

# Our guide to your **remuneration**

**Pensions** | Retirement Solutions



## Introduction

It's important for you to know the different remuneration options available on all of our Retirement Solutions group plans. Within this guide we'll share some frequently asked questions and we'll describe:

- the different options available
- how you'll need to agree your remuneration
- the impact certain scenarios can have on your remuneration.

## Summary of adviser charge options available

We'll offer commission options depending on when the scheme was set up.

### Schemes established before 31 December 2012 (Pre-RDR):

- If the scheme wasn't being used as an automatic enrolment (AE) or qualifying pension scheme we offered Financial Adviser's Fee (FAF)/commission payments.
- From 6 April 2016, commission payments were banned on Group Personal Pension or Stakeholder AE and qualifying schemes. From 1 April 2018, commission payments were banned on Company Pension Schemes. We stopped commission payments on these respective dates.

### Schemes established on or after 31 December 2012 (Post RDR):

- Commission payments weren't allowed but instead we facilitated an Adviser Charge (AC) payment from the member's plan subject to their agreement.
- Consultancy Charge (CC) was introduced with RDR, but due to changes imposed by the Department for Work & Pensions (DWP), we could only facilitate it on existing CC group plans if a legally enforceable agreement was in place with the employer prior to 10 May 2013. The agreement needed to detail the agreed remuneration and that the plan wasn't being used for AE or a qualifying pension scheme.

Below is a summary of the different remuneration options available which we'll describe in more detail later on in this guide.

Remuneration option	Pre-RDR group plans			Post-RDR group plans	Available
	GPP	Group Stakeholder	Company Pension Plan		
Ad hoc adviser charges	✓	✗	✗	✓	GPP only
Initial and ongoing adviser charges	✗	✗	✗	✓	GPP & Company Pension Plan only
Consultancy charges	✗	✗	✗	✓ <sup>1</sup>	Non-AE/qualifying schemes only

<sup>1</sup> CC is only available on existing post-RDR group plans where the CC was agreed with the employer prior to 10 May 2013.

## Adviser charges

Adviser charges (AC) are agreed between the member and the adviser in return for the advice and services they receive on their own plan. We'll facilitate both initial and ongoing AC payments from group plans (excluding group stakeholder plans) that were established after 31 December 2012. And the ad hoc adviser charge option is available on all our Retirement Solutions GPPs – not just those established after 31 December 2012.

Initial charge	Ongoing charge	Ad hoc charge
The member and the adviser will agree this charge in return for the advice and services provided by the adviser when the plan first starts or when a new contribution is being applied to the plan.	The member and the adviser will agree an ongoing charge in return for the ongoing advice and services provided by the adviser during the lifetime of the plan.	This is agreed between the member and adviser for one-off events that take place on the plan or for ad hoc services that are not already covered by initial and/or ongoing charges.

We'll facilitate the following adviser charge options on Retirement Solutions GPPs established after 31 December 2012:

Contribution type	Initial AC		Ongoing AC		
	% of contribution	Monetary amount	% of contribution	% of fund	Monetary amount
Regular contributions	✓	✓	✓	✓	✓
Single contributions	✓	✓	✗	✓	✓
Transfer payments	✓	✓	✗	✓	✓

We'll facilitate the following adviser charge option on all our Retirement Solutions GPPs:

Contribution type	Ad hoc AC	
	% of fund	Monetary amount
Regular contributions	✓	✓
Single contributions	✓	✓
Transfer payments	✓	✓

Before we'll make any AC payments on a group plan, it's important that the following conditions are met:

