

**Pension  
TRANSFER**  
Gold Standard

Pensions Advice  
Taskforce

# Consumer guide

**Helping you recognise good practice,  
ethical and professional standards  
when seeking financial advice on  
pension transfers**

What you should expect from financial advisers who have adopted the Pension Transfer Gold Standard

# Your guide to the pension transfer gold standard

## The requirement to seek Regulated Financial Advice

In the 2014 Budget the Government announced legislation (sometimes referred to as 'Pension Freedoms') that came into effect in the 2015/16 tax year. As well as introducing additional flexibility in how benefits can be taken (for example, anyone aged 55 and over can take the whole amount of their pension fund as a lump sum, the majority subject to personal taxation) it recognised the additional complexities and responsibilities such 'freedoms' introduced, by making the taking of regulated financial advice compulsory for anyone looking to transfer what it termed 'safeguarded'\* benefits of more than £30,000 (\*this means Defined Benefit/Final Salary Pension Schemes, Guaranteed Minimum Pensions (GMPs) and pensions with Guaranteed Annuity Rates (GARs)).

Following these changes, a significant increase in benefits being transferred from employer Defined Benefit/Final Salary Pension Schemes has and is taking place, requiring many to seek regulated financial advice for the first time.

## What is the Pensions Advice Taskforce?

The Pensions Advice Taskforce is an industry backed initiative from the Personal Finance Society, that has established a voluntary code of good conduct for pension transfer advice (the 'Gold Standard'). Financial advice firms can adopt and subsequently promote this standard so you can be confident that you are dealing with a firm that is going beyond minimum legal and regulatory requirements when giving you financial advice in relation to transferring your pension.

## Who are The Personal Finance Society?

The Personal Finance Society is the professional body for the financial advisory profession in the UK, whose role is to promote ethical behaviour, high standards of professionalism for technical knowledge and client service for the ultimate benefit of the profession and consumer alike. It is part of the Chartered Insurance Institute, the world's largest professional body dedicated to insurance and personal finance that seeks to 'secure and justify the confidence of the public'.

## The Pension Transfer Gold Standard - going the extra mile so you know you are in good hands

Financial advice is regulated in the UK by the Financial Conduct Authority from the starting point of 'core principles', two of which are especially significant when it comes to complex pensions advice such as Defined Benefit transfers:

1. A firm must pay due regard to the interests of its customers and treat them fairly.
2. A firm must pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair and not misleading.



# The Pension Transfer Gold Standard - Principles

The section below details the additional principles advice firms who adopt the Gold Standard adhere to, together with a description of what this means for you

## Regulatory Requirement

All financial advice firms must pay due regard to the interests of its client's and treat them fairly.

## How financial advice firms adhering to the Pension Transfer Gold Standard will demonstrate good practice

### 1. Helping you understand when advice is appropriate, before you take it.

The value of guaranteed benefits available to members of a Defined Benefit or Final Salary pension scheme are such that for most a transfer to a Money Purchase arrangement, where you take on the investment risk of your pension fund, is unlikely to be in your best long-term interests. So, it is important that you have enough information about the advantages and disadvantages so that you can make an informed decision whether or not to seek professional financial advice on the transfer or conversion of your pension benefits. Firms adhering to the Gold Standard will ensure provision of this information 'at arms-length' so you are not under any undue influence in deciding whether to incur the subsequent cost of advice. You may sometimes hear this referred to as a 'triage' service.

### 2. Ensuring advice given supports your overall wellbeing in the context of your stated objectives, needs and wants.

Firms adhering to the Gold Standard will help you understand how a transfer will benefit and fit in with your stated objectives, overall retirement plan and your long-term well-being. One outcome of the advice may be to recommend staying in your existing pension scheme. Where a transfer does not meet your stated objectives or the adviser has established that it is not in your best interests, but you decide to proceed with the transfer anyway, he/she may exercise his or her right not to facilitate the transfer, which is against their own professional advice.

### 3. Ensuring the most appropriate technical skills are utilised on your behalf.

Firms adhering to the Gold Standard will ensure that their required Pension Transfer Specialist (PTS) holds qualifications applicable to both that role **and** for advising on investments, so they are qualified to advise on the complete end-to-end transfer process including the ultimate destination of the transfer funds. They will also ensure their knowledge and technical expertise in respect of pension transfers is maintained and up-to-date via a commitment to relevant and continuing professional development every year.

### 4. Ensuring your transfer is invested appropriately.

Firms adhering to the Gold Standard will only recommend mainstream investments from regulated investment companies (this may differ if you are an expert investor) and will not accept introductions from unregulated firms that provide, facilitate or otherwise arrange unregulated investments. This is important because firms are responsible for the suitability of the investment within the money purchase arrangement when the transfer is arranged, and the destination of the funds is known, even when the firm does not arrange the investment itself.

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## Regulatory Requirement

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## How financial advice firms adhering to the Pension Transfer Gold Standard will demonstrate good practice

### 1. Ensuring your understanding and acceptance of all charges.

Pension transfer advice can be complicated and can sometimes be perceived as expensive. Before you incur any costs firms that have adopted the Gold Standard will ensure you have a full understanding of exactly how much money you will be charged and when. If you proceed with a transfer they will ask you to confirm this understanding in writing. This will include the cost of advice in monetary amounts and cover if the advice is to transfer or not to transfer, any charges that relate to facilitating a transfer and any ongoing charges that will apply following a transfer (including any assumptions used in determining the amounts).

### 2. Help you understand how the adviser will manage any Conflicts of Interest.

Firms adhering to the Gold Standard will create, maintain and provide access to a Conflict of Interest statement specifically in respect of Safeguarded and Defined Benefit transfers, so you can clearly see any conflicts of interests to which the firm and adviser/s may be exposed, and how these are mitigated and/or remedied. For example, where a contingent charging model is used (where the fee for the advice to transfer is recovered via the fee to facilitate the transfer).

### 3. Help you understand the cost to you of transferring your benefits.

Firms adhering to the Gold Standard will give prominence to the Transfer Value Comparator (TVC) within the suitability report you will receive (a TVC is a regulatory requirement that compares the transfer value being offered with how much it would cost you to buy back the guaranteed benefits you would be giving up, on the open market). They will also ensure that you understand how much you might be giving up to achieve your objectives by transferring, before a transfer takes place.

### 4. Help you understand the advice processes and recent client outcomes.

Firms adhering to the Gold Standard will make available any reasonable requests you make about internal advice processes and Management Information. The latter will include non-personalised details in respect of all client/prospective client engagement over the past 12-month period, those referred into a triage process, those who subsequently went on to take advice and those who subsequently received a recommendation to transfer their pension.

## **Finding a firm adhering to the Pension Transfer Gold Standard**

To find a professional advice firm that has adopted the Pension Transfer Gold Standard, you can search the Money Advice Service directory via **[directory.moneyadviceservice.org.uk](https://directory.moneyadviceservice.org.uk)**

## **How to find out more about the Pension Transfer Gold Standard**

Further information is available via **[thepfs.org/ptgsconsumer](https://thepfs.org/ptgsconsumer)**