

# Defined Benefits Pension Questionnaire



# Balance:

## Wealth Planning

Name: ..... Date: .....

Pension scheme name: .....

This questionnaire must be completed by you and your partner/spouse if you are considering transferring your Defined Benefits pension.

Pensions with defined benefits can be very valuable, paying a guaranteed income, increasing with inflation, for your whole life. They usually pay an income to your partner if you pass away too.

When you retire, you have the option of taking your pension benefits as they were designed to be paid. Or you can ask for a lump sum to be transferred into a personal pension instead. You give up all guarantees and are responsible for paying yourself an income and making the money last as you need it.

Most people are better off keeping their pensions as they are, and that's our starting point. But there can be instances where a transfer would be a better option. The decision is a big one that is irreversible and will affect you for the rest of your life. That's why you must take professional advice about it first. To give you our advice, we need to know how you feel about the areas outlined in this questionnaire.

If you are considering transferring your Defined Benefits pension, it's important to allow enough time to make an informed decision without feeling under pressure. We will need adequate time to assess your scheme in the context of your situation and what you need. We must also allow time for the paperwork to be processed by the transferring and ceding scheme. Although we will always do our best, we cannot guarantee that we will be able to achieve that before any guaranteed transfer value expires, as they are only valid for three months. You can usually request another transfer value if required. Although that may incur an administration fee from the scheme and could be higher or lower, it is very important that you do not feel rushed into making a decision.

Please tick to confirm you have read and understand the notes above.

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## Background

**What has prompted you to think about transferring your Defined Benefits pension now? (Choose as many answers as you wish)**

1. I am planning for retirement
2. People I know have been transferring their pensions
3. A professional adviser has suggested it (including Balance: Wealth Planning)
4. My personal situation has changed (marriage, bereavement, health)
5. My financial situation has changed
6. I have received a statement or letter from the pension scheme about it
7. I am concerned about the funding position of the scheme
8. I have read about it in the media
9. Something else (please specify)

**What research have you done into how pension transfers work? (Choose one)**

1. None
2. I have read a little about it
3. I have read a lot about it
4. I have spoken directly to the scheme trustees, actuaries or managers
5. I have spoken to professional advisers

## About the scheme and your need for income

1. **Do you think the scheme, as it stands, will give you the level of income you need when you retire? (Choose one)**
  1. It will pay out less income than I need
  2. It will pay out enough income
  3. It will pay out more income than I need
  4. It will pay out less than I need to start with, but more than I need later in life
2. **How much of a tax free lump sum would you prefer at retirement? (Choose one)**
  1. I need the maximum lump sum, and am prepared to give up some regular income to receive it
  2. I need a specific lump sum from this scheme when I retire (please specify)
  3. I do not need a lump sum at all from the scheme and would prefer a higher regular income
3. **How important is this scheme to you in the context of your whole wealth? (Choose one)**
  1. It will be the main or only source of money in my retirement, other than the state pension
  2. It will provide at least half of the money I need in my retirement, alongside my other wealth
  3. It will provide a small amount of the money I need in my retirement, alongside my other wealth
  4. I am unlikely to need the money from this pension in my retirement because I have enough other wealth
4. **How do you feel about giving up a guaranteed, index-linked income in exchange for a lump sum? (Choose one)**
  1. Very comfortable
  2. Quite comfortable
  3. Quite uncomfortable
  4. Very uncomfortable
5. **How worried are you about your pension income keeping up with inflation, so your buying power stays the same? (Choose one)**
  1. Very worried
  2. Quite worried
  3. Not very worried
  4. Not at all worried
6. **Retiring sooner than the scheme's normal retirement age will usually mean your benefits being reduced. What are your requirements? (Choose one)**
  1. I would like to retire early but do not think I will be able to afford it if my pension benefits will be reduced
  2. I would like to retire early but am not willing to accept reduced pension benefits
  3. I would like to retire early and am happy to accept a reduced pension
  4. I don't know when I will retire but would like the option of retiring early without benefits being reduced
  5. I don't plan to retire early
7. **Will the benefits paid to a partner on your death be of value, or would you prefer to have more income yourself? (Choose one)**
  1. I would prefer more income myself. My partner already has significant pension benefits of their own.
  2. I would prefer more income myself. I don't expect to be married or to have a partner when I retire.
  3. I would like the flexibility to control how benefits are paid depending on my situation at the time
  4. I would prefer less income now in order to have a guaranteed income for my partner