- The charge must relate to the individual advice and services provided to the member and they can't relate to any advice or services provided to the employer.
- The charge must be agreed with each individual member and the instruction to deduct the charge must come from the member. The employer can't agree an adviser charge or instruct the payment of adviser charges from a member's plan.
- The advice provided to the member must be optional and can't be a condition of them joining the group plan – in particular individual advice and agreeing AC payments can't be a barrier to automatic enrolment.
- If a member wants to stop paying an agreed charge, they can tell us to stop the payment at any time.
- AC payments are charged separately and are not included within the product charges.
- Any AC taken from a plan, must be in return for any advice and/or services on that plan only.
- For ad hoc AC, the advice and/or services must not be covered by any existing adviser charge or commission arrangement.
- AC payments must be within our maximum limit.
- If the group plan is being used for AE, we can only facilitate the AC once the members have been auto enrolled into the scheme. Where the members have been auto enrolled, we can only set up initial adviser charges payable from the existing regular contributions if we receive a member instruction within 3 months of them joining the group plan. Initial adviser charges on new contributions/transfer payments, ongoing adviser charges and ad hoc adviser charges can be added at any time.

### Key point

Adviser charges are agreed between the member and the adviser and can only relate to the advice and services the member receives. It's important that any services and charges are clearly set out within a client service agreement.

## Initial

Contribution type	Options
Regular contributions	<ul style="list-style-type: none"> <li>Can be paid as:                             <ul style="list-style-type: none"> <li>a percentage of contributions,</li> <li>a monetary amount which is spread over a set period of up to 60 months, or</li> <li>a monetary amount paid as soon as possible (ASAP).</li> </ul> </li> </ul>
Single contributions & transfer payments	<ul style="list-style-type: none"> <li>Can be paid as:                             <ul style="list-style-type: none"> <li>a percentage of contributions, or</li> <li>a monetary amount which is deducted as a one-off amount on receipt</li> <li>of the contribution/payment.</li> </ul> </li> </ul>

### Notes

- If the initial charge is being paid on regular contributions ASAP, there will be no value in the member's plan until the charge has been paid in full.
- Where possible, we'll deduct any outstanding monetary initial AC from a member's plan if they transfer, retire early or on another settlement.
- We'll only pay the initial AC during the initial charge period. If a member takes a contribution holiday and the initial charge is being paid as a percentage of contributions this will reduce the number of payments we'll pay.
- If the group plan is a Retirement Solutions Company Pension Plan, both the trustees and the member will need to agree the charges.
- The initial AC must be within our maximum limit.

## Ongoing AC

Contribution type	Ongoing adviser charge options
Regular contributions	<ul style="list-style-type: none"> <li>Can be paid as:                             <ul style="list-style-type: none"> <li>a percentage of the contributions</li> <li>a percentage of fund, or</li> <li>a monetary amount.</li> </ul> </li> <li>If it's being paid as a percentage of fund we'll pay this monthly or yearly.</li> <li>If it's being paid as a monetary amount we'll pay this monthly, quarterly, half-yearly or yearly.</li> <li>If it's being paid as a monetary amount, the ongoing charge can be fixed or can increase each year by a set rate of up to 5% or in line with RPI or AWE.</li> <li>If it's being paid as a monetary amount or percentage of contributions, you can specify the start and end date.</li> </ul>
Single contributions & transfer payments	<ul style="list-style-type: none"> <li>Can be paid as:                             <ul style="list-style-type: none"> <li>a percentage of fund, or</li> <li>a monetary amount.</li> </ul> </li> <li>If it's being paid as a percentage of fund we'll pay this monthly or yearly.</li> <li>If it's being paid as a monetary amount we'll pay this monthly, quarterly, half-yearly or yearly.</li> <li>If it's being paid as a monetary amount, the ongoing charge can be fixed or can increase each year by a set rate of up to 5%, or in line with RPI or AWE.</li> <li>If it's being paid as a monetary amount the start and end dates can be specified.</li> </ul>

### Notes

- If the ongoing charge is being paid as a percentage of fund, we'll pay this for the full term of the plan unless the member tells us to stop. Also, we'll need to apply the same percentage charge to all of the regular contributions.
- It's possible to combine a percentage of fund charge with either a percentage of contribution or monetary amount.
- If the group plan is a Retirement Solutions Company Pension Plans both the trustees and the member will need to agree the charges.
- The ongoing AC must be within our maximum limit.

