

## **Transfer Values in the Cadent Gas Pension Scheme - Further details**

### **Getting a Transfer Value figure**

My Retirement Planner (MRP) is a retirement planning tool for CGPS members which is accessed via Mercer's OneView portal. Members can use My Retirement Planner to explore their retirement options. For most contributing members and deferred members over age 54 MRP shows current information about their CGPS pension and explains retirement options available to members both within and outside of the Scheme. An illustrative transfer value may also be available. These illustrations are updated monthly.

A guaranteed transfer value (known as a Cash Equivalent Transfer Value, CETV) can be requested via MRP or directly from Mercer. One CETV a year is provided to members free of charge, and further requests will be subject to an administration fee. Members should receive their CETV within approximately 3 weeks of their request and these are usually guaranteed for 3 months (in line with UK legislation).

Members wishing to take a transfer value of £30,000 or more must take advice from an Independent Financial Adviser (IFA) who is authorised by the Financial Conduct Authority. An IFA can only provide advice based on a guaranteed transfer value.

Contributing members are not usually provided with a guaranteed transfer value as they are still building up benefits. CGPS does however provide guaranteed transfer values for active members subject to certain conditions – such as when members cease building up those benefits; details of the conditions are provided with the transfer value. To take a transfer, members must stop contributing to the Scheme either by leaving Cadent or by opting out of the Scheme.

### **How are transfer values calculated?**

A transfer value is the amount of money that a member would be able to transfer to another pension arrangement should they decide to give up their CGPS benefits. The transfer value calculation is based on the specific benefits provided by CGPS, the investments of the Scheme, market conditions and a number of assumptions about future interest rates, inflation rates, life expectancy and other factors.

The Scheme's investments are expected, over the long-term, to provide returns which relate to "yields" available on UK government bonds (which are called "gilts"). These "gilt yields" are linked to interest rates; as interest rates go up or are expected to go up, gilt yields also go up and transfer values go down (and vice versa).

### **How have transfer values changed this year?**

Over the past few months, the expectation of increasing interest rates has led to increasing gilt yields and transfer values of Defined Benefit pension schemes across the UK have therefore dropped.

The chart below shows a history of 15-year gilt yields. {Source: Barron's}



### Independent financial advice

The Trustees are not able to provide pensions advice; neither are the Cadent Pensions Team or Mercer administration team. The Trustees have appointed an independent financial adviser (IFA), WPSA, to provide independent financial advice to CGPS members. WPSA have detailed knowledge of the benefits provided by CGPS.

Active and deferred members, within a year of their earliest Scheme retirement age (usually age 54) are eligible for financial advice from WPSA, paid for by the Trustees. Members should carefully consider the timing of any advice, as the Trustees will only pay for this advice service once. Members can take advice from WPSA even if they are already using the services of another IFA; there is no harm in getting a second opinion.

More information about the independent financial advice service provided by the Trustee is available via My Retirement Planner (accessed through Mercer's OneView portal) or from Mercer.

### In summary

- My Retirement Planner (MRP) has been specifically designed to help members over age 54 understand their retirement options.
- Prior to retirement members have the option of taking a transfer value from the scheme which represents the benefits they are giving up from CGPS.
- Transfer values fluctuate due to changes in investment markets, resulting from changes in, or expected changes in, interest rates and inflation rates and other factors.
- Members must receive independent financial advice if they wish to take a transfer value from CGPS.
- Contributing and deferred members may be eligible for independent financial advice from WPSA paid for by the Trustee. This can be accessed via MRP.

## FAQs

### **I requested a guaranteed transfer value 3 weeks ago and I haven't received it, what should I do?**

It may take some weeks for Mercer to provide a transfer pack. If you have not received a transfer pack within 3 weeks you should contact Mercer directly.

### **I am still a contributing member of the scheme; how can I get a guaranteed transfer value?**

You can request a guaranteed transfer value via MRP or by contacting Mercer directly. You will be asked to provide an expected date of leaving and if you are not leaving Cadent employment you will need to opt out of the scheme. The transfer value will only remain guaranteed if your date of leaving the scheme is within two weeks of the expected date of leaving provided. If your expected date of leaving changes by more than two weeks then the transfer value becomes invalid and you will have to request another transfer value and re-start the process; there will be a charge for this.

### **How long is the transfer value guarantee?**

Transfer values are guaranteed for 3 months. This means all the necessary forms must be returned to Mercer within 3 months of the transfer value calculation date. The forms are provided in your transfer value pack and your IFA should explain these to you. If all the forms required are not returned within 3 months the transfer value becomes invalid and you will have to request another transfer value and re-start the process; there will be a charge for this.

### **Do my pension benefits vary due to changing market conditions?**

The only benefits in the Scheme which vary according to market conditions are Money Purchase Additional Voluntary Contributions (AVCs). All other benefits you have built up in the Cadent Gas Pension Scheme are based on a formula made up of your pay, your years of service in the Scheme, and a fraction known as an accrual rate (1/60).

You can find details of the benefits you have built up on your latest benefit statement. If you retire before age 60 your benefits will be reduced to reflect the early payment.

### **Where else can I get help?**

You can get free, impartial information about transferring your pension from MoneyHelper.

MoneyHelper is a government-approved online advice service, providing impartial advice on money and pensions choices. The free online, phone or face-to-face service is provided by the Money and Pensions Service, a body sponsored by the Department for Work and Pensions.

<https://www.moneyhelper.org.uk/en>