

# FIDELITY'S BUY-OUT PLAN

Transferring liabilities in bulk by buying members out with individual policies



## DEFINED CONTRIBUTIONS

Fidelity is a leading provider of corporate defined contribution (DC) services – in the UK alone more than 350 pension plans currently trust us with £4 billion worth of assets. As part of Fidelity's ongoing commitment to the DC market, we have developed a Buy-Out arrangement that enables trustees of an occupational scheme to transfer liabilities in bulk by buying the members out with individual policies.

The key features of our Buy-Out plan are:

- The transfer does not require the consent of the members, although they are given notice to allow them to make alternative arrangements if they prefer
- Members hold individual policies directly with Fidelity Investments Life Insurance Limited, completely unconnected to the existing company scheme
- Buy-Out Plan accepts a single transfer payment for both protected and non-protected rights

FOR PROFESSIONAL INVESTORS ONLY



# WHAT IS A BUY-OUT PENSION PLAN?

A Buy-Out plan is an arrangement that enables trustees of an occupational pension scheme to transfer the scheme's liabilities in bulk by buying the members out with individual policies. It is suitable for schemes being wound up, or continuing schemes, as it can accept responsibility for active and deferred members.

## WHAT ARE THE BENEFITS FOR THE TRUSTEES OF THE SCHEME?

- Scheme liabilities for transferred members are removed once the transfer is complete
  - Scheme administration costs for transferred members end once the transfer is complete
- There is no charge to trustees
- Buy-Out Plan is suitable for schemes being wound up, as both active and deferred members can be accepted
  - Buy-Out Plan is also appropriate for continuing schemes where the trustees are able to transfer responsibility for deferred members

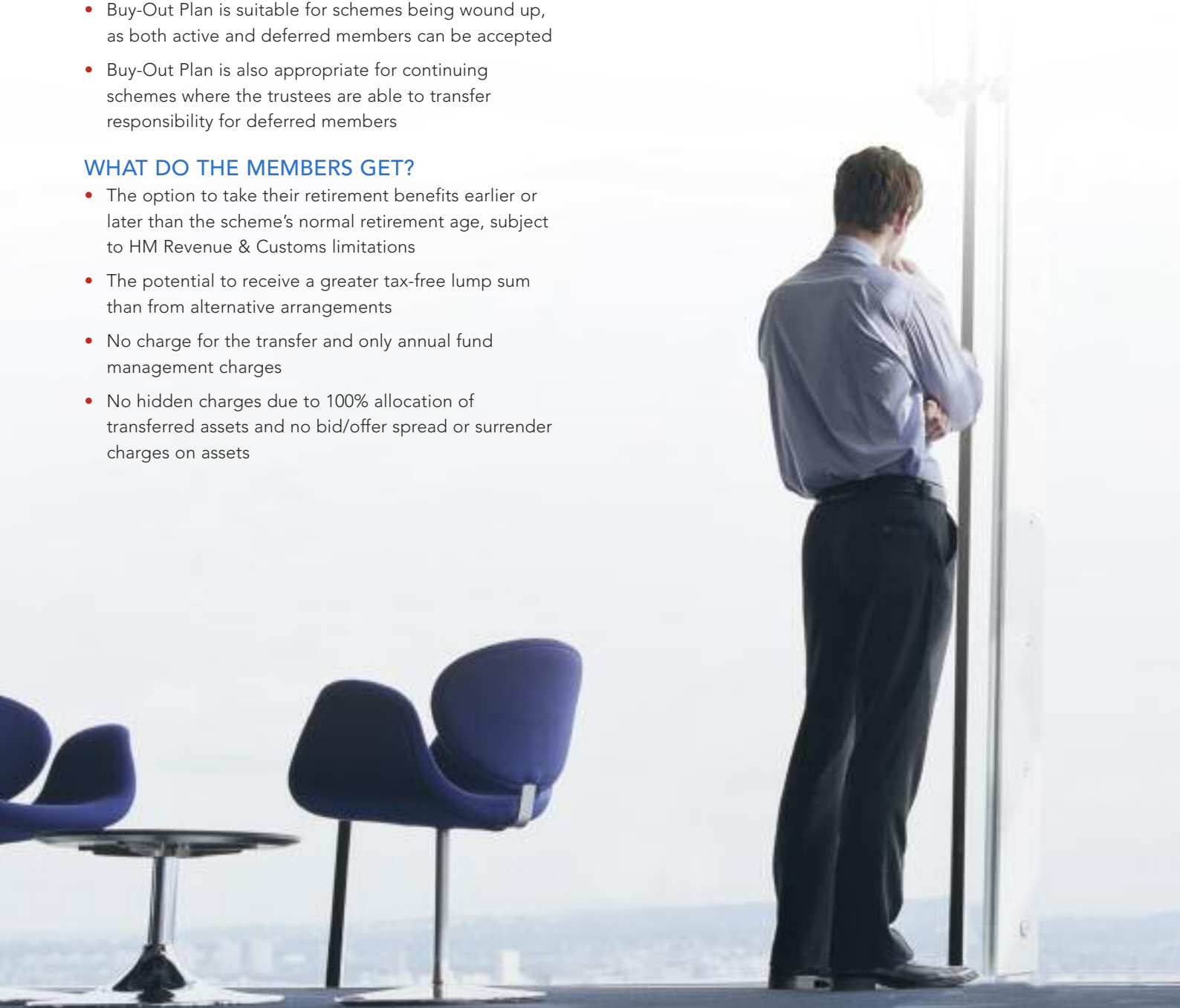
## WHAT DO THE MEMBERS GET?

- The option to take their retirement benefits earlier or later than the scheme's normal retirement age, subject to HM Revenue & Customs limitations
- The potential to receive a greater tax-free lump sum than from alternative arrangements
- No charge for the transfer and only annual fund management charges
- No hidden charges due to 100% allocation of transferred assets and no bid/offer spread or surrender charges on assets

## WIDE RANGE OF FUNDS

Investment choice is one of the most important features of any DC plan. In our experience, the most successful plans offer choices that cover employees' time horizons, investment styles, and views on risk. At the same time, they must be simple enough to communicate and enable employees to invest according to their needs.

Through our DC Fund Platform, we offer a wide range of funds, managed by Fidelity as well as a number of external providers, from which you can create your own investment menu to suit you and your employees. For a list of funds available, see our DC Fund Platform sheet.



# CLIENT SERVICES

Our experience of dealing with a wide variety of companies in different situations enables us to lift the burden of administration from you. We will provide the trustees with administration support during the transfer process, such as assistance with the notice letter to members, to ensure a smooth transition for the scheme.

## ROBUST INVESTMENT ADMINISTRATION FRAMEWORK

The funds offered are supported by a well-established investment administration structure:

- Daily dealing is offered on all funds
- Our unified dealing platform means members only need to give one set of instructions to deal in Fidelity's funds and non-Fidelity funds
- Switches are managed to ensure members' money is moved between funds quickly and efficiently, reducing 'out-of-market' time
- We leverage the expertise of FundsNetwork, one of the UK's leading online fund supermarkets

## VALUE ADDED SERVICES

We offer free value added services with our Buy-Out plans:

- Tracing service to track down any members who have changed address
- Preparation of draft announcement letters for your scheme

## DEDICATED IMPLEMENTATION MANAGER

Transferring liabilities can be a daunting proposition, so a dedicated implementation manager will work with you to ensure the smooth set-up of a plan. The implementation manager will meet with you and