

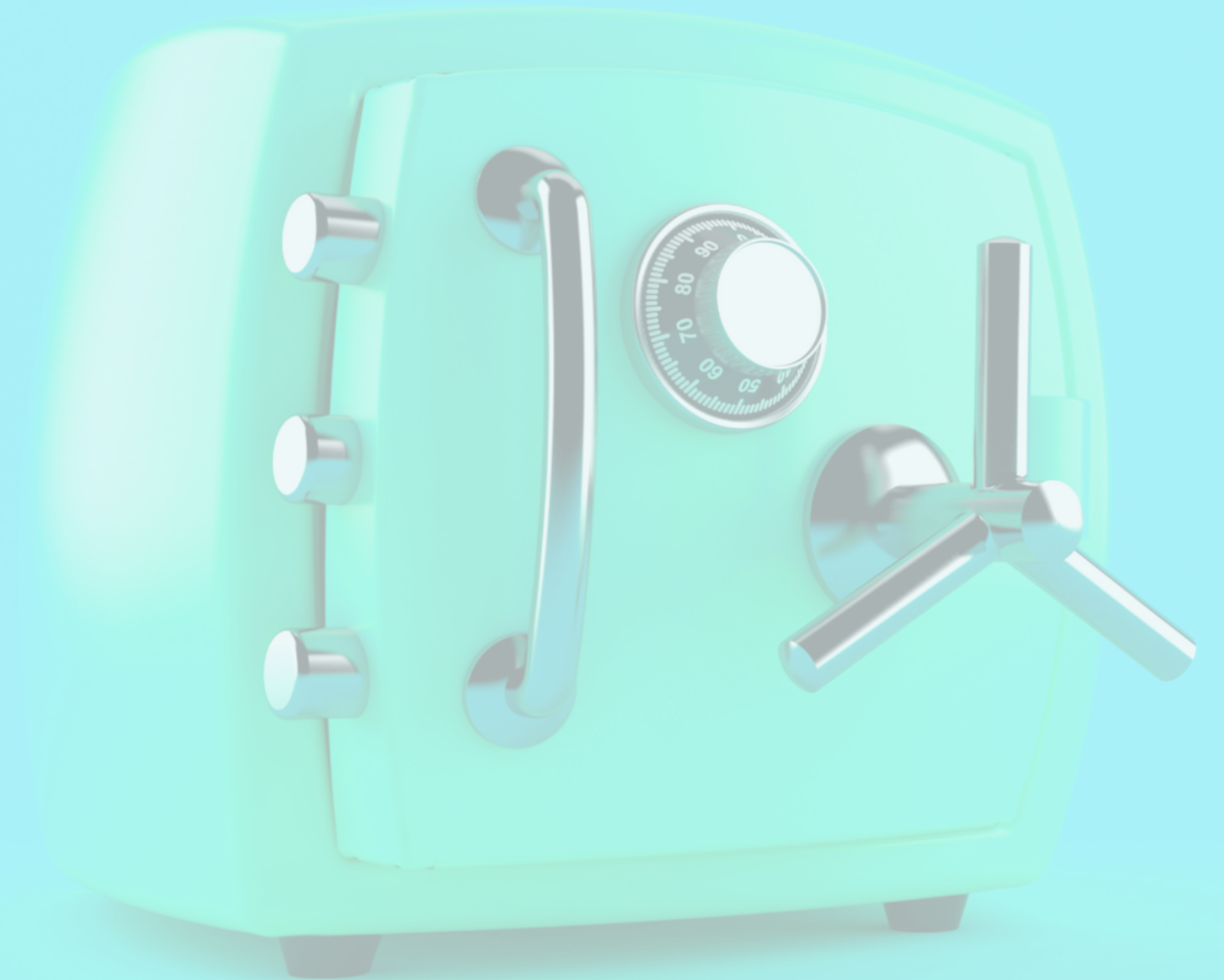
Transfer requests from DB Pension schemes - A safe harbour

