

# Triage: managing demand for DB transfer advice efficiently and safely

Demand for specialist DB pension transfer advice is soaring. Managing this efficiently and safely in your business hinges on building a robust, repeatable **pre-advice screening process** that allows you to reduce risk and quickly focus your valuable time on the right cases.



**Triage** is about using informed 'rules of thumb' to quickly **assess** whether a transfer to DC is likely to be appropriate for a client, **before** incurring the time and expense of providing full transfer analysis and **advice**.

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**'triage'** (verb, French 'trier' – 'to sort')  
– the process of determining the most important people from amongst a large number that require attention



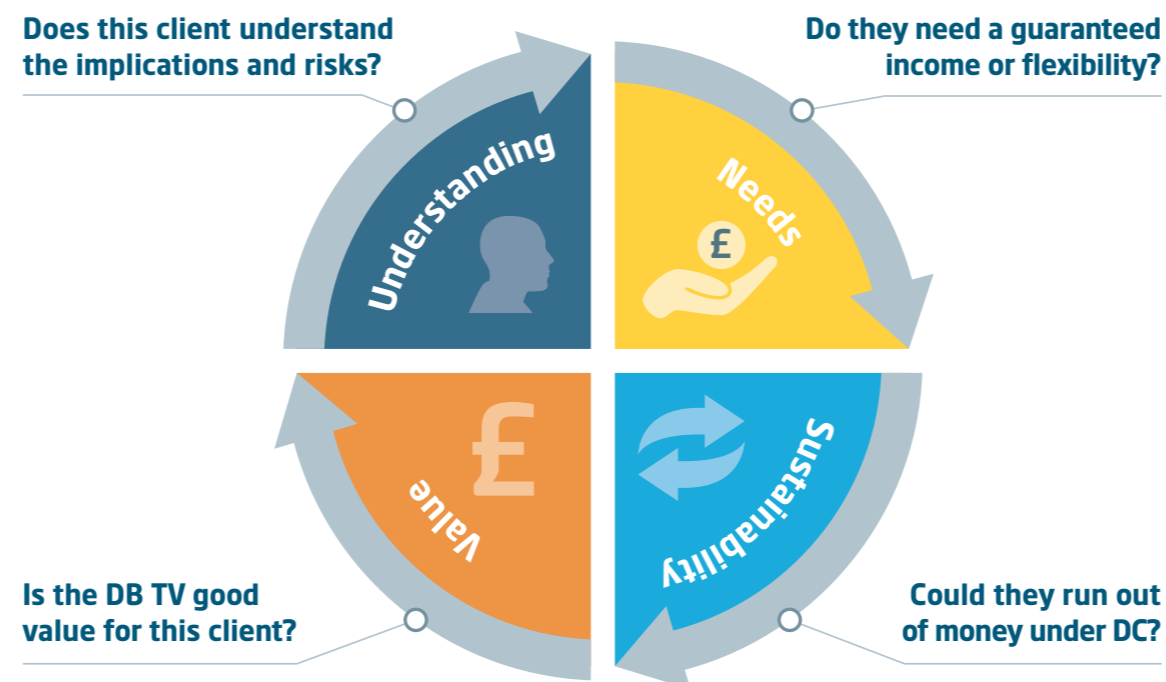
## Client motivation



### Why does this client want to transfer?

- Tempted by the 'high' transfer value? ☐
- Doesn't need so much guaranteed income? ☐
- Wants more flexibility over income shape? ☐
- Attracted by higher death benefits/legacy? ☐
- Wants to repay debt? ☐

## Four key considerations



## Meeting client needs



- |                                                |   |                                                          |
|------------------------------------------------|---|----------------------------------------------------------|
| Guaranteed regular income – but no flexibility | • | Flexible, tax-efficient access – but money could run out |
| Dependant's pension                            | • | Choice of flexible death benefit options                 |
| No investment risk                             | • | Investment risk and opportunity                          |

A bit of both?  
Partial transfer?

