



Our DB referral service

A guide for financial advisers

The advice market has undergone significant change and many advisers have withdrawn from providing Defined Benefit (DB) pensions advice. To support advisers who are no longer providing this service, we have launched a DB referral service.

We are wholly owned by Aegon UK plc. However we operate independently from our parent and we are committed to being an advice led business which focuses on adding value to our clients and treating customers fairly. Aegon UK plc will not receive any remuneration for making advisers aware of this DB referral service. Our DB advice service is not tied to any provider.

Which clients should I refer?

We have some guidelines on who we can offer our DB advice service to and some case studies to help you identify clients who could benefit from this service.

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How does this service help me and my clients?

An overview of the service we provide, the costs and how to refer a client.

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What is my involvement?

From an initial meeting with us through to returning your client to you when we have completed our DB advice, we explain the steps in the process for you and your client.

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Why should I trust Origen with my clients?

We have a wealth of experience in providing DB advice, which gives you and your clients reassurance and confidence.

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Which clients should I refer?

Clients must:

- be a UK resident
- be aged 55 or over
- have an existing, ongoing servicing relationship with your firm

We will only provide advice to individuals who are resident and domiciled in the UK. We are unable to advise US persons or overseas residents. We will not accept referrals of clients who are currently going through divorce proceedings, active members of a DB scheme, unless they are about to draw benefits, or self-investors. We will treat all clients as retail clients.

Please refer a client to us before requesting a guaranteed Cash Equivalent Transfer Value (CETV). If a guaranteed CETV has already been requested, there must be at least 70 days remaining when they are referred to us.

➤ Who is the service for?

This service is for advisers who have chosen to stop offering DB advice, often due to the rising cost and availability of professional indemnity insurance (PII).

We will not accept referrals from advisers who:

- hold PII for any new DB transfer recommendations
- use unauthorised introducers to generate DB advice leads
- work with unauthorised firms who provide investment advice to clients
- run external marketing campaigns for DB leads
- have had their DB advice permissions removed by the Financial Conduct Authority (FCA)
- are under an active FCA investigation.

We will not provide our DB advice service to any client who has opted out of an active DB scheme, where the client is still employed by the company.

➤ How Origen gives DB advice

Our regulator, the FCA, is clear that they believe that it is in most members best interest to remain within a DB pension scheme. DB pension schemes provide a secure lifetime income, based on earnings and the length of service with the employer, however they do not offer as much flexibility as Defined Contribution (DC) pension plans.

The starting point for our advice is aligned with the FCA and we start by assuming that a transfer will not be suitable. We then carry out fact finding to establish and understand the client's financial objectives and how they could be met. If the client can meet their goals within the existing scheme we will recommend that they remain in the existing scheme. If the client has objectives that could potentially be better met if they transferred, we will look to establish whether the client is willing and able to take on the investment and transfer risk.

It is unlikely we will make a transfer recommendation for clients who have little other retirement provision, who do not have other secure income that covers their basic needs, are unclear on their retirement objectives or who value the guaranteed income the existing scheme provides.

It is more likely we will make transfer recommendations for clients who have other sources of secure income, are at the point of making retirement decisions, are clear on their needs and objectives, experienced investors and have capacity for loss.



We will also carefully consider each client's health and the needs of their dependants. If a client is concerned over the future solvency of their scheme we would need factual information if we are to take this into account in our advice; we are not qualified to assess the strength of the employer covenant.

We provide abridged advice to each client to keep the costs down where we can quickly establish they should remain in the current scheme. It is unlikely any client recommended to remain in the scheme at the abridged advice stage would receive a transfer recommendation should they continue to the full advice stage.

What is abridged advice?

Introduced in October 2020, the purpose of abridged advice is to provide retail customers with a cost effective way of engaging with an advice firm to understand whether there is merit in entering into the full advice process and its associated costs.

There are only two possible outcomes:

- 1) to remain in the scheme
- 2) to progress to full advice

To reach this decision a full fact find needs to be completed, an understanding of the scheme benefits is required and a personal report is issued to the client.

