

For policyholders considering transferring to another pension arrangement

This document addresses questions that we often receive from our policyholders in relation to a potential transfer.

1. What should I consider before transferring to another pension arrangement?

The following is not an exhaustive list, but things that you should think about include:

- Loss of a regular and predictable income for life
- Loss of future increases to your pension once in payment
- Loss of any dependants' benefits payable in the event of your death
- Your family history and your own personal outlook on how long you may live
- Whether you could obtain a greater income for life via an enhanced annuity
- Your willingness to accept the risk of your invested pension falling in value once transferred and its potential inability to meet your future needs
- The value of any other savings and pension you may have

2. What is a transfer value?

Your transfer value is the value of your pension benefits from your Rothesay policy. You can ask us to pay your transfer value to another pension arrangement. Rothesay will make no further payments to you or your dependants once your transfer value has been paid to your chosen pension arrangement, your 'receiving scheme'.

If you choose to transfer your benefits this is entirely at your own risk and you will be permanently giving up your pension benefits from this Rothesay policy.

3. How does Rothesay calculate a transfer value?

Your transfer value reflects the expected cost to Rothesay of providing your pension benefits under your policy. There are a number of factors that affect the value placed on your benefits and these vary over time.

Our transfer values are calculated using market conditions at the time of the calculation. Market conditions affect transfer values, for example they affect the pension increases we expect to pay, which in turn affects the value of the policy.

Our transfer values are also calculated based on our assumptions for life expectancy. We usually review our life expectancy assumptions annually at the end of each calendar year but may do more regularly if deemed appropriate. These assumptions are used for our financial reporting and are subject to external scrutiny.

4. Is my transfer value more likely to go up or down in the future?

As explained in question 3 above, we calculate a transfer value by making assumptions and looking at current market conditions. Both these factors will change over time and may result in your transfer value increasing or going down. For policyholders who would like to transfer in the next few months, we will provide a transfer value which is guaranteed for 6 months. However, we will only provide one guaranteed transfer value in any 12-month period.

5. What happens if I don't want to transfer during my transfer value's guarantee period

All guaranteed transfer values that we issue have a 6-month guarantee period from the date of calculation. Policyholders do not need to take the transfer value quoted and they can request further transfer value quotes but no more often than one in any 12-month period. Policyholders can also choose to receive their pension benefits directly from Rothesay.

6. Can I transfer out the value of just part of my pension benefits from my policy?

With one exception, it is not possible to transfer out just part of your policy benefits. The exception is that you can transfer the value of your AVCs and receive the rest of your benefits directly from Rothesay.

7. Where can I have my transfer value paid to?

We will only pay your transfer value to a pension arrangement that is registered with HM Revenue & Customs (HMRC) or one that is a suitably approved Recognised Overseas Pension Scheme (ROPS).

Pension scams are a real threat when considering a pension transfer. You must be satisfied that the pension arrangement that you are thinking of transferring to is legitimate, has appropriate investments, fair costs and does not show any signs of being a potential fraud or scam. Otherwise you risk losing your money and/or you may incur a significant tax bill.

It is important to check the benefits that your receiving scheme will give you, as they will not be the same as the pension benefits from your policy that you will be giving up and you cannot change your mind once Rothesay has paid the transfer value to your receiving scheme. If you transfer, you will lose the regular and predictable retirement income for life that your annuity policy gives you and any dependants.

If you transfer to a defined contribution pension arrangement, you will have a pot of money that you will need to invest in order to provide the future benefits you and your family require. You will need to select and manage your investments and consider the initial and ongoing fees the new provider and adviser will charge you, to be sure your new pension will meet your future income needs.

8. Are there any charges for transferring?

Normally there is no administration charge for transferring. However, in some circumstances transfers to a Recognised Overseas Pension Scheme will be subject to a tax charge.

9. Do I need to get financial advice before I transfer?

If your transfer value is more than £30,000 you must get regulated financial advice before going ahead with your transfer. We will need to see proof that your adviser and their sponsoring firm are authorised by the Financial Conduct Authority (FCA) and are qualified to provide advice on pension transfers. This is to make sure you get appropriate advice. Even if your transfer value is less than £30,000 we would still strongly recommend that you seek financial advice.

If you do not have a financial adviser, you can find one using MoneyHelper's 'Find a retirement adviser' tool at: www.moneyhelper.org.uk/retirement-directory

You can check your adviser is suitably registered via the FCA register: <https://register.fca.org.uk>

Any decision to transfer the value of your pension benefits under your policy is your own and we encourage you to review and discuss everything with your adviser prior to providing your authorisation to proceed. Please make sure you ask any questions you may have and make sure all your concerns have been addressed. This is an important decision and you will be better protected by understanding, not just the possible benefits of transferring, but also all the risks and costs. If these cannot be explained simply enough to you then ask more questions or consider a different adviser.

10. What are the charges for financial advice?

The charges for financial advice can vary between different advisers. You should check with your adviser what charges you may be subject to.

11. How long does a transfer out take?

For details on how long the transfer out process will take, and the steps required, visit our transfer page on the policyholders' section of our website: www.rothesay.com/policyholders/transfer

12. Can I transfer my benefits after my normal retirement date (NRD)?

A transfer payment equal to the value of the pension benefits under the policy is paid at Rothesay's discretion. Our current policy is to offer a transfer value to policyholders who are not already receiving payment of their benefits and are under age 65.

13. I was told my transfer value had to be referred to an actuary, what does this mean?

Where the transfer value exceeds a certain amount, or if you have unique or complex circumstances, we may need to refer this to an actuary to calculate the transfer value. Please note that in cases where it is necessary to refer to an actuary there will be a slight delay in the process.

14. What happens if I return my paperwork after the expiry of the 6-month guarantee period?

If all requirements are not met within the 6-month guarantee period, the transfer cannot proceed. We will only provide one guaranteed transfer value in any 12-month period.

We recommend that all requested transfer documentation and further information, if applicable, is sent to us within 4 months to try to ensure that the transfer is processed before the guarantee expires.

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

We may need to ask HMRC to confirm that the receiving pension arrangement that you have chosen is formally approved. If so, we will need to wait until we receive this confirmation from HMRC before paying the transfer value to your chosen arrangement. Unfortunately, this may mean that the transfer cannot be completed within the 6-months guarantee period. If you still wanted to transfer, you would need to request a further transfer value quotation. Please note we can only provide one guaranteed transfer value quotation in any 12-month period.

16. Where can I find further information?

In addition to any financial advice you may receive, you may want to review the following sources of important information to help you decide whether to transfer your benefits:

- The Financial Conduct Authority at www.fca.org.uk, including 'How to avoid a pension scam': www.fca.org.uk/scamsmart/how-avoid-pension-scams
- MoneyHelper at www.moneyhelper.org.uk, including their:
 - 'Find a retirement adviser' tool at: www.moneyhelper.org.uk/retirement-directory
 - Pension information: www.moneyhelper.org.uk/retirement-directory/en/pensions-and-retirement/pensions-basics
 - Pension Wise service (only if you have AVCs): www.moneyhelper.org.uk/retirement-directory/en/pensions-and-retirement/pensions-basics