

Frequently Asked Questions - Transferring out

Do you have a question about transferring your pension benefits?

Answers to the most commonly asked questions can be found in this leaflet. Please read this information before contacting the Scheme administrators, Willis Towers Watson.

1. What is a cash equivalent transfer value (CETV)?

It's a one off amount of money that a member can request from the Scheme and transfer to another registered pension provider (this is instead of the Scheme paying you the DB pension income and any associated benefits such as a dependents pension that may be paid after you die).

2. How do you work out a CETV?

We work it out by looking at what we expect the member's pension would cost the Scheme overall. To do this, we make certain assumptions based on regulations and on advice from the Scheme Actuary. The main assumptions we make are about what pension increases will be, how the Scheme's assets will grow and how long members and their dependents will live. We make these assumptions on a scheme-wide basis rather than on an individual basis.

We review these assumptions regularly throughout the year, and they represent the best estimate of what will happen in the future. When we work out a CETV, we also take into account current market conditions. Not all reviews will result in changes to the underlying basis but we cannot predict in advance when changes will be required or implemented.

3. Are there any restrictions on when I can transfer out?

Yes, members only have a statutory (legal) right to transfer their DB benefits out of the Scheme if they are more than one year from their normal pension age. This is the age at which you first become entitled to take your pension without deduction.

You can request a non-statutory transfer if you are within 12 months of your normal pension age or you have already reached your normal pension age. The Trustee is not obliged to provide one but currently allows transfers up to age 75. This policy is subject to change. It is not possible for a transfer value to be paid after your pension has been put into payment

Please note, there is a requirement for members to take independent financial advice before transferring, where their DB transfer value is over £30,000, so you will also need to allow enough time to appoint a qualified financial adviser and receive this advice, before a transfer payment can be made. We'll need to see proof that your adviser and their sponsoring firm are registered with the Financial Conduct Authority, this is to make sure you get appropriate advice. However, even if your transfer value is less than £30,000 you may still wish to seek independent financial advice.

4. What about my DC Account and or Additional Voluntary Contributions (AVCs)?

You can transfer your DC Account at any time (up to age 75) if you are a deferred member (no longer paying contributions). The value of the transfer will simply be the value of your DC Account at the date it's disinvested (shortly before your transfer payment).

AVCs invested in a DC Account are dealt with in the same way as any DC Account transfer. AVCs invested with external providers such as Equitable Life or Prudential may be different. For example, transfers out of the Equitable Life with-profits fund are often adjusted. Your latest annual AVC benefit statement should explain your transfer value option.

5. Where can I transfer to?

You can currently transfer your pension to another HMRC registered scheme that will accept your transfer, or if transferring overseas, to a Qualifying Recognised Overseas Pension Scheme. However, there are some restrictions on transfers to help prevent pension scams. Sometimes this may mean that you cannot transfer your benefits to a particular pension scheme.

6. Are there any charges for transferring out?

Normally there's no charge for transferring out of the Scheme. However, in some circumstances transfers to a Recognised Overseas Pension Scheme will be subject to a tax charge.

7. Is the CETV guaranteed?

A statutory CETV is guaranteed for three months. Applications to proceed with a transfer received over three months after the original quotation date will be recalculated prior to payment. Any AVCs or your DC Account included in the transfer value are not guaranteed and will be the value at the date they are disinvested.

Non-statutory CETVs are not guaranteed.

8. Is my DB cash equivalent transfer value more likely to go up or down in future?

We don't know. We work out a transfer value by making certain assumptions and looking at current market conditions - see Q2. Both these factors will change over time in a way we can't predict.

9. How can I tell if taking a transfer is the best option?

There are many factors to consider, which is why the law requires members to take independent financial advice where the DB transfer value is £30,000 or more. The financial adviser will help you determine whether it is the best option for you. The following is not an exhaustive list but contains basic considerations you should think about.

- Your willingness to accept the risk of your invested pension falling in value once transferred.
- The loss of potential increases to your pension once in payment (also known as escalation).
- The loss of any potential beneficiary benefits in the event of your death.
- Your family history and your own personal outlook on living for longer.
- The value of any other savings and pension you may have.