Abridged advice is therefore one step further than triage, where no personal information is gathered or considered, but one step short of full advice. Adviser firms are not required to offer abridged advice.

| Outcome One | Notes |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The adviser makes a personal recommendation to the member not to transfer or convert their DB benefits. | As this is a personal recommendation, the adviser firm must have FCA permissions to advise on this class of business. The adviser firm is now liable from a PI perspective and, to comply with existing rules, the advice will need to be given by or checked by a Pension Transfer Specialist. |
| Outcome Two | Notes |
| The member is informed that, based on the information collected, it is unclear whether they would benefit from a conversion or transfer of their DB benefits. | The adviser will now ask the member whether they wish to proceed to, and incur the costs of, full advice. This will include the production of the Transfer Value Comparator (TVC). |

Case Studies

These case studies are only examples and do not infer advice. Our advice will depend on the client's circumstances and would require a full factfind and analysis.



A DB transfer recommendation

David is aged 62, married with two adult children and has recently been diagnosed with cancer. He is reviewing his finances and planning to retire as soon as he can which will include the sale of his business as neither of his children want to take it on.

He has a DB pension with a FTSE 100 company where he worked until the late 1980s before he set up his own business. David has agreed the sale of his business and the deal will include a secure income stream and sufficient capital for him and his wife to maintain their desired lifestyle. His focus is on making sure his assets are best used to leave a legacy for his children.

Recommendation: As David has other sufficient sources of retirement income, he was recommended to transfer his DB pension as his main concern was passing the pension benefits to his children on his death. Under the DB pension, death benefits are limited to a return of contributions. After the transfer, his pension fund can be earmarked for his two children or for any other longer term financial needs which otherwise would be lost on his death.



DB transfer and scheme pension recommendation

Jane has just celebrated her 60th birthday and has decided to retire. She got divorced 10 years ago has one adult child and has no plans to remarry. She owns her house and has already repaid the mortgage.

She has three DB pensions with previous employers spanning 30 years as well as a DC pot with her current employer. The combined value of her pensions exceeds the lifetime allowance so she has stopped contributing to her DC fund and instead has been making regular investments in a stocks and shares ISA. With a full State Pension benefit record and her company pensions, Jane's expenditure in retirement is comfortably less than her income, so she can accept a degree of risk with her retirement income decisions.

Recommendation: A review of her DB pensions resulted in a recommendation to transfer two of them to income drawdown and receive a pension from the third. This provides inflation linked income and balances the risk of asset backed investments in drawdown. Jane was referred back to her adviser to address the decisions regarding the income from her existing DC fund and her ISA funds.



Remain in the DB scheme recommendation

Rahul is 59 and single and plans to retire at age 67. Other than his full State Pension, the DB pension is Rahul's only form of secured income. He has calculated that these two pensions will provide 80% of the £20,000 income he needs each year in retirement. He also has a DC fund he has built up of £180,000 with a further £80,000 in a stocks and shares ISA and £25,000 held on cash deposit with his building society.

Recommendation: Having received full advice on his DB pension, Rahul was recommended to retain his DB pension and review this again six months before his retirement. There was no benefit identified in taking market risk with a transfer now when this option to transfer remained open to him until his chosen retirement date.

Rahul was referred back to his adviser to discuss his investment and expenditure strategy to meet the remaining 20% of his retirement income need.




Abridged to full advice – recommended to remain in existing scheme

Emily is aged 58 and married with three adult children. She would like to retire immediately and take benefits from her DB pension and her smaller DC pension. Emily is keen for the value of her DC funds to pass to her children on her death. At the abridged advice stage, Origen felt that her position was unclear, as modelling was required to establish whether retaining or transferring her DB pension was in her best interest. At the full advice stage, our analysis showed that Emily would be worse off in the longer term by transferring and using her transfer value and existing DC funds to generate a retirement income.

Recommendation: Our advice was that Emily should retain the benefits in her existing DB pension scheme. Emily disagreed with our advice and decided to arrange a transfer through another adviser. Emily was invoiced Origen's fee for full advice, as this could not be paid via an adviser charge from a policy where Origen were not the adviser.





