



CENTRA

Mr A Sample

Pension Switching Report - Summary

This report was prepared with data sourced from Defaqto Engage. Whilst every attempt has been made to ensure the accuracy of the data used in this report, items can change and we advise that you check the issues most important to you if you proceed with the purchase of the selected contract.

Mr Adviser

Completion date:

3rd January 2020

Recommendation

Pension switching

Analysis was undertaken on 3rd January 2020 to investigate the benefits of switching your current pension solution to a new solution. A comparison was made between the features and charges.

The recommendation is to switch from your existing pension to a new solution as per the details below.

Pension switching summary

Switch from:

Existing Product	Provider:	Legacy
	Name:	Legacy Product
	Product Type:	Personal Pension Plan
	Illustration Date:	15/02/2019
	Platform:	None

To:

New Solution	Provider:	New Solution
	Name:	New SIPP
	Product Type:	SIPP
	Platform:	Option

The following notes were made to explain the recommendation:

Test

Comparison summary

The details below are intended to provide a like for like comparison of the value of your pension at retirement between your existing pension and the new solution. The retirement age used is 55.

The figures assume that you switch your existing funds and continue the same level of contributions into your new solution. The cost of any transfer penalties applied by the existing provider are included in the calculation by reducing the amount to be invested in the new solution. Values shown are in real terms which mean that they have been adjusted to take into account the effect of inflation.

Existing pension	New solution
Product: Legacy - Legacy Product	Product: New SIPP Platform: Option

Growth rate		Existing pension	New solution
Low -0.5%	Projected value at age 55	£95,900	£95,600
	Reduction in yield	1.0%	1.1%
	Critical yield	-	1.50%
	Effect of switching	-	£300 or 0.3% decrease
Mid 2.5%	Projected value at age 55	£103,000	£104,000
	Reduction in yield ^[1]	1.5%	1.1%
	Critical yield ^[2]	-	4.50%
	Effect of switching ^[3]	-	£1,000 or 1.0% increase
High 4.0%	Projected value at age 55	£115,000	£108,000
	Reduction in yield	0.0%	1.1%
	Critical yield	-	5.80%
	Effect of switching	-	£7,000 or 6.1% decrease

[1] Reduction in Yield is the impact of product, platform and fund charges on the investment growth rate. For example, if the fund grows due to investment growth by 4% in a year and the reduction in yield is 2.5% the fund growth experienced will be 1.5%.

[2] Critical Yield is the growth rate required from the new solution to match the projected maturity value of the pension solution.

[3] Effect of switching is the change in the maturity value of the new solution assuming the fund experiences the same investment growth.

Mr A Sample

Pension Switching Report

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Existing pension

Legacy - Legacy Product

Illustration details

The following details were obtained from the provider's illustration and are the values the provider used in their projections.

Provider:	Legacy
Name:	Legacy Product
Product Type:	Personal Pension Plan
Illustration Date:	15/02/2019
Platform:	None
Retirement age:	55
Time to retirement:	2 years and 9 months
Value at illustration date:	£100,000.00
Transfer value:	£100,000.00
Transfer penalty:	£0
Ongoing contributions:	None
Contribution annual increase:	N/A
Illustration includes adviser charges:	No

Projected maturity values

The following values and growth rates are in real terms which means the growth rates and maturity values have been adjusted to take into account inflation.

	Growth rate ¹	Maturity value
Low growth rate	-0.50%	£95,900
Mid growth rate	2.50%	£103,000
High growth rate	4.00%	£115,000

[1] The maximum mid growth rate used by the pension provider is set by the Financial Conduct Authority (FCA). The low and high growth rates must be 3% lower and 3% higher respectively. The pension provider may choose to use lower growth rates. The annual inflation rate of 2.0% is set by the FCA and is used to reduce the expected growth rate to the values seen in this table.

Charges data

The following charges data was added for this existing pension.

Product charge

The charge is 0.36% of the fund value at the point of applying the charge.

Investment charges

Investment name	Ongoing charge	Allocation
Test Fund	0.06	100.00%

The following notes were made in relation to the illustrations:

Test

Existing pension vs. New solution

Comparison summary

The details below are intended to provide a like for like comparison of the value of your pension at retirement between your existing pension and the new solution. The retirement age used is 55.

The figures assume that you switch your existing funds and continue the same level of contributions into your new solution. The cost of any transfer penalties applied by the existing providers are included in the calculation by reducing the amount to be invested in the new solution.

The analysis is based on switching the existing pension into a new solution before the effect of any advice charges.

