



PORTUS
seeing benefits clearly

Trustee Checklist

Checklist 2: Transferring to a contract-based scheme

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YOUR ACTION CHECKLIST



Moving to a contract-based scheme requires planning and clear communication with your members.

If you have decided to move to a contract-based pension scheme you will need to communicate changes to members as well as review the basis of your scheme in light of the new changes in legislation and work through the transfer process.

Action	Complete?
Reviewing Your Scheme	
Review how the removal of the earnings cap and contribution limits impact your scheme in terms of member and employer contributions, and scheme liabilities	
Consider alternative remuneration options for employees affected by the Lifetime Allowance (LTA)	
Identify, create and maintain records showing which members have existing tax-free cash entitlements that exceed 25% so that these can be protected	
Review your scheme's death-in-service benefits/life assurance provision	
Review your scheme's current early retirement policy and consider a transitional policy to phase-in a potentially increased retirement age	
Communicating to Members	
Identify and contact members who are over (or at risk of going over) the LTA. Direct them to (or organise access to) financial advice about their options for taking enhanced and/or primary protection, to protect the funds they have already built up	
Identify which members' have existing tax-free cash entitlements that exceed 25% so that this can be protected	
Moving Contributions to Another Scheme	
Work with Portus to select your preferred provider and agree the level(s) of member advice that will be offered	
Communicate the planned changes to members (including the change to their own contributions, which will be paid net as opposed to gross). Gain their consent to redirect contributions to the new plan	
Complete set-up process according to provider's requirements. (Members will then be issued with their policy documentation)	

Action	Complete?
Transferring Existing Funds	
Ask for transfer values for all your members from the previous scheme provider	
Tell paid-up members that you are planning to close the scheme and transfer their funds. Provide them with details of the options they have, and explain what will happen to their funds if they do not contact you (you need to give members 1 month's notice, or 3 months if there is contracted-out money involved). (If paid-up members cannot be traced, funds can be transferred into a Replacement Policy after the notice period has passed). Refer them to Portus if they need advice	
Tell current members that you are planning to transfer their funds. Provide them with details of the options they have, and ask them to return their option/consent forms (you need to give members 1 month's notice, or 3 months if there is contracted out money involved). Their options are likely to be: 1. Transfer funds into the new company scheme 2. Transfer funds into an alternative individual arrangement 3. Move funds into a Replacement Policy (if options form is not returned)	
After the notice period has passed, submit transfer information to the new provider(s), so that transfers can be made on the agreed date (to protect tax-free cash entitlements). (Members will then receive confirmation documentation)	
Communicate to all members explaining that the wind-up of the previous scheme is now complete and reiterating the benefits of the new company pension plan	
Mandatory Steps	
Tell HM Revenue & Customs and the Pensions Regulator that the existing scheme has been wound-up	

This information is based on Portus's interpretation of the proposed changes. It is intended as guidance only and you should not rely on it in place of advice. It is your responsibility as a Trustee to ensure that all aspects of the new pensions legislation are complied with.