How does our service help you and your clients?

Providing financial advice for your clients in all areas of financial planning ensures that they have a complete financial plan.

We will provide a service which is limited to advice on their DB pension only, whilst recognising that you will provide advice on their other financial planning needs.

We will provide a Terms of Business to the client that will clearly show that we are only responsible for the DB pension advice. We are responsible for the transfer advice and the associated investment advice we provide at the point of transfer. When we engage with the client, we will make it clear what service we are providing, what our advice is based on and our responsibilities. The liability for any changes or future investment decisions would depend entirely on circumstances at that time and any particular advice the client had relied on.

If your client decides that they do not want to receive DB pension advice before the initial advice appointment, no fee is payable and you will be notified.

➔ How much will it cost?

We will offer abridged advice to all clients, which provides a more efficient and client focused approach. This approach means that each case will be assessed before we progress to full advice. If we recommend that a client should not proceed, they will pay a lower fee than they would incur for full advice.

We will charge:

| Abridged advice process | Fee (VAT will be added where applicable) |
|---------------------------|-------------------------------------------------------------------------------------------|
| Stage 1 – abridged advice | £250 |
| Stage 2 – full advice | 2% of the first £500,000 of the transfer value 1% of the transfer value above £500,000 |

- The minimum charge (collar) for full advice is £3,000 and the maximum charge (cap) is £15,000.
- The £250 abridged fee will be deducted from a subsequent full advice charge.

For example:

- For a £200,000 CETV, the 2% fee for full advice would be £4,000. We would charge £250 for abridged and then £3,750 more for full advice.
- Collar example - For a £90,000 CETV, the fee collar of £3,000 would apply. We would charge £250 for abridged and then an additional £2,750 for full advice.
- Cap example - For a £1.1 million CETV, we would charge 2% for the first £500,000, 1% for the next £600,000, but the fee cap of £15,000 would apply. We would charge £250 for abridged and then an additional £14,750 for full advice.

The full advice costs include the cost of obtaining a Transfer Value Comparator (TVC) which is required to provide full advice.

The fee for full advice is payable by all clients who proceed from abridged advice, regardless of whether the outcome is to transfer, remain in the scheme or take a partial transfer (if available). If our fact finding to provide abridged advice shows that the client does not have the means to pay for full advice, we will not proceed past abridged advice.

We do not provide any ongoing advice or services so there are no ongoing fees. We do not facilitate any payaway to an existing adviser.



How do I refer my clients?

The first step is to arrange a meeting with Origen. We will then discuss our service and your business and, if mutually agreed, progress to completing a referral form so that your business can start to pass referrals to us.

