Stakeholder Plan

Under Financial Services Authority (FSA) rules, it is important to explain why I have recommended an Individual Personal Pension Plan (PPP) rather than a Stakeholder Pension. In terms of costs the two are very similar; however the PPP gives you a wider range of funds to choose from. As your fund grows it may be beneficial for you to switch your pension funds into a variety of different fund managers to help diversify your investment. The Stakeholder Pension does not allow this facility however; it only offers a comparatively basic core range of funds.

Key Features Document and Illustrations

Please ensure you read this recommendation report in conjunction with the Key Features Documents and

Illustrations .These documents are designed to provide you with full details of the pension plan I am recommending for your pension savings.

What Happens Next?

If you decide to go ahead with the transfer of your pension savings XXXX will request the cheque directly from your existing pension plan provider .As soon as they receive the transfer payment they will generate your new plan documentation. At the same time, you will receive a notice setting out your right to change your mind within 30 days. If in that time you ask XXXX to cancel your transfer, they will ask your current plan provider to take the payment back, although they may charge you for doing this.

Transfer Timescale

Please be aware that pension transfers can take up to several months to be finalised due to the nature of legal procedures surrounding the transfer of pension funds. During this time the value of your unit linked pension funds is likely to fluctuate. This will mean that the transfer value received by XXXX could differ from the figures provided by your old pension provider. If you wish to minimise any volatility while the transfer is being processed, you can ask your old provider to switch your investments into a low risk cash-based fund.

Should you wish to proceed with the transfer please let me know and I will prepare the relevant application paperwork for your signature. You will be relieved to learn that we have streamlined the documentation process as much as possible and it usually only takes a few minutes to complete. Should you require any assistance please do not hesitate to call me or request a call-back via text - just text the word "pension" + your name to 60300.

Once we have received your completed application forms we will work closely with your current and new pension provided to conclude matters as quickly as possible. I will, of course keep you fully up to date with progress. Your new pension plan documents will be issued directly to me and once they have been checked they will be sent to you using a secure delivery service. If any of the information in this report differs from your understanding of our discussions or recommendations please let me know immediately.
Kind Regards

Andrew Bayley

Pension Transfer Adviser

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Text: "Pension" + Your Name to 60300 [standard text charges apply]

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