

Pension transfers

Purpose

This unit enables financial planning professionals to develop the specialist knowledge and skills needed for advising on the transfer of safeguarded benefits. This unit brings you up to date with the fundamental aspects of the pension transfer process; the implications of transferring between different types of pensions; and develops your advice skills across a range of client circumstances and scenarios.

Learning outcomes

At the end of this unit, candidates will be able to use technical knowledge and analysis to:

Summary of learning outcomes	
1.	Understand the fundamental aspects of the pension transfer process
2.	Understand the key issues that should be taken into account when advising on the suitability or otherwise of transferring pension benefits
3.	Advise on pension transfers in a range of client specific circumstances and scenarios

Entry guidance

It is assumed that the candidate already has the knowledge gained from a study of unit R04 Pensions and retirement planning and J05 Pension income options or equivalent.

Important notes

- This syllabus will be examined from 1 September 2026 to 31 August 2027.
- Candidates will be examined on the basis of English law and practice in the tax year 2026/2027 unless otherwise stated.
- The general rule is that exams are based on the English legislative position three months before the date of the exams.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
 1. Visit www.cii.co.uk/learning/qualifications
 2. Select the appropriate qualification
 3. Select your unit from the list provided
 4. Select qualification update on the right hand side of the page

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1. Understand the fundamental aspects of the pension transfer process

- 1.1 Explain the key regulatory rules, requirements and definitions relevant to pension transfers, opt-outs and conversions as set out by: The Financial Conduct Authority including relevant sections of The Conduct of Business Sourcebook; The Pensions Regulator; Legislation.
- 1.2 Understand the roles and responsibilities of the main parties involved in the pension transfer process, including but not limited to: Trustees, administrator and actuary; Pension transfer specialist; MoneyHelper.
- 1.3 Explain the key elements of the pension transfer advice process including but not limited to: Triage process and advice boundaries; Key stages of the advice process; Two adviser firms working together; Know your client requirements; The process and assumptions used in the calculation of the cash equivalent transfer value (CETV); The process and assumptions used in the calculation of the Transfer Value Comparator (TVC); Appropriate Pension Transfer Analysis (PTA); Requirements when providing a personal recommendation.

2. Understand the key issues that should be taken into account when advising on the suitability or otherwise of transferring pension benefits

- 2.1 Demonstrate how the features of Defined Benefit (DB) Schemes may impact a pension transfer recommendation, including but not limited to: Security of pension benefits; Guaranteed minimum pension (GMP); Revaluation and escalation; Death and ill-health benefits; Commutation and pension increase exchange; Level of pension commencement lump sum (PCLS) available; Protected retirement ages; Bridging pensions; Transfer club.
- 2.2 Demonstrate how the features and safeguarded benefits within a Section 32 policy, retirement annuity contract or executive pension plan may impact a pension transfer recommendation, including but not limited to: Guaranteed minimum pension; Guaranteed annuity rates; Guaranteed growth rates; Death and ill-health benefits; Level of PCLS available including any transitional protection or limitations; Market value reductions and any other existing investment fund issues; Charges; Protected retirement ages.
- 2.3 Demonstrate how the features of the receiving scheme may impact a pension transfer recommendation, including but not limited to: Level of PCLS available; Flexi-Access Drawdown; Uncrystallised Funds Pension Lump Sum; Annuity options including enhanced and impaired; Phasing benefits; Death benefits; Charges; Investment Options.
- 2.4 Understand the importance of the following factors when advising on a potential pension transfer: Investment risk; Longevity risk and sustainability; Nomination of beneficiaries and bypass trusts; Matching income and investment strategies; Safe withdrawal rate; Sequencing risk; Economic risk

such as inflation and changes in interest rates; Annuity risk; Taxation.

- 2.5 Understand how the following may impact the suitability or otherwise of a pension transfer recommendation: PCLS and transitional protections; Protected retirement ages; Block transfers; Enhanced CETVs; Funding and solvency including employer covenant and recovery plans; Pension Protection Fund (PPF); Financial Service Compensation Scheme (FSCS).

3. Advise on pension transfers in a range of client specific circumstances and scenarios

- 3.1 Gather sufficient information to satisfy the 'know your client' requirements: Reconciling client objectives and needs; Assets and liabilities; Hard and soft facts; Attitude to, and understanding of, transfer and investment risk; Capacity for loss; Previous investment experience.
- 3.2 Analyse the suitability or otherwise of pension transfers in a range of scenarios: Defined benefit to defined contribution; Other plans with safeguarded benefits to defined contribution; Transfer for future benefit crystallisation; Transfer for immediate benefit crystallisation.
- 3.3 Analyse the impact the following have in determining the suitability or otherwise of a pension transfer: Health and longevity; Trade-offs between retirement needs and other factors; Wealth preservation and legacy planning; Taxation; Debt; Serious ill-health; Partial transfers; Cash flow modelling and stress testing.
- 3.4 Alternative solutions to meet client objectives, including but not limited to: Life assurance; Short-term borrowing; The use of other assets.

Available Resources

The following list provides details of further resources which may assist you with your studies.

Note: The examination will test the syllabus alone.

The resources listed here: www.cii.co.uk/learning will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

Additional reading material can also be found referenced in an appendix within the study text(s).

Exam preparation

Exam preparation guidance and supporting exam documentation are available via the CII website: <https://www.cii.co.uk/learning/qualifications/assessment-information>.

Learning support

Pension transfers. London: CII. Study text AF7.

Pensions and retirement planning. London: CII. Study text R04.

Pensions income options. London: CII. Study text J05.

Revision Courses Training courses.

Exam papers and test specifications

The last two exam papers and test specifications for review and practice can be found: www.cii.co.uk/learning/qualifications/assessment-information/before-the-exam/exam-papers-and-test-specifications/

Supporting exam documents

Additional information which is provided in your exam can be found here:

www.cii.co.uk/learning/qualifications/assessment-information/before-the-exam/supporting-exam-documents

Examination guide

The examination guide is available on the unit page via the CII website.

If you have a current study text enrolment, the current examination guide is included and is accessible via **RevisionMate** (www.cii.co.uk/login). Details of how to access RevisionMate are on the first page of your study text.

It is recommended that you study from the most recent versions of the examination guide.