## Ad hoc AC

Contribution type	Initial adviser charge options
Regular contributions, Single contributions & transfer payments	<ul style="list-style-type: none"> <li>Can be paid as: <ul style="list-style-type: none"> <li>a monetary amount, or</li> <li>a percentage of fund.</li> </ul> </li> <li>Will be deducted and paid immediately and can be taken from specific contributions or across the entire plan value.</li> </ul>

### Notes

- Ad hoc charges are agreed between you and the member for advice and/or services you provide on their plan that are not already covered by another adviser charge or commission, for example a one-off review of their plan.
- The ad hoc AC must be within our maximum limit.
- Ad hoc adviser charge payments can be taken across all contributions, including money that was applied to the plan before 31 December 2012 and where commission has already been paid.
- If the ad hoc adviser charge is to be taken from the entire plan we'll deduct this proportionately across all contributions (including any contributions that we previously made a commission payment from).
- Each time you agree an ad hoc charge with the member, they'll need to complete our Ad hoc adviser charge instruction form.
- Ad hoc adviser charge payments can't be taken from contributions that had an allocation rate of more than 100%. This largely affects members who previously applied an increased transfer payment to their plan so they could maintain their death benefits. These transfer payments were increased using our transfer value enhancement option (TVEO). However, it could also impact some contracting-out payments and single contributions. We can confirm if any contributions have an allocation rate of more than 100%. Please note – we removed our TVEO in January 2010.
- Although ad hoc adviser charge payments can't be taken from contributions with an allocation rate higher than 100%, we can still use these contributions to calculate the maximum charge we'll allow.

## Consultancy charges

Consultancy charges (CC) were designed to allow employers to pay advisers for the advice and services they received on group plans that were established after 31 December 2012. And although we're no longer able to facilitate CC payments on new group plans, we can continue to pay CC payments on group plans set up after 31 December 2012 providing the employer agreed to these payments prior to 10 May 2013 and the plan is not being used as an auto enrolment or qualifying pension scheme.

For any new group plans set up now, employers will need to pay a fee in return for any advice and services provided.

We'll facilitate the following consultancy charge options:

Initial charge	Ongoing charge
The employer and the adviser will agree this charge in return for the advice and services provided by the adviser when setting up the group plan and/or adding new members to the group plan.	The employer and the adviser will agree an ongoing charge in return for the ongoing services provided during the lifetime of the group plan.

We'll facilitate the following consultancy charge options:

Contribution type	Initial AC		Ongoing AC		
	% of contribution	Monetary amount	% of contribution	% of fund	Monetary amount
Regular contributions	✓	✓	✓	✓	✓
Single contributions	✓	✓	✗	✓	✓
Transfer payments	✓	✓	✗	✓	✓

Before we'll pay any consultancy charge payments on a group plan, it's important to meet the following conditions:

- A legally enforceable agreement between the adviser and the employer was in place before 10 May 2013.
- The charge must be agreed with the employer/trustees and the instruction to deduct the charge must come from the employer. The employer/trustees will need to inform the members of the CC payments before they join the group plan.
- Employers can tell us to stop paying the consultancy charge payments at any time. However we can't accept any instruction from the members.
- Consultancy charge payments are charged separately and are not included in the product charges.

### Key point

The Government banned consultancy charges from all automatic enrolment and qualifying group plans from April 2015.

## Initial CC

Contribution type	Options
Regular contributions	<ul style="list-style-type: none"> <li>Can be paid as: <ul style="list-style-type: none"> <li>a percentage of contributions,</li> <li>a monetary amount which is spread over a set period of up to 60 months, or</li> <li>a monetary amount paid as soon as possible (ASAP).</li> </ul> </li> <li>If it's being paid as a monetary amount the charges can increase each year for new members at set rate of up to 5%, or in line with RPI or AWE.</li> </ul>
Single contributions & transfer payments	<ul style="list-style-type: none"> <li>It can be paid as a percentage of the contribution or a monetary amount and it's deducted and paid immediately as a one-off amount.</li> <li>If it's being paid as a monetary amount charges can increase each year for new members by a set rate of up to 5%, or in line with RPI or AWE.</li> </ul>

### Notes

- If the initial charge is being paid on regular contribution ASAP, there will be no value in the member's plan until the charge has been paid in full.
- Where possible, we'll deduct any outstanding monetary CCs from the member's plan if they transfer their plan, retire early or on another settlement.
- We'll only pay the initial CC during the initial charge period, or until they're banned, if this is sooner. If a member takes a contribution holiday and the initial charge is being paid as a percentage of contributions we'll reduce the number of payments we'll pay.
- If the group plan is a Retirement Solutions Company Pension Plans both the trustees and the employer will need to agree the charges.
- The initial CC must be within our maximum limit.