## Your views

- 8. How do you feel about giving up guaranteed benefits in a Defined Benefits pension in exchange for flexibility? (Choose one)**
1. Guaranteed pension benefits are more important than having flexibility over how much pension income I can take and when it's taken
  2. Having flexibility over how much pension income I can take and when it's taken is more important than having a guaranteed income
- 9. How do you feel about paying income tax? (Choose one)**
1. Very concerned. I want to take all possible steps to minimise it, even if that means having a lower overall pension income or pension fund.
  2. Slightly concerned. I want to take moderate steps to minimise it, but without impacting on my pension income too much.
  3. Not concerned. I'd prefer to have a higher pension income or pension fund even if that means paying more tax.
- 10. How do you feel about paying the Lifetime Allowance Tax charge (which is 25% or 55% of the amount over the Lifetime Allowance if your pension is over that level when tested)? (Choose one)**
1. Very concerned. I want to take all possible steps to minimise it, even if that means having a lower overall pension income or pension fund.
  2. Slightly concerned. I want to take moderate steps to minimise it, or minimise the chances of having to pay it, but without impacting on my pension income too much.
  3. Not concerned. I'd prefer to have a higher pension income or pension fund even if that means paying more Lifetime Allowance Tax at some point.
  4. I am not sure.
- 11. Your pension promises an income in retirement. The scheme's money is held separately from the employer and promised benefits can only be paid if there is enough money to do so. The scheme relies on the employer being financially stable enough to continue paying money into it. How do you feel about that? (Choose one)**
1. I have concerns about the financial stability of the employer and do not want my pension benefits to be under their control
  2. I do not have any concerns about the financial stability of the employer or the way in which the pension scheme is managed
- 12. How do you feel about providing an income or lump sum to your family (or others) on your death? (Choose one)**
1. I do not have a partner or children and am not concerned about passing my wealth onto others
  2. I do not have a partner or children, but would like to pass my wealth onto others, i.e. family, charities
  3. My partner will benefit from other wealth or life insurance policies. While it would be nice to give them more, it is not a priority.
  4. My children will benefit from other wealth or life insurance policies. While it would be nice to give them more, it is not a priority.
  5. My partner would find it difficult to manage and I want to make better financial provision for them
  6. My children would find it difficult to manage and I want to make better financial provision for them
  7. Because of my health issues or lifestyle, I am worried I would have difficulty obtaining life cover

**13. How long do you think you could live? Think about your own health and that of your parents. (Choose one)**

1. I expect to live beyond 100
2. I expect to live into my 90's
3. I expect to live into my 80's
4. I expect to live into my 70's
5. I expect to live into my 60's
6. I expect to pass away before I reach 60

**14. How important is it to have control over how your pension is invested? (Choose one)**

1. Very important, I prefer to have my pension fund invested in a way that suits me
2. Quite important, I would be interested in having my pension fund invested in a way that suits me
3. Not important at all, I have no view on that

**15. What balance of risk and reward feels most comfortable for your pension, if it were to be transferred? (Choose one)**

1. I am happy to accept a high level of risk in exchange for the chance of a higher income in retirement
2. I am happy to take a reasonable level of risk in the hope of having a higher income in retirement
3. I am happy to take a very small amount of risk in the hope of having a higher income in retirement
4. I am not willing to take any risks at all

**16. How would you prioritise the statements below?**

- |   |                     |
|---|---------------------|
| 1. I want to maximise my pension when I plan to retire                                | Low / Medium / High |
| 2. I want my pension benefits to be as secure as possible                             | Low / Medium / High |
| 3. I want control over how my pension is invested                                     | Low / Medium / High |
| 4. I want flexibility over how and when I take money out of my pension                | Low / Medium / High |
| 5. I want to provide benefits after my death for my partner and/or dependent children | Low / Medium / High |
| 6. I want to provide benefits after my death my children, wider family or charities   | Low / Medium / High |
| 7. I want a tax free lump sum when I retire   | Low / Medium / High |
| 8. I want to be able to retire early without having a reduced pension                 | Low / Medium / High |
| 9. I want to minimise the amount of tax I could pay when I receive my pension         | Low / Medium / High |

**If you transferred your Defined Benefits pension scheme, how would you feel about taking risk with that money, compared with your other pensions or investments? (Choose one)**

1. I would take the same risk as with my other investments
2. I would take more risk than with my other investments
3. I would take less risk than with my other investments
4. I don't have a view on this. I will take your professional advice.

**Some people invest large amounts over several months, thinking that will minimise the impact of buying into investment markets all in one go. Evidence suggests there is no real financial benefit in doing that. Sometimes it works in your favour, sometimes not. But psychologically it can feel more comfortable. What are your views? (Choose one)**

1. I would prefer to invest all in one go
2. I would prefer to invest over a few months
3. I don't have a personal view on this. I will take your professional advice.

If you are a deferred member of a Defined Benefits pension, you do not need to answer any more questions.

These questions are for active members of Defined Benefits schemes only

Are you thinking about leaving the scheme early and 'opting out'? (Choose as many as you wish)

1. No
2. Yes, I want to retire in the next few months and envisage transferring out. I want to opt out of the scheme now, so it can be transferred and the new plan ready to pay me an income when I retire
3. Yes, I am concerned about the funding status of the scheme so I want to opt out and transfer before the scheme is managed by the Pension Protection Fund where benefits are restricted
4. Yes, I am concerned about the transfer values being lower in the future, so want to opt out and take the transfer value available now
5. Yes, because my benefits are going to be capped in the current scheme
6. Yes, because my benefits are/will be subject to the Annual Allowance or Lifetime Allowance tax charges
7. Yes, for another reason (please specify)
8. I haven't thought about it, and would like professional advice

Are you seeking advice about leaving the scheme early and 'opting out'? (Choose one)

1. Yes
2. No, I have already decided not to opt out
3. No, I have already decided to opt out and do not want to take professional advice about that decision

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For administration processing:

- Admin: Input results to DB scoring tool (Templates/1 initial planning/5 DB Key Considerations) and save to SharePoint (Permanent Details/Risk questionnaires)
- Adviser: consider if initial indicator document required (Templates/1 initial planning/5 DB Key Considerations). If yes, ask LJD to allocate to PP