Existing pension		New solution	
Product: Legacy - Legacy Product		Product: New SIPP Platform: Option	

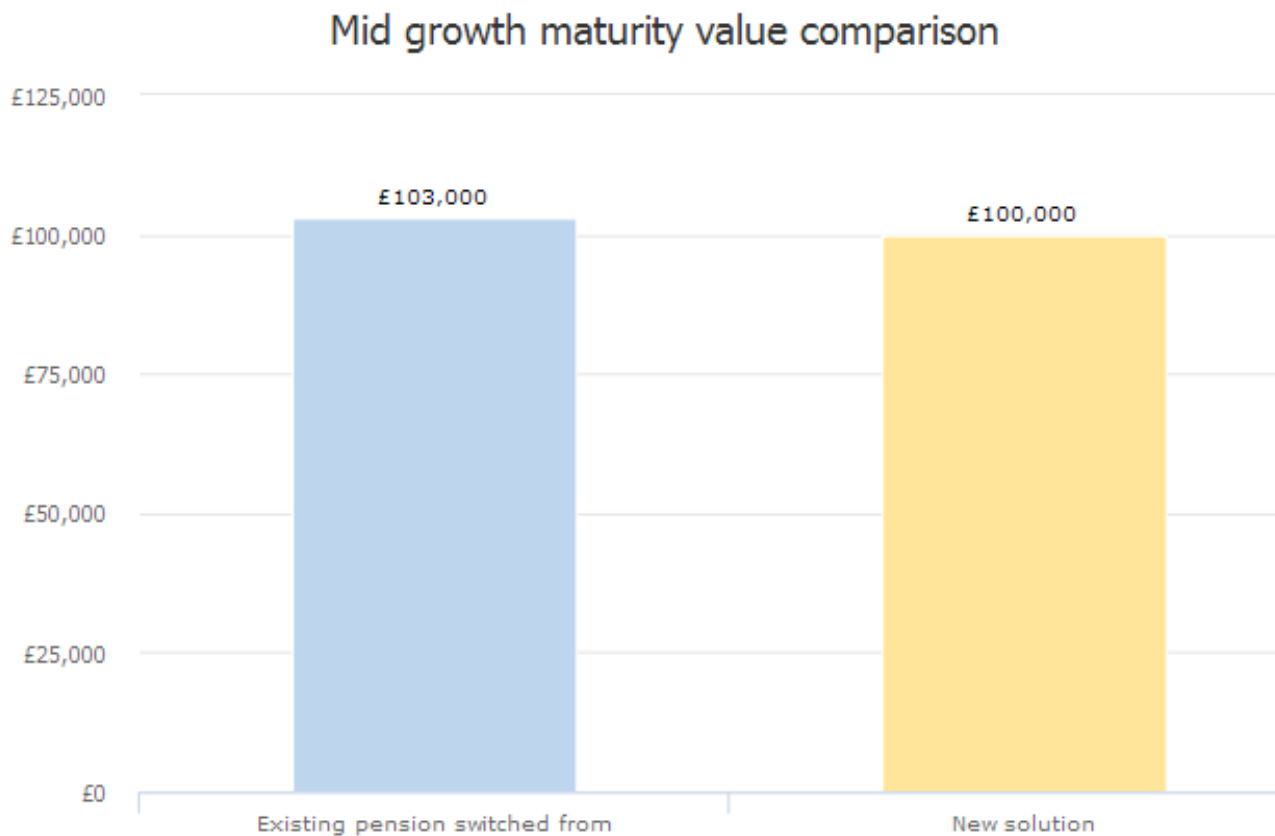
Growth rate		Existing pension	New solution
Low -0.5%	Projected value at age 55	£95,900	£95,600
	Reduction in yield	1.0%	1.1%
	Critical yield	-	1.50%
	Effect of switching	-	£300 or 0.3% decrease
Mid 2.5%	Projected value at age 55	£103,000	£104,000
	Reduction in yield ^[1]	1.5%	1.1%
	Critical yield ^[2]	-	4.50%
	Effect of switching ^[3]	-	£1,000 or 1.0% increase
High 4.0%	Projected value at age 55	£115,000	£108,000
	Reduction in yield	0.0%	1.1%
	Critical yield	-	5.80%
	Effect of switching	-	£7,000 or 6.1% decrease

[1] Reduction in Yield is the impact of product, platform and fund charges on the investment growth rate. For example, if the fund grows due to investment growth by 4% in a year and the reduction in yield is 2.5% the fund growth experienced will be 1.5%.

[2] Critical Yield is the growth rate required from the new solution to match the projected maturity value of the existing pension.

[3] Effect of switching is the change in the maturity value of the new solution assuming the fund experiences the same investment growth.

The following graph is based on the existing pension and chosen new solution growing at the same rate, over the same term and the effect charges have on the maturity value.



Benefits

The following is a list of benefits that will be lost when switching:

No benefits were listed for the existing products

The following notes were added regarding the existing benefits:

Test

The effect of advice charges

Initial adviser charge of £1,000.00 which is taken from the new solution, reducing the initial investment accordingly.

An ongoing annual adviser charge of 1.00% which has been considered as part of the new solution projections below.

The following comparison considers the effect of any adviser charges currently being paid on the existing pension being switched out of and the adviser charges that would become payable on the new solution.