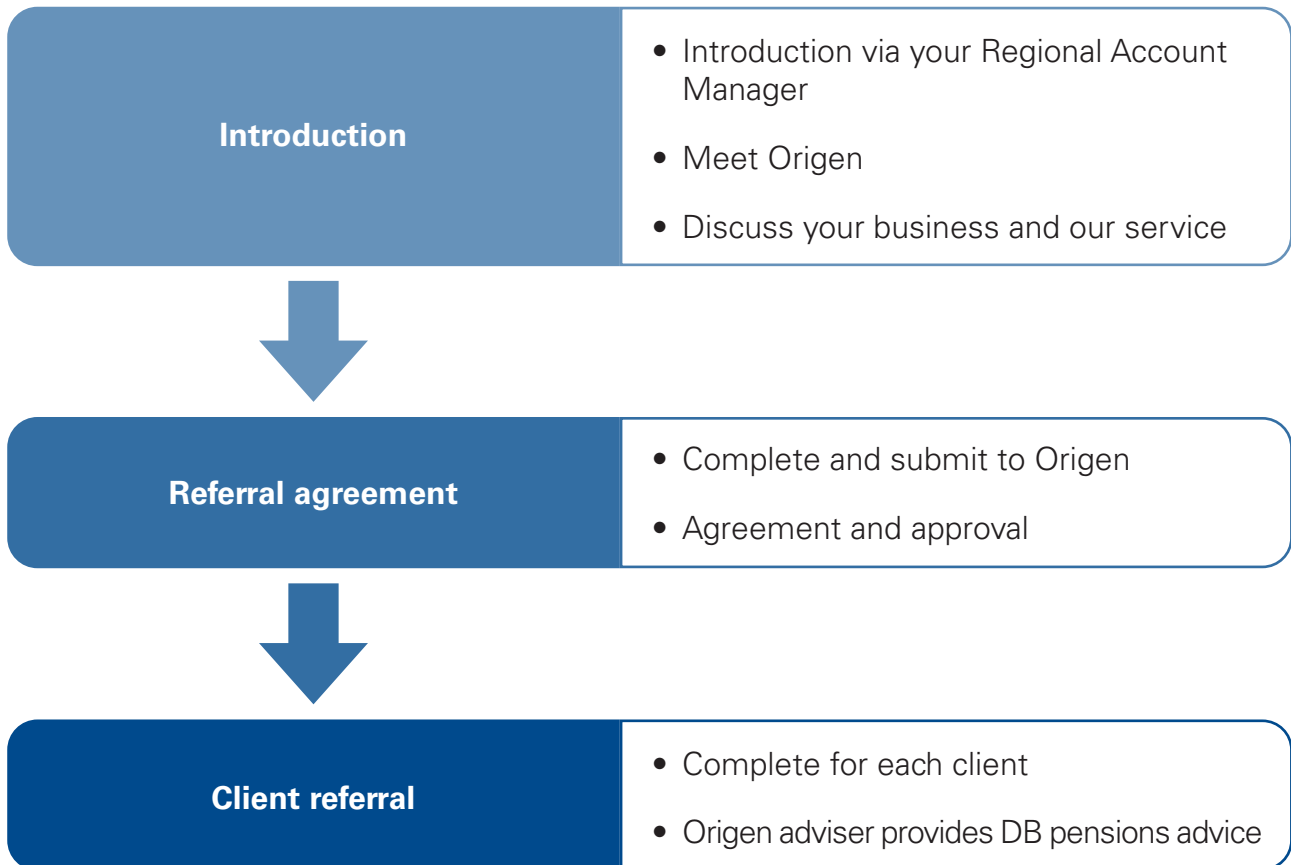
Once a signed agreement is in place you can then complete client referral forms for each client when an appropriate DB advice opportunity arises.

We will provide you with an Origen Relationship Manager who can be contacted to discuss any process questions. However we will not discuss our advice standards, advice outcomes or rationale.

We will ensure clients who are referred to us understand what the process entails before they enter the advice process. Each client will have one allocated Origen adviser through the entire advice journey. We will provide regular updates to you on the progress of your client referrals.



➤ What is my **involvement**?



Throughout the process you can contact your Origen Relationship Manager whenever required.

As part of the introduction, we will go through a due diligence process before you can start to refer clients to us.

Our referral form asks for information to enable us to provide the DB advice. Please help us and your client by completing:

- Letter of Authority for the Defined Benefit scheme
- Letter of Authority for the Workplace Pension
- Letter of Authority for our preferred TVAS partner.



Once the client referral form has been completed, as a regulated firm, we will do all the administration and fact finding required for the DB advice. As we do this, it provides a clear regulatory wall between us and you for this advice.

As you have chosen not to provide DB advice, please respect the boundaries to ensure that you are not seen to be giving the DB advice – remember, in the event of a complaint, where two firms are involved, the Financial Ombudsman Service (FOS) may ask the client who they believed was giving them advice.

Both you and Origen can terminate the referral agreement at any time. We will complete the advice process for any DB referrals where the client has engaged with us, unless there are factors outwith our control. If we do terminate the agreement, we will inform you and provide an explanation.

Can I review the provider or fund choices if a transfer is recommended?

Origen are providing both the transfer advice and the investment advice to the client. If a transfer is recommended, we will assess all options including the client's workplace pension scheme and make an appropriate investment recommendation. This will be factored into our Appropriate Pension Transfer Analysis and any future change to this strategy will require financial advice. Like any adviser, we are duty bound to provide the advice that is most suitable for the client.

