



## **Pension Transfers in Occupational Pension Schemes**

The Main Aim(s) of this unit:

The aim of this Unit is to help occupational scheme administrators to understand Her Majesty's Custom and Revenue (HMRC) rules and regulations regarding pension transfers, both within the UK and overseas. In addition, the Unit explains how improper or fraudulent transfers have been highlighted by HMRC and the process which scheme administrators should follow to ensure that a transfer payment out of the scheme is valid and does not become an unauthorised payment with subsequent tax penalties to both the scheme and member.

The learner will need to know and understand:

### **Background to Pension Transfers:**

- What is a transfer and why people transfer.
- Types of pension transfer available:
  - Registered pension scheme to another (or to an unregistered scheme).
  - Bulk transfers.
  - Divorce pension credits.
  - Overseas.

### **Legislation affecting Pension Transfers:**

- Pension Schemes Act 1993.
- Pensions Act 1995.
- Occupational Pension Schemes (Transfer Values and Miscellaneous Amendments) Regulations 2003.
- Pensions Act 2004.
- Qualifying Recognised Overseas Pension Schemes (QROPS)

**Defined Benefit Pension transfers (In and Out):**

- When a 'right' to a Transfer Out exists
- Cash Equivalent Transfer Values (CETV).
- Guarantee Dates.
- Timescales for Transfer process.
- Defined Benefit Scheme Funding.
- Disclosure requirements / Whistleblowing and Extension of Timescales.
- Transferring Guaranteed Minimum Pensions.
- Warranty forms and obtaining receiving scheme details and other checks.
- Considerations for Transfers In.
- Member Advice

**Defined Contribution Pension transfers (In and Out):**

- When a 'right' to a Transfer Out exists
- Transfer quotes and how they differ from a Defined Benefit scheme transfer.
- Transferring out Protected Rights.
- Timescales for transfer process.

- Warranty forms and obtaining receiving scheme details and other checks.
- Considerations for Transfers In.

**Winding up of pension schemes:**

- How a scheme winding up can affect a members CETV benefits.
- Section 73 valuation and actuary's involvement.

**Improper Transfers:**

- Background to Improper Transfers.
- How to identify an improper transfer and ensure own processes are robust (including examples of improper transfers).

**HMRC Rules for transfers:**

- Recognised transfers.
- Transfers and unauthorised payments.
- How a transfer can affect any Primary or Enhanced protection held by member.

**Overseas Transfers:**

- Background to Qualifying Recognised Overseas Pension Scheme (QROPS).
- HMRC conditions to be a QROPS.
- Recognised overseas pension scheme.
- Qualifying Recognised overseas pension scheme.
- Double taxation agreements.
- Transferring to the UK from abroad and special considerations.

**The Learning Outcomes for this unit:**

On successful completion of this unit learners will:

1. Know what constitutes a transfer within Her Majesty's Revenue and Customs (HMRC) rules and regulations of occupational pension schemes
2. Know the main types of pension schemes that accept transfers in.
3. Know the legislation that is concerned with the Transfer in and Transfer out process of a members accrued benefits.
4. Identify how 'wind-ups' can affect the cash equivalent transfer value (CETV) when quoting a member's benefits.
5. Know what a CETV is and how it relates to transfers out, including disclosure requirements and legislative timescales.
6. Identify the different timescales for paying a transfer out of an occupational defined contribution scheme and an occupational defined benefit scheme.
7. Understand what is meant by an improper or fraudulent transfer, identify the warning signs and know the legislation under which compliance is required
8. Know the HMRC rules regarding improper transfers.
9. Know what constitutes a Qualifying Recognised Overseas Pension Scheme (QROPS) and explain what is required if a member wants to transfer benefits to the UK from an overseas scheme.

### **Assessment Method**

Assessment is via examination compiled, carried out and marked in-house) PMI recognised centre).  
Assessment is to cover all learning outcomes and the topics for study in order to pass the unit.