

Case Study Assignment Module 7

Scenario – Stage 1

You are a member of a helpline team set up to provide guidance to members who are thinking of transferring their benefit from one scheme to another. You receive a phone call from a member, Mrs Gregory, who is thinking of transferring her deferred pension in a large DB scheme to another scheme which is DC and located in Malta. Mrs Gregory further advises that she had a chance conversation with a friend of a friend who works for an IFA, and will be appointing him to handle the transfer on her behalf.

Mrs Gregory wants to know if this is likely to be possible and what she needs to know.

Further information:

Age at date of enquiry 53 years
Normal Retirement Date 65 years
DB transfer value £200,000 plus value of AVCs of £20,000

Question 1: What are the key, high level messages at this stage re the transfer enquiry of which you should make Mrs Gregory aware? Remember that the transfer comprises both DB and DC elements and the lady has not yet requested a transfer value. (11 marks)

Scenario – Stage 2

Mrs Gregory has received the transfer quotation pack and she calls you again. She has got the impression from her IFA that the transfer will give her more flexibility and more options on taking cash, so is best option. However, her sister is in a DB scheme and believes that this is best. As a result, she asks you whether it is in her best interests to transfer to the new DC Scheme or leave her DB pension where it is. Mrs Gregory tells you that a transfer value of £220,000 covering both the DB pension and AVCs was quoted two months ago.

Question 2: What would you tell Mrs Gregory in response to her question? (12 marks)

Scenario – Stage 3

Mrs Gregory says that she would like to understand better the merits of the two options and asks you to help her identify and understand these.

Question 3: What are the key messages that should be made known to Mrs Gregory regarding the impact on Mrs Gregory between leaving the DB benefits where they are and transferring them into a DC arrangement? (10 marks)

Scenario - Stage 4

Mrs Gregory now advises that she had asked the administrator if the process could be speeded up so that the transfer value could be paid quickly but that they have asked her to provide: her birth and marriage certificates (she has not provided these previously); information about the receiving scheme; evidence that advice has been sought from an FCA authorised financial advisor; and relevant forms to HMRC for transferring to an overseas scheme (the scheme is based in Malta). Mrs Gregory cannot understand why the administrator cannot just pay the transfer value and collect the relevant information subsequently.

Question 4: What are the key reasons for obtaining this information in advance of paying the transfer value that you should relate to Mrs Gregory?

(7 marks)

Question 5: Given Mrs Gregory's earlier uncertainty, you are surprised that she asked the administrator to speed up the process. What further questions do you think would be helpful to ask to ensure that Mrs Gregory has considered the risks?

(3 marks)

Scenario – Stage 5

In answering the above questions, you note that it was a cold call that prompted Mrs Gregory to investigate the transfer and she got the impression that she could take some of the cash straight away.

Question 6: What additional guidance or referral could you give Mrs Gregory in relation to the situation? Remember, you are not the scheme administrator.

(4 marks)

Scenario - Stage 6

Mrs Gregory now says that she needs more time to think about this but she remembers that the administrator mentioned something about a deadline to complete the transfer and is worried that if she misses the deadline, she misses the transfer opportunity.

Question 7: How should you respond to Mrs Gregory's concerns?

(3 marks)

Total 50 Marks