Growth rate		Existing pension	New solution
	Projected value at age 55	£95,900	£91,900
Low	Reduction in yield	1.0%	2.4%
-0.5%	Critical yield	-	0.10%
	Effect of switching	-	£4,000 or 4.2% decrease
	Projected value at age 55	£103,000	£100,000
Mid	Reduction in yield ^[1]	1.5%	2.5%
2.5%	Critical yield ^[2]	-	3.10%
	Effect of switching ^[3]	-	£3,000 or 2.9% decrease
	Projected value at age 55	£115,000	£104,000
High	Reduction in yield	0.0%	2.5%
4.0%	Critical yield	-	4.50%
	Effect of switching	-	£11,000 or 9.6% decrease

[1] Reduction in Yield is the impact of product, platform and fund charges on the investment growth rate. For example, if the fund grows due to investment growth by 4% in a year and the reduction in yield is 2.5% the fund growth experienced will be 1.5%.

[2] Critical Yield is the growth rate required from the new solution to match the projected maturity value of the existing pension.

[3] Effect of switching is the change in the maturity value of the new solution assuming the fund experiences the same investment growth.

Immediate impact on the fund value following the switch

Any fees applied at the point of switching may reduce the capital value of the pension which will reduce any death benefit payable.

At the point of switching the fund values are as follows:

Existing pension: £100,000.00

Penalty charge:	£0.00
New solution day one:	£99,000.00

This results in a shortfall in the death benefit immediately after the switch of £1,000.00

Selecting the New solution

New solution charges comparison

From those solutions which were assessed as being suitable for your needs, a selection was made which included a comparison of all costs including Product, Platform and Fund charges.

The available solutions were ranked by Maturity Value along with a generic stakeholder pension and the existing pension. The top 10 results are shown below and are based on the medium growth rate projection to a retirement age of 55 which is a term of 2 years and 9 months.

Rank	Solution	RIY	Maturity value	Product DNA	Platform DNA
1	Product: Pension Investment Account Platform: Option	0.9%	£104,000	39	41
2	Product: Pension Account Platform: Option 2	0.9%	£104,000	35	43
3	Product: Pension Portfolio Platform: Option 3	0.9%	£104,000	34	44
4	Product: Flexible SIPP - Platform:	1.0%	£104,000	43	
5	New Solution	1.1%	£104,000	41	48
6	Product: The Pension Platform: Option 4	1.1%	£104,000	41	44
7	Product: The Account - Self Platform:	1.2%	£103,000	40	
8	Product: SIPP Fund Platform:	1.2%	£103,000	43	
9	Product: Choice A SIPP Platform: Choice	1.3%	£103,000	33	38
10	Product: Active SIPP Platform:	1.3%	£103,000	46	
15	Existing Solution	1.5%	£103,000		
22	Generic Stakeholder Pension	1.6%	£102,000		

Stakeholder pension

As part of the comparison a generic Stakeholder pension was considered against the other pension products in the market when selecting a new solution. They have a simple, capped charging structure. The following compares the generic stakeholder pension and the selected new solution.

	Existing Solution	Generic Stakeholder	New solution
Projected value at age 55 (Mid growth)	£103,000	£102,000	£104,000
Effect of switching ^[1]	-	-£1,000 or -0.98% decrease	£1,000 or 0.96% increase
Reduction in yield ^[2]	1.50%	1.60%	1.10%
Growth rate used for projection (Mid growth)	2.50%	2.50%	2.50%

[1] Effect of switching is the change in the maturity value from the existing pension assuming the fund experiences the same investment growth.

[2] Reduction in Yield is the impact of product, platform, fund and ongoing adviser charges on the growth rate. If the fund grows due to investment growth by 4% in a year and the reduction in yield is 2.5% the fund growth experienced will be 1.5%.

Workplace pension

If there is an existing workplace pension this would have been considered against the other pension products in the market when selecting a product to switch into. The following notes were made in relation to the workplace pension.

The following notes were added regarding the client's access to an existing workplace pension scheme:

TEST

The following notes were added regarding the workplace pension features:

TEST

The following notes were added regarding the workplace pension scheme charges:

TEST

The following notes were added regarding the cost comparison between the client's current pension plan and workplace pension scheme:

TEST

The following notes were added regarding the recommendation not to switch the client's current pension plans into the workplace pension scheme:

TEST

The following additional notes were added regarding the client's workplace pension scheme:

TEST

The following notes were made in relation to the stakeholder pension:

Test

Appendix

Existing pension portfolio details

Legacy- Legacy Product

Statistics

N/A

N/A

N/A

[1] Annual Management Charge – the annual fee charge by the fund management company to cover costs directly associated with managing your fund. This will not include all costs associated with the fund.

[2] Ongoing Charge Figure – includes all regular recurring expenses of the fund, including the AMC, and hence provides a more complete picture of actual charges borne by the client. For example, other costs included are: custodian fees; audit fees; legal fees; marketing distribution; and any other recurring charges. Not included are any one-off or irregular charges, such as performance related fees and transaction costs.

Funds

FUND	PROVIDER	ISIN	DIAMOND RATING	FAMILY DIAMOND RATING	% INVESTED
Test Fund	Option	N/A	N/A	N/A	100.00

The funds data used within Defaqto Engage is sourced from Morningstar UK.

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Risk level

The client's agreed risk level is 5