



Open Report on behalf of Andrew Crookham - Executive Director of Resources

Report to:	Lincolnshire Pension Board
Date:	14 October 2021
Subject:	Transfers Out

Summary:

This report updates the Board on the West Yorkshire Pension Fund Transfers Out system.

Yunus Gajra, Assistant Director (Finance, Administration and Governance) from WYPF, will update the board.

Actions Required:

That the Board note the report.

1. Background

- 1.1 When a member ceases to be employed they can choose to transfer their pension benefits into a new scheme, either one provided by their new employer or their own scheme run by a private provider.
- 1.2 The transfer value is an actuarial value of a member's benefits paid to an alternative pension scheme.

2.0 Transfer out quote request

- 2.1 Enquiry forms or request letters for a transfer value quotation are received from either the member, their new pension scheme provider or a Financial Advisor.
- 2.2 Eligibility for a transfer value is checked in accordance with the current working instructions and if they are eligible to transfer WYPF will supply a quotation to either the member or the new scheme / provider.

2.3 Request from a Financial Advisor

If a request for a transfer out quote is received from a Financial Advisor a check is made to ensure authorisation from the member to provide details to this individual / firm has been received.

A check is also made with The Financial Conduct Authority (FCA) who regulates firms and individuals that provide financial advice. The FCA maintain a register that shows all those firms & individuals who have been authorised to conduct regulated activities. They also have a section listing firms & individuals to avoid.

If the request is from an overseas financial advisor these can be checked in the International Organization of Securities Commissions (IOSCO) investor alerts list

2.4 If WYPF are satisfied with the checks the details are sent to the Financial Advisor.

2.5 If WYPF is not satisfied with the checks, the transfer value is sent direct to the member with an explanation of why they have been sent to them and not the Financial Advisor. A letter is also sent to the Financial Advisor explaining why we have sent the details to the member.

2.6 Member elects to transfer

If the member elects to transfer out they must also supply a Financial Advice Confirmation form which has been completed by the Financial Advisor and also the member if –

- The member has a deferred benefit entitlement
- The member will be able to access benefits flexibly from the new scheme
- The total cash equivalent transfer value of all the members LGPS rights in England & Wales is more than £30,000

A check is also made that the advisor who has completed the form is regulated to do so by checking the FCA Financial Services Register.

2.7 Before the transfer out is paid we are required to record which member of staff conducted the checks and when, plus evidence that the advisors firm or company are on the Financial Services Register.

3.0 Internal audit

3.1 An Internal audit of transfers out was conducted by Bradford Council in October 2020. The audit focused on the key risks associated with the WYPF transfer out system and the controls which were expected to be in place to effectively manage those risks.

3.2 It is audit's opinion that the standard of control of identified risks in the system is **excellent**.

3.3 The audit review has determined that the identified risks are being effectively managed. The control environment is as expected and supports the achievement of key business objectives.

4.0 Conclusion

4.1 That as Administrator, WYPF has two main aims for members who wish to transfer out:

- To only make a valid (recognised) transfer; and
- To help put the member in a position to make an informed choice

Scheme members have a responsibility to protect themselves from scams, but WYPF has a duty to make sure they are aware of the consequences of falling victim to scams.

4.2 WYPF has robust procedures in place to ensure we only pay transfers out to appropriately registered schemes and that they are able to accept the transfer.

Consultation

a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the the Head of Pensions.

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Yunus Gajra, who can be contacted on 01274 432343 or yunus.gajra@wypf.org.uk.

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