

Target market

Transfer Pension Portfolio

Description of product or service

The Transfer Pension Portfolio (TPP) is a specialist pension product aimed at existing pension investors whose benefits are held in a Section 32, other types of deferred annuity contracts or have a company pension scheme that is being wound up, and are looking to transfer their funds to a flexible pension plan for the potential of increasing their investment and pension benefit options, without the loss of valuable benefits such as protected tax free cash and/or a protected pension age.

The TPP offers similar benefits to other pension products and provides a one-off or series of ad-hoc payments via flexi-access drawdown. It can also provide a regular pension income for such time as the pension fund retains a value or the option to purchase a guaranteed income for life via an annuity. Part of the pension fund can be taken as a tax free Pension Commencement Lump Sum (PCLS). However, following the initial transfer into the TPP no further contributions can be made into the same TPP.

On death, if nominations for a beneficiaries drawdown had been made when the TPP was established, the beneficiaries can take a one-off or series of ad-hoc payments or regular pension income via beneficiaries' flexi-access drawdown for such time as the pension fund retains a value. This in turn can be passed onto successors on the death of the beneficiary. Alternatively, the fund can be used to purchase a beneficiary's lifetime annuity. All or part of the fund may also be paid as a lump sum death benefit.

The TPP does not have any discretionary provisions with regards to the payment of a lump sum on death. Instead any lump sum death benefit is either paid to the deceased's estate or, if the policy is place in trust, it would be paid to the trustee of that trust.

The Transfer Pension Portfolio was launched in 1994.

Type of client to whom this product is targeted

The target clients for the Transfer Pension Portfolio are:

- Members of occupational pension schemes/registered pension schemes that were established before 6 April 2006, such as existing EPPs or SSAs, who have a protected tax-free cash entitlement (and/or protected pension age) and where the existing scheme is winding-up, or where the winding-up of the scheme can be commenced, and/or
- Clients that have a deferred annuity contract, such as a Section 32 contract or another type of left scheme contract (maybe an assigned policy) and who currently have a protected tax-free cash entitlement (and/or a protected pension age).

However, the TPP cannot accept Guaranteed Minimum Pension (GMP) Rights.

Clients are categorised as retail, professional including per se professional and elective professional or eligible counterparty.

Retail client	Y
Professional client	Y
Eligible counterparty	N

Knowledge and experience

Clients will be introduced via a regulated financial adviser who will discuss their personal and financial situation and their investment requirements. Clients will have some financial awareness and the capacity to understand how financial markets operate and the risks and costs of investing.

Indicate the level of knowledge and experience a client investing in the product/service would require

Investor type	Description	Y	N	Neutral
Basic investor	<p>Having the following characteristics:</p> <ul style="list-style-type: none"> • Basic knowledge of relevant financial instruments (a basic investor can make an informed decision based on the regulated and authorised offering documentation or with the help of information provided by the financial adviser). • No financial industry experience, i.e. suited to a first time investor, who has the capacity to understand the characteristics on investing in equity based investment. 	●		
Informed investor	<p>Having one, or more, of the following characteristics:</p> <ul style="list-style-type: none"> • Average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only) • Some financial industry experience 	●		
Advanced investor	<p>Having one, or more, of the following characteristics:</p> <ul style="list-style-type: none"> • Good knowledge of relevant financial products and transactions • Financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service 	●		

Financial situation with a focus on the ability to bear losses

The minimum transfer value for the Transfer Pension Portfolio is £50,000. Once set up the TPP does not accept further transfers into the same plan unless the benefits of the transferring scheme being protected are the same as that of the existing TPP, otherwise the new transferring scheme benefits will need to be transferred into a new TPP arrangement.

The minimum fund value required to enter into Flexi-Access Drawdown (FAD) is £25,000 after the payment of the Pension Commencement Lump Sum (PCLS) and the minimum withdrawal amount under FAD is £50 per withdrawal.

A client's attitude to risk and capacity for loss should be considered in discussions with their financial adviser, culminating in a risk rating score in the scale range (e.g. Sanlam 1 to 7; Distribution technology 1 to 10) employed by the risk profiling tool being used.

Indicate clients' capacity for loss from the product/service.

		Y	N	Neutral
No capital loss	Investor can bear no loss of capital. Minor losses especially due to costs possible.		●	
Limited capital loss	Investor seeking to preserve capital or can bear losses limited to a level specified by the product.		●	
No capital guarantee	No capital guarantee nor protection. 100% capital at risk.	●		
Loss beyond capital	Loss beyond the capital.			●

Risk tolerance

All clients will progress through a risk profiling process with the financial adviser to determine their attitude to risk and capacity for loss, culminating in a risk reward profile. The investment solution selected to underpin the Transfer Pension Portfolio product wrapper should be appropriate for the risk reward profile of the client. Clients should be clearly informed of the underlying associated generic risks with investing: asset backed risk, credit risk, foreign investment risk, liquidity risk, market risk, model risk plus specific product risks. Clients should be clearly advised that a lower risk category does not mean risk free and that their investment can fall as well as rise.

Clients' objectives and needs

Clients' objectives will be determined by the financial adviser. For the recommended product which is a long term pension product, the investment time horizon should be medium to long term i.e. up to 20 years but the minimum should be at least 5 years.

	Y	N	Neutral
Return profile: Preservation		●	
Return profile: Growth	●		
Return profile: Income	●		
Return profile: Hedging		●	
Option or leveraged return profile		●	
Return profile other			●
Time horizon	Medium to long term i.e. up to 20 years but with a minimum of 5 years.		
Maturity date	N/A		
May be terminated early (Structured products only)	N/A		
Specific investment need	Yes, via the range of different investment solutions available e.g. specific asset class, geographical investment location, income, socially responsible investment, etc.		

Characteristics deemed unsuitable – 'negative target market'

The Transfer Pension Portfolio may not be suitable for clients outside the Type Of Client To Whom This Product Is Targeted (see above) or the following target markets:

- Clients with GMP Rights
- Clients with less than an initial transfer amount of £50,000 to invest
- Clients who want low risk & low volatility investments
- Clients looking for short term investments i.e. less than 5 years

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