Philip Hodges and Kevin Hollister

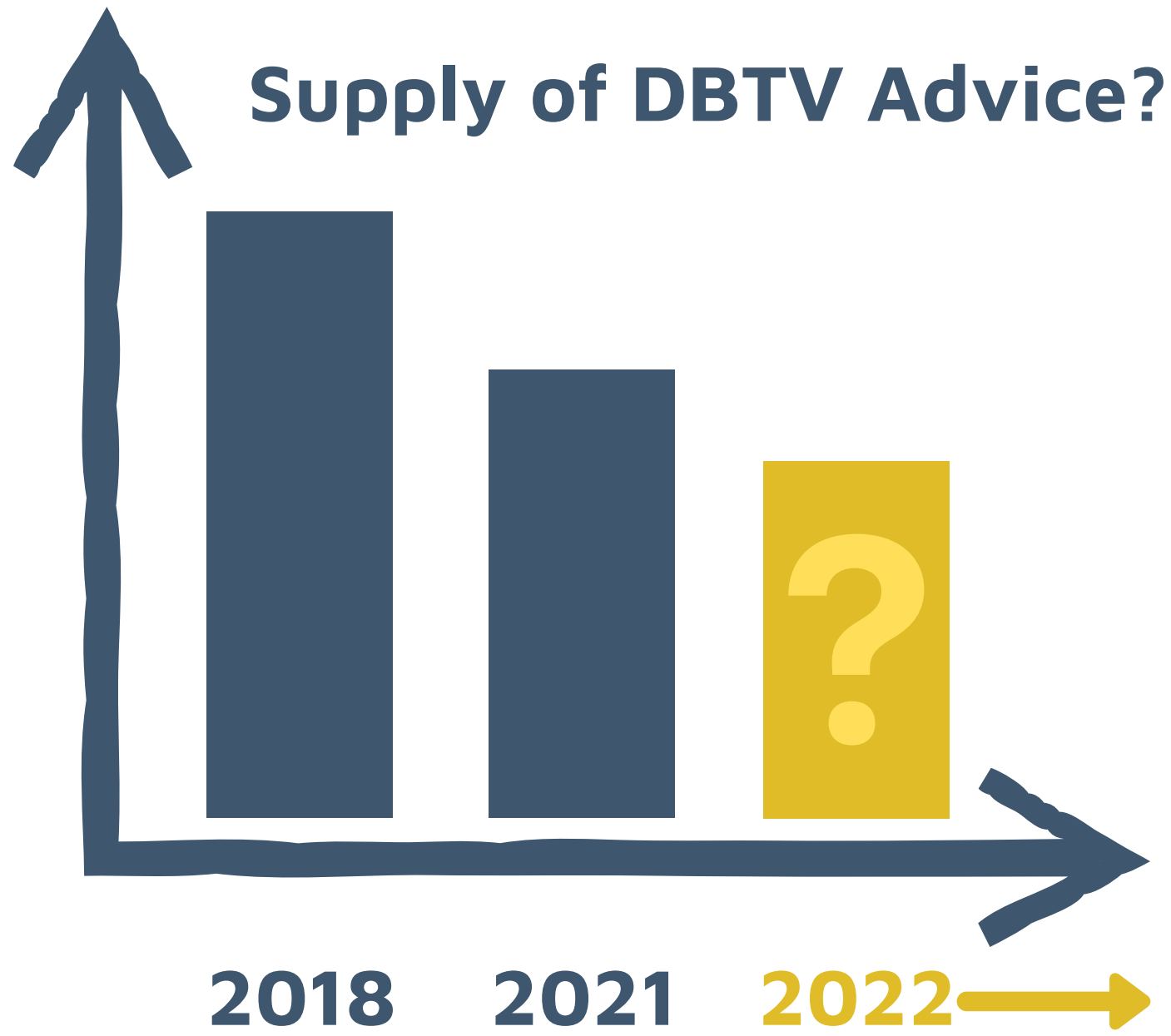
Co-Founders Guide

June 2021

Guide.db



Capacity



Source FCA data

"The pool of financial advisers able to offer defined benefit pension transfer advice has been shrinking at a scarily fast pace" "Anyone looking for DB transfer advice today will find this extremely challenging".
Keith Richards, chief executive of the Personal Finance Society

DB members looking for transfer advice are in real need of a "Safe harbour"



Gold Standard for a "Safe Harbour"

Only undertaken by 20% of schemes

Initial scheme paid selection and DD process plus scheme negotiated reduced costs for members



Requests and Provided with TV quote signposted to scheme adviser



Scheme appointed advisers



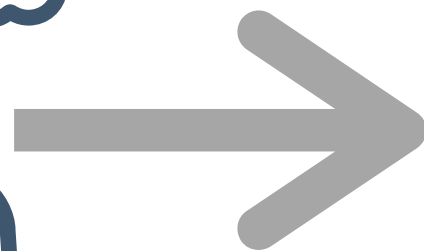
Probability of best outcome for member is very high

Ongoing scheme paid DD and advice process review with feedback to Governance committee