## Ongoing CC

Contribution type	Options
Regular contributions	<ul style="list-style-type: none"> <li>Can be paid as: <ul style="list-style-type: none"> <li>a percentage of fund or</li> <li>a monetary amount.</li> </ul> </li> <li>If it's being paid as a percentage of fund we'll pay this monthly or yearly.</li> <li>If it's being paid as a monetary amount we'll pay this monthly, quarterly, half-yearly or yearly and it can be paid as a fixed amount which can increase each year by a set rate of up to 5% or in line with RPI or AWE.</li> <li>If it's being paid as a monetary amount or a percentage of contributions, you can specify the start and end date.</li> </ul>
Single contributions & transfer payments	<ul style="list-style-type: none"> <li>Can be paid as: <ul style="list-style-type: none"> <li>a percentage of fund or</li> <li>a monetary amount.</li> </ul> </li> <li>If it's being paid as a percentage of fund charges we'll pay this monthly or yearly.</li> <li>If it's being paid as a monetary amount: <ul style="list-style-type: none"> <li>we'll pay this monthly, quarterly, half-yearly or yearly</li> <li>it can be paid as a fixed amount or can be chosen to increase each year by a set rate of up to 5% or in line with RPI or AWE the start and end dates can be chosen.</li> </ul> </li> <li>For Retirement Solutions Company Pension Plans the trustees will need to agree the charges as well.</li> </ul>

### Notes

- If the charge is being paid as a percentage of fund, it will be payable for the full term of the plan, plan, until the CC is banned, or we're told to stop - which ever occurs sooner. We'll also need to apply the same percentage to all regular contributions.
- And if the charge is being paid as a percentage of fund, it can be combined with either a percentage of contribution or monetary amount.
- The ongoing CC must be within our maximum limit.

## Frequently asked questions

Commission options were previously available on group plans established before 31 December 2012 and which weren't being used as an AE or qualifying scheme. For existing plans, commission payments may still be payable.

From 1st December 2021, we'll not offer FAF/commission payments on new plans or new money in to existing plans.

### Remuneration clawback

In specific situations we may clawback remuneration paid from a Retirement Solutions plan.

Remuneration type	Regular contributions	Single contributions & transfer payments
Initial consultancy or adviser charges	If the plan is cancelled within the cancellation period we'll clawback any charges that have been paid.	No clawback.
Ongoing consultancy or adviser charges	If the plan is cancelled within the cancellation period we'll clawback any charges that have been paid.	No clawback.
Ad hoc adviser charge	No clawback.	No clawback.

If an employer asks us to stop paying a CC payment or a member asks us to stop an AC payment, we'll act on their instruction to stop future charges. We won't clawback any charges already paid, except those described above, or where a charge was paid by mistake and the recipient was not entitled to it.

You can find out more information about stopping remuneration in our **Terms of business** for advisers.

## Frequently asked questions

We've also included some of the questions which we're frequently asked about how remuneration can be paid on our Retirement Solutions plans.

### General questions

Who can change AC?	The adviser/member/trustee can tell us to reduce or remove an AC. However any new requests to add or amend a charge must come from the member/trustee and they'll need to complete an Adviser charge instruction form.  It's not possible for the employer to add, change or remove an AC.
Who can change CC?	The adviser/employer/trustee can tell us to reduce or remove a CC. However any new instruction to amend a CC will need to come from the employer/trustee and they'll need to complete one of our Consultancy charge instruction forms.  The member can't instruct us to add, change or remove a CC but any charges must be disclosed to them.
Are consumer credit permissions required?	If AC being taken from a group plan then you may need to apply for consumer credit permissions with the FCA, if you have not registered to do so. CC are generally exempt as these are agreed with the employer rather than the individual members.
When did you stop CC on group plans?	We stopped CC on group plans used for AE or qualifying schemes on 6 April 2015 or the employer's staging date - depending on which occurred later.