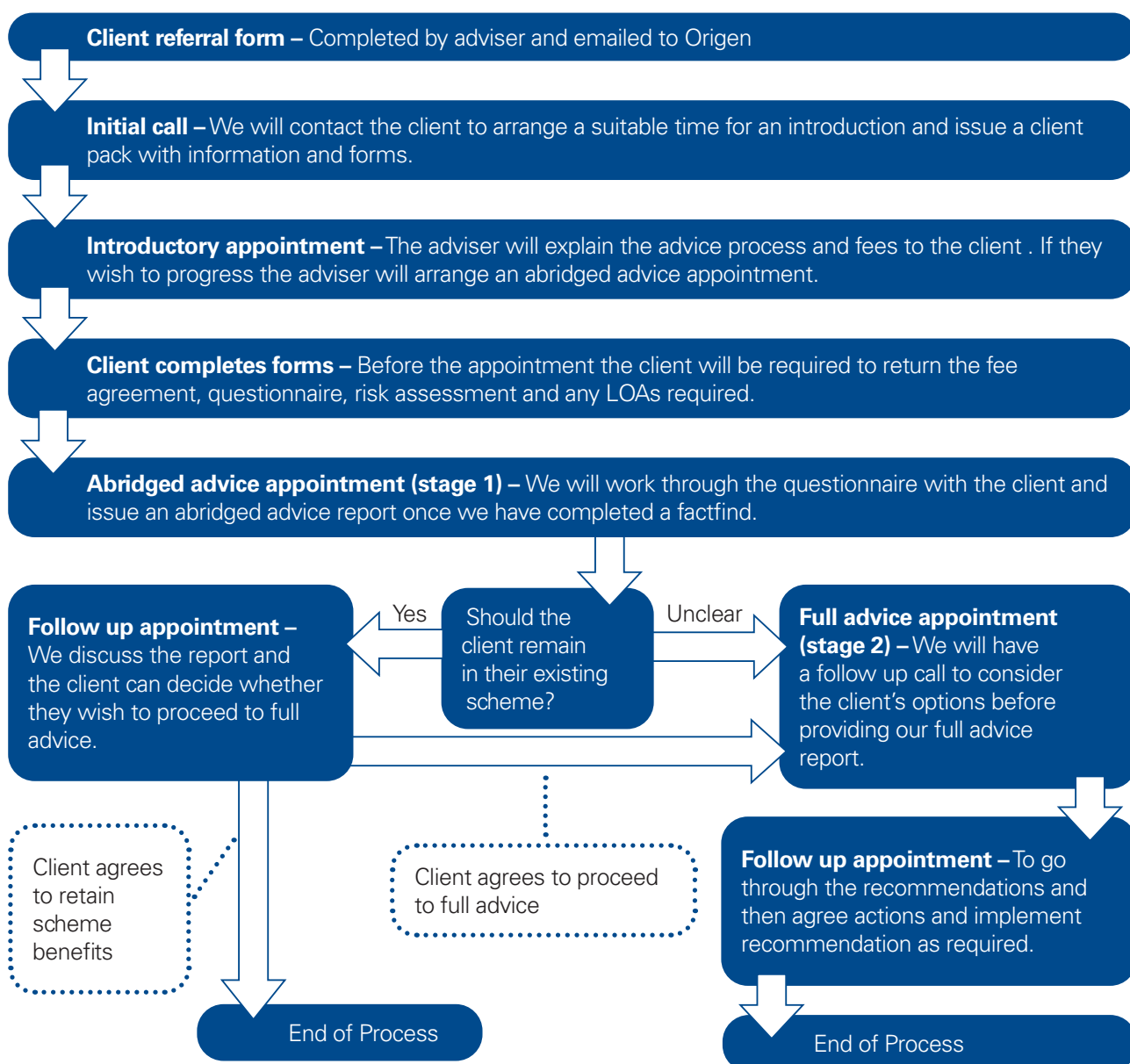
Any product pricing will be set on the terms that we have with the chosen product provider.