Please also read the 'Transferring-out DB Benefits to access a flexible income (drawdown)' factsheet available on the pension website <http://ukpensions.basf.co.uk> if you're considering a transfer-out for this reason.

10. How do I find an independent financial adviser?

You can find a financial adviser by visiting www.Unbiased.co.uk or by ringing IFA Promotions on 0800 0853250. The charges for financial advice can vary between different advisers. There is usually an initial fee, which can be a fixed figure or a percentage of the transfer value, although some advisers can charge per hour for their services, so it's best to check first. In addition, there is normally an ongoing fee, which includes the costs of servicing and managing the invested funds once a transfer takes place. The 'Total Expense Ratio' (TER) is the figure which should be used to establish the total ongoing fees.

11. If I decide not to proceed with a transfer out what do I need to do?

You don't have to do anything. If Willis Towers Watson don't receive your completed transfer out documentation within 3 months, they will just close your case and your benefits will remain in the Scheme.

12. If I decide not to transfer out, do I still have the option to do so at a later date?

Yes (see Question 1 above) but you are only entitled to one **free** Transfer Out quotation in any 12 month period. The Trustee reserves the right to provide another quotation within a 12 month period in special circumstances but will usually apply an administration charge for more frequent requests (currently £250).

13. Can I transfer just my AVCs or my DC Account if I also have a DB Pension?

Yes it is possible to transfer your AVCs and DC Account only, you can choose to transfer these or your DB pension, or both. But you can't transfer just part of your DB pension or part of your AVCs/DC Account.

14. How long will it take to pay the transfer value?

It can take several months to complete a transfer of benefits from one pension arrangement to another as quotations will need to be provided by both the transferring scheme and receiving scheme, advice taken and documentation issued, completed and returned by all parties. However, once all documentation has been received, transfer payments will be made within 5 working days of receipt unless a member has Additional Voluntary Contributions (AVCs) with an external provider, such as Equitable Life or Prudential. In this case, the transfer payment cannot be made until the disinvested monies have been received from the AVC provider. If we have to check your new pension scheme with HMRC your transfer out could take longer than this.

15. What happens if there is a delay in my transfer due to a referral to HMRC?

If we receive your completed documentation within the guarantee period, of 3 months, the transfer value will be honoured. However we may need to refer the transfer request to HMRC. This may happen if the receiving scheme is not well known to us, so we will request confirmation from HMRC that the scheme is formally approved. We will need to wait until this confirmation is received from HMRC before making the transfer payment.

16. Who is Willis Towers Watson and how can I contact them?

The Trustee has appointed Willis Towers Watson to provide the administration services for the BASF UK Group Pension Scheme. Willis Towers Watson is a large, third party pension administrator with expertise in both defined benefit and defined contribution schemes. They have extensive experience in third party administration having over 8 million members worldwide, of which 2.3 million are members of 175 UK based pension schemes. Willis Towers Watson does not directly invest any of the Scheme's money. You can contact them on 0113 390 7119 if you have any further questions about transferring out your benefits.

17. I also have other pension savings elsewhere. Who do I contact about them?

If you have contact details for your other pension scheme(s) you should contact them directly. If you have lost touch with your previous scheme(s) then you can use the **Pension Tracing Service**:

Website:	www.gov.uk/find-pension-contact-details
Telephone: 0800 731 0193	From outside the UK: +44(0)191 215 4491
Textphone: 0800 731 0176	Monday to Friday, 8am to 6pm
Address:	The Pension Service Mail Handling Site A Wolverhampton WV98 1LU

18. Further Information

You can find out further information about transfers which may assist you in making a decision at:

Money Advice Service:	www.moneyadviceservice.org.uk/en/articles/transferring-out-of-a-defined-benefit-pension-scheme
The Pensions Advisory Service:	www.pensionsadvisoryservice.org.uk/about-pensions/when-things-change/transferring-your-pension
The Pensions Regulator	www.tpr.gov.uk/docs/inducement-offers-guidance.pdf

If you have lost your login details, please contact Towers Watson:

Call **+44 (0) 113 390 7119**

Email: basf@towerswatson.com