Current Default Approach

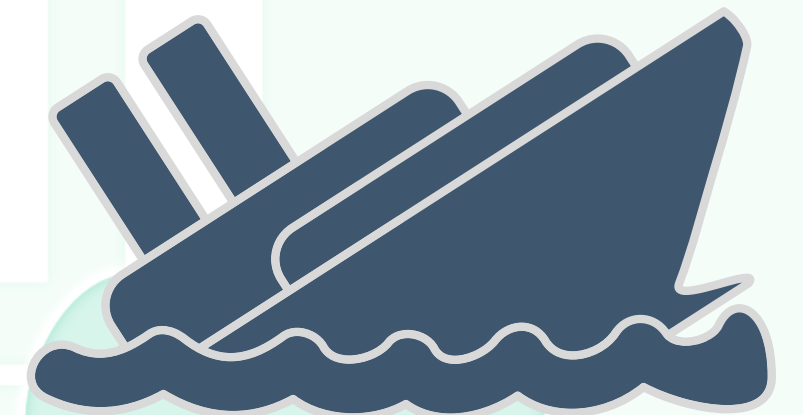
Route undertaken by 80% of schemes



Requests and Provided with TV quote and signposted to unbiased



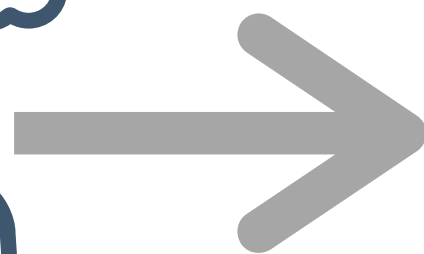
Probability of best outcome for member is far lower



Most Trustees agree this approach is very far from a "Safe Harbour"

Guidance based approach

Guide.db



Requests and
Provided with
TV quote and
Guidance
journey option

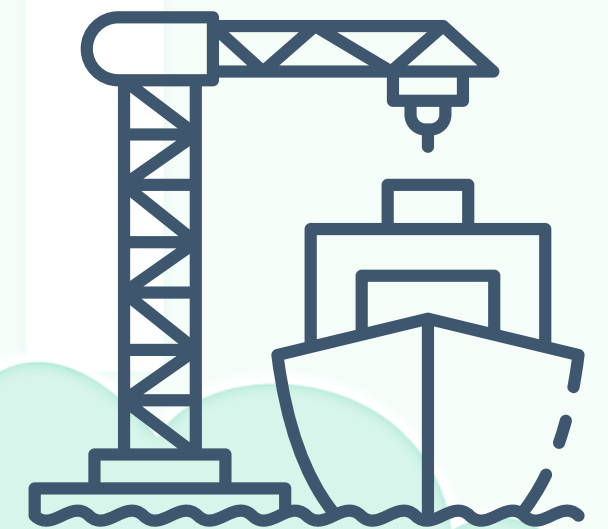
Guidance Journey
Education,
Awareness and
understanding of
FCA parameters

Governance
Committee with
independent
ongong
monitoring

DBTV IFA Panel
Specialist
experienced
advisers selected
and vetted

Alternatives
Non DBTV adviser
for retirement
advice and further
guidance

Probability of best
outcome for
member is very
high



"Safe Harbour" for any scheme as not scheme specific

Parties involved

Six months of research with all parties involved has led to a consensus of support for our initiative of an initial guidance journey before advice is taken

TRUSTEES

- Greatly improved journey for members
- Access to selected and monitored IFA panel
- No direct relationship
- Audit trail of member journey

MEMBER

- Education on transfers and advice process
- Access to vetted/monitored IFAs
- Guidance report specific to member
- Freedom to choose (no) advice route

ADVISERS

- Member educated (consistent)
- Pre awareness FCA suitability factors
- Not 'off the street' with no idea of process

Options

Free option - limited to maximum total of 50,000 54+ members across all schemes signing up

- Designed with schemes with no budget to provide advice to DB members
- Scheme legal advisers comfortable with our referral model with IFAs
- This will be the same journey which any scheme may use as it is not scheme specific.
- This will have "off the street" pricing by the IFA's for members.

Paid option

- Designed with schemes with some budget to provide advice to DB members
- Scheme legal advisers are more comfortable with a clean per member use charge and no referral payment
- Journey can be tailored (at small added cost) if required as will be scheme specific
- This will have "off the street less referral amount" pricing by the IFA's for members.
- We would charge on a broadly cost neutral approach of around £250 per login used

Three specialist advisers initially selected

We undertook due diligence on six DB specialist Advisors from a long list of +20. During the process we excluded one advice firm as they wished to support Guide's aims with an investment. Two others were further excluded as some elements of their advice process and regulatory permissions required increased monitoring for external risk.

The three advisers selected all offer different types of experience to members and cover the full transfer value range between them.

Advisor 1's objective has always been to provide market leading DB pension transfer advice which is only ever in the best interests of the client. Their proprietary software, governance procedures and highly experienced team have earned a reputation for operational efficiency which allows them to provide transfer advice at values from as low as £30K.