Will I receive a copy of the report?

If the client asks us to, we will provide a copy of the report to you. However, as we are the regulated adviser, you will not be able to request changes or discuss our advice report with us.

How can I help my client through the process?

When we receive a client referral form, we will call the client to arrange an appointment with one of our advisers. We will then send an appointment confirmation pack which will include information about DB transfers, our advice process, the CV of their adviser and what to expect from us. We will also ask them to obtain a State Pension forecast.



To enable our advisers to provide a recommendation, our questionnaire will ask for details about the client's financial circumstances, their needs and wants, priorities and spending plans in retirement, other pensions, assets, liabilities and their health. We also ask for this information about their partner or spouse so we can build a full understanding of their needs.



What if my client doesn't agree with your recommendation?

There may be times where your client does not agree with our conclusion or recommendation. This is most common when a client wants to transfer, but we do not believe it would be in their best interest to do so. The FCA believes that it is unlikely to be common for clients who are seeking advice to disregard that advice.

We offer to facilitate insistent client requests as part of this service. Please note that we are not duty bound to accept any client requests. Each one is considered to ensure the client understands the key risks and implications of their request.

How do you end the client engagement?

After we have provided our advice and implemented any agreed recommendations, we will inform you and the client that our advice process has concluded.

Any new business will be written under our own agency as we are recommending the transfer. Once the new policy is set up, the agency for that policy can be transferred to you if you are taking over the servicing.

If you make any changes to the investment choices following our advice process, you will take on responsibility and liability for the investment advice from that point onwards.

Who looks after the ongoing financial planning needs of the client?

We are only engaged with your client to advise them on their DB pension. We do not expect to transfer the servicing rights of any of your clients' existing business to us at any point.

If you intend to provide ongoing pension advice to the client, this cost needs to be considered within our advice. This information is requested on the client referral form.

Identifying financial planning needs

If we identify any other financial planning needs we will make you aware, if we have the client consent to do so, or we will advise the client to contact you.

If we identify anything which we strongly believe is not in the best interest of the client, then we have a duty of care to inform the client. We would expect this to be an extremely rare occurrence.

➤ Why should I trust Origen with my clients?

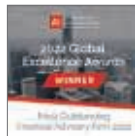
We are one of the UK's leading national financial advisers, with a history of providing advice for over 130 years. We have received numerous awards in recognition of our service, including Retirement Planning Advisory Firm of the Year in each of the last seven years. Origen was created in 2005 following the amalgamation of five advice firms; Advisory & Brokerage, Aurora, Elliott Bayley, Momentum and Wentworth Rose.

We will provide a due diligence document to evidence our service quality and governance. We have Professional Indemnity Insurance in place which is reviewed annually and is in excess of the standard minimum regulatory requirements.

What expertise do you have in DB pension advice?

Origen has a great wealth of experience providing advice on final salary pension schemes. Not only do we hold the Pension Transfer Gold Standard, we were one of the authors. We were also an author of the Code of Good Practice for Incentive Exercises established by Sir Steve Webb when he was Minister of State for Pensions. Origen was also a founding member and Chair of the Professional Standards Body for Transfer Incentive Exercises.

Our information gathering and advice process is built on our experience of providing advice to over 20,000 scheme members in the last decade.





What support is available?

Once you have had an initial meeting with Origen you will be provided with details of a Relationship Manager who you can contact if you have any queries relating to referrals, the process or any updates.

Alternatively, please call our Client Services Team on **0344 209 3144** or you can email us at **dbreferral@origenfs.co.uk**

Our lines are open 8.30 am to 5.30 pm, Monday to Friday. Calls are charged at your phone company's basic rate. All calls to Origen Financial Services Limited are recorded for business purposes.



Visit us at:

www.origenfs.co.uk

Write to us at:

Origen Financial Services,
Second Floor, Ascent 4
2 Gladiator Way
Farnborough
GU14 6XN



This guide is provided for information only, based on our understanding of current legislation, proposals contained in draft legislation, and HM Revenue & Customs practice as at May 2021 and is not to be taken as financial advice.



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