



Alexander Forbes

Reduce the risk

Should you still be running your occupational money purchase scheme?

Challenges for companies with defined contribution schemes

Companies with defined contribution pension schemes are under more pressure than ever before.

Increased regulation and responsibilities include:

- trustees knowledge and understanding
- dispute resolution procedures
- appointing member-nominated trustees

Increasing implicit and explicit costs:

- pension scheme levies
- audited accounts
- trustee training

Failure to run these schemes in accordance with the scheme rules and legislation can leave a company vulnerable to future claims and, in certain circumstances, make trustees personally liable.

Change in legislation now means that many occupational money purchase pension schemes offer no benefits over personal pension arrangements and yet there are costs and risks involved.

What solutions exist?

There are several ways to remove the burden of operating such a scheme:

- Appoint professional trustees*
- Outsource: administration, auditors, accountants and legal services.*
- Close the scheme to future contributions and wind-up the trust under which the pension benefits are held. (Where no alternative scheme is in place, suitable options can be recommended).

Wind-up can reduce ongoing costs and absolve your exposure to risk.

*Alexander Forbes Trustee Services can advise you further in this regard and additional material can be provided. Whilst this can reduce the burden for the trustees it could result in higher running costs for your company.

Good advice is essential

Winding-up a scheme incorrectly can lead to the possibility of future claims against your company or the trustees. We will help you to avoid this.

Acting in the best interests of the members

We understand the duty of care that scheme trustees have, which is to ensure that any action taken must be in the members' best interests. We will evaluate your needs and offer a bespoke solution to your company and the trustees.

We will seek to ensure that any action you take is in accordance with legislation and the scheme's rules.

We will also ensure that you fully understand the recommendations, why they are being made and how they will benefit the members, the trustees and your company.

Communication is key

A pension wind-up exercise can be a sensitive process and an effective member communication strategy is essential for a smooth transition. If members fully understand the process they are more confident and will understand how it benefits them. Our member communication services can include:

- Member announcements
- Helpline
- Seminars
- One-to-one consultations
- Investment consultation for members

We also offer ongoing contact with your company and the trustees to guide them through the wind-up process from initial discussion through to completion of the final closing resolution.

A triple-win situation

The wind-up process is designed to produce a winning solution for all parties:

For the employer, it means being able to maintain valuable employee benefits whilst affordably removing pension scheme liabilities and costs. It will also buy back the time and resource previously given over to running such a scheme.

For members, it allows them to be in personal control over their pension benefits, potentially with increased flexibility and the ability to manage their assets in a way that is appropriate to them.

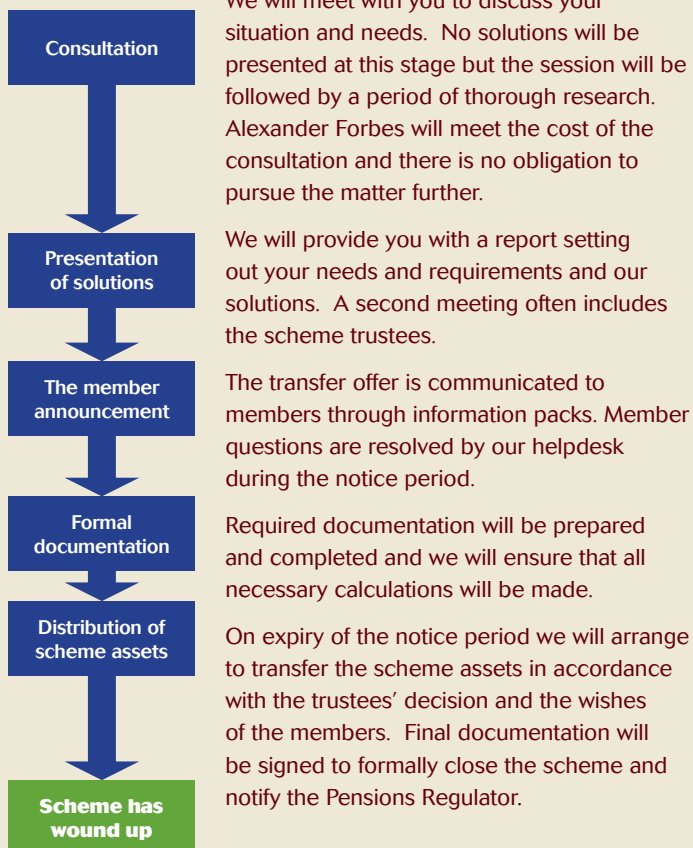
For trustees, it removes ongoing liability and accountability and allows them to get on with their role within the company.

With the exercise complete, trustees will be absolved of responsibility for running the pension scheme and all ongoing costs associated with the scheme. In effect, ownership of the pension benefits are passed from the trust to the individual members.

The Wind-Up Process

We have a specialist team to deal with the wind-up of occupational money purchase pension schemes. Our team consists of highly qualified financial advisers and technical consultants with specialist knowledge within this particular branch of corporate pension consultancy.

The process is complicated and will involve different stages depending upon your situation. The basic structure is as follows:



Why choose us?

We regularly advise company directors, city and regional professionals and individual and corporate clients across the UK.

- Structured yet flexible process, capable of offering you a bespoke service dependent on your needs.
- Dedicated team that guides all stakeholders through the process from initiation to close.
- Implementation within agreed timescales.
- Commitment to member support throughout the process.
- Treating customers fairly is central to our culture.
- We were the 1st IFA in the UK to be awarded the Investor in Customers award.

How to reach us

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