Advisor 2 is specifically designed to appeal to individuals who are approaching retirement and would like financial advice on all pension decisions, including DB transfers. They are award winning employee benefits consultancy specialising in workplace advice with experience as directly appointed adviser to 13 DB schemes and 18 DC schemes.

Advisor 3 is a part of a Private Client Investment boutique who pride themselves on their customer service and engagement. They offer DB Pension Transfer advice alongside holistic financial planning. Their service is based on an integrated investment and wealth management approach. It currently derives around 80% of its revenues from DB transfer advice with particular strengths around larger transfer values where the need for additional planning around Lifetime Allowance issues and other tax planning are vitally important.

DB adviser panel - Fees and referral rates

Fee levels

It is not our intention to seek consistency between fees charged by advise. We expect members to discuss and consider fees, along with other factors, with each of the maximum 3 advisers shown before choosing an adviser. Although known to us, we will not show fee levels within our journey as we do not wish to influence members in their choice based on a fee perspective alone.

All fees are at least as low as what can be achieved via a direct approach or via a different open market referral route. We would also hope over time as the process evolves, that these can become more competitive.

Minimum fees and referral rates

The minimum fees which are available from the panel at various TV levels are shown below, should this be the primary driver for the member in adviser selection:

£100K TV- £2,750 £250K TV- £4,495 £500K TV- £6,995 £1m TV- £11,995

Our referral fees are the same at each TV band level regardless of the adviser chosen or the amount paid. This means we are agnostic to the provider chosen from a referral fee perspective. For full transparency these are shown below:

**<£100K TV - £300, £100K -£250K TV - £600, £250K - £500K TV - £1,000
£500K -£1m TV - £1,500, £1m+ TV - £2,250**

Signup process

Signup process

For schemes interested in providing access to Guide DB, we will provide our terms and conditions for review by the schemes legal advisers. Either free or paid version as appropriate.

Once agreed and accepted, we will discuss the process and procedures of providing login details and messaging on transfer value communications with trustees, advisers and the scheme administrators.

We have reviewed our process further with our compliance consultants, to confirm alignment with recent guidance. Specifically FG21/3 from the FCA and TPR's guide for employers and trustees on providing support with financial matters without needing to be subject to FCA regulation.

We will work with scheme administrators to ensure the member journey is optimal and fits current processes. We will also accept additional scheme information at outset to reduce timescales on transfer advice and avoid/reduce administration costs for information requests from advisers; we will provide one standard benefit specification template agreed with all advisers.

We would expect to be able to accept first members in journey from 1 August

Who are Guiide?

KEVIN HOLLISTER

DIRECTOR

Kevin is a pensions actuary with over 20 years experience including around 10 years as a scheme actuary. Kevin has decided to use this knowledge to help members of defined contribution and defined benefit schemes directly with guidance journeys. Currently working on the Institute and Faculty of Actuaries Working Party on pension decumulation. Developing Guiide for 5 years.

PHILIP HODGES

DIRECTOR

Throughout Philip's +30 years he has been at the forefront of change in pensions with Prudential, KPMG and international software companies. His career spans developing the first digital multi-manager occupational scheme in the 90's, launching new services for pension freedom in 2016 and playing an active part in the consolidation of the Master Trust market in 2017.

STEVE GODDARD

NON EXEC DIRECTOR

Steve has over 35 years experience in the pensions industry. In addition to being CEO of a Pension Administration Group with around £3Bn of pension assets he was the founder of the Spinnaker Master Trust which attracted clients including the Pension Protection Fund (PPF). More recently he has relaunched the Pension Playpen and Trustee company HS Sole Trustees.

CHRISTOPHER DORMAN OBE

NON EXEC DIRECTOR

Managing two laser factories for the large US based Laser and Photonics manufacturer Coherent, Chris brings his experience in business and "outside the industry" view on UK pensions and employee benefits. He is currently Chair of the UK Photonics Leadership Group and was recently awarded an OBE for service to Photonics, Laser Technology and Exports in 2019.

JULIUS PURSAILL

STRATEGIC ADVISER

Julius's executive career began with the defined contribution business at Mercury Asset Management and ended as head of e-business for Merrill Lynch Investment Management. Since then he has been trustee, adviser and non executive at NEST, USS, RBS, Heineken, Prudential and Royal London. Fintech roles include Barrie & Hibbert, Quay Software, Byhiras Trust, Cushon, Tumelo and Guiide.

RUSTON SMITH

STRATEGIC ADVISER

Ruston has 35 years' senior executive and non executive experience in the retail, pensions and asset management industry. He has a real customer focus and has led a number of successful industry initiatives. He has an MBA with distinction, is a former Chair of the Pension and Lifetime Savings Association and now holds a number of independent trustee and non exec directorships as Chair

The management team is further supported by industry investors with specific expertise in pension administration and provider technology platforms