## Member and employer changes

What happens if:	Adviser/consultancy charges
Regular contributions reduce or stop?	If the charge is a percentage of the contribution it will reduce in line with the contribution. We'll continue to pay all other charges provided there is sufficient value in the plan.
Regular contributions increase?	For automatic increases (e.g. salary related) which are being paid as a percentage of the contribution and payments still need to be made, we'll increase the charge in line with the contribution for the remainder of the charge period.  For non-automatic increases where the charge is being paid as a percentage of the contribution and a charge has previously been agreed, unless we're told otherwise, we'll apply the original charge instruction to the increase.
A member goes on a contribution holiday?	If the charge is a percentage of the contribution it will stop during the contribution holiday and any initial AC/CC payments will not continue beyond the original payment period. For example, if the charge was being paid over 12 months and the member goes on 3 month holiday within this initial period, we'll only pay the initial charge for 9 months.  We'll continue to pay the other charges provided there is a sufficient value in the plan.
A member retires early, transfers or dies?	Where possible we'll deduct any outstanding initial charge from the plan value before it's transferred or the benefits are paid.  If the member dies and any ongoing charges have been deducted from the plan after the date of death, we'll recredit these back to the plan.
A member retires later than their chosen retirement date?	If there are any agreed ongoing charges these will continue to be paid until the new later retirement date or a specific chosen date, or until they are banned, in the case of CC.
A member cancels their plan (or opts out of an AE group plan)?	If any charges have been paid on regular contributions, these will be clawed back. If any charges have been paid on single contribution or transfer payments, these will not be clawed back.
A member leaves their employer's service/ group plan?	If a member leaves their employer but chooses to continue with their plan, we'll continue to deduct any initial charges and ongoing AC but any ongoing CC will stop.  However as the member cannot pay any additional contributions into their plan, no new initial charges can be paid.  If the member is part of a Company Pension Plan, we'll continue to deduct the charges for as long as the member remains within the plan, whilst the legislation allows us to.

## Member and employer changes continued

What happens if:	Adviser/consultancy charges
A member changes their financial adviser?	<b>Adviser charge only</b> If we're instructed by the member to move the charges to their new financial adviser, we'll pay any ongoing charges and any new initial charges to the new adviser.  If there are any outstanding initial charges that are still to be paid, we'll continue to pay these to the existing adviser unless the member tells us otherwise, for as long as the legislation allows us to.
An employer changes their financial adviser?	If the employer changes their adviser any ongoing CC will stop. Any outstanding initial charges will continue being paid to the original adviser firm, for as long as the legislation allows us to, but no new initial charges will be facilitated.  Any agreed AC will not be affected by this change as any instruction to change an adviser charge will need to come from each member directly.

## Adviser changes

What happens if:	Adviser/consultancy charges
An adviser firm is de-authorized	If there are any outstanding initial charges still to be paid, we'll continue to pay these to the adviser firm for as long as the legislation will allow us to, so long as the initial services/ advice were provided before the adviser was de-authorized.  However all existing ongoing charges will stop.
An individual adviser moves firms	If an individual adviser moves firms the charges won't automatically move as they're agreed at a firm level. Although the member can instruct us to redirect ongoing adviser charges and any new initial adviser charges to the new firm.  If there are outstanding initial CC payments that need to be paid to the original adviser, we'll pay these for as long as the legislation allows us to, however all future CC payments will stop.
An adviser firm sells their business	AC can be redirected to the new adviser firm. If the member doesn't want to change their adviser firm any charges will stop.  The impact on CC is dependent on whether there is a novational agreement and how the sale is concluded, and in some cases all future CC payments will stop.



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