**STOP**

**DB should best meet the client's needs**  
**Don't proceed to advice?**

If a client ticks any of these boxes, sticking with the guaranteed DB income is likely to be best for them.

- Needs guaranteed DB income to support them? ☐
- Has no/little excess assets above retirement needs? ☐
- Still has to save more to meet retirement needs? ☐

**It is unclear whether DB or DC is likely to be best**  
**Proceed to triage?**

If it's less clear cut, a triage assessment will help decide whether proceeding to advice is appropriate.

**GO**


**DC flexibility might better meet this client's needs**  
**Proceed directly to advice?**

If a client ticks any of these boxes, a transfer to DC should be considered.

- Does DB income significantly exceed income needs? ☐
- Has significant excess assets above retirement needs? ☐
- Has poor health/reduced life expectancy? ☐

# Triage: assessing whether to proceed to DB transfer analysis and advice

 Remember: Triage is just about assessing whether to proceed to advice.

 The following are examples of one possible approach, to help explain the concept. You need to decide on the right approach, and triage criteria, for your business and your clients.

Understanding
Do they understand the implications and risks of transferring?
Are they intellectually, and emotionally, equipped to deal with the change in risk?
Will you be able to help them manage their money safely in DC?

Value		
Is the DB TV good value for this client?		
Does marital status or health change the ‘fair’ value?		
Are scheme solvency or PPF protection limits a concern?		
Assessing value - ‘fair’ transfer multiples*		
Example criteria		
Age	NRA 60	NRA 65
45	23	20
50	24	21
55	25	22
60	26	23
65	n/a	24

Transfer multiple = TV/ accrued DB pension at TV date (including revaluation to that date).

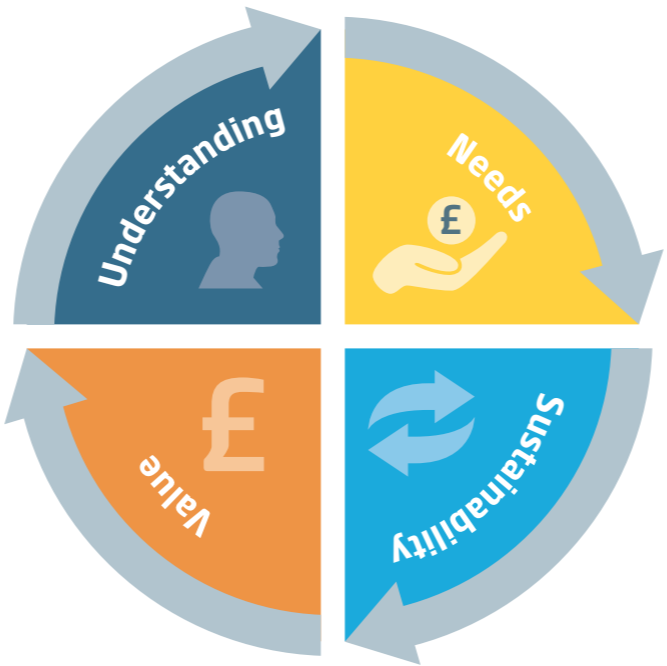


\* Examples based on a married client in normal health, with 3.5% annual investment growth after expenses (Standard Life estimates only).

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The triage assessment process should result in agreement between you and your client as to whether it’s right for them to proceed to DB transfer analysis and advice.

Needs
Does a guaranteed income or flexibility suit best?
What is this client’s attitude to risk?
Is tax and/or legacy planning a priority?

Sustainability			
Does this client need the DB income?			
Could they run out of money if they transfer?			
What is this client’s capacity for loss?			
Assessing sustainability - ‘safe’ withdrawal rates*			
Example criteria			
Retirement age	55	60	65
‘Safe’ draw rate	< 3%	< 3.5%	< 4%
Draw rate reliant on good returns	3-3.5%	3.5-4%	4-4.5%
‘Risky’ draw rate	> 3.5%	> 4%	> 4.5%

Draw rate is the gross withdrawal from all assets at planned retirement age, increasing with inflation.

Draw rates assume assets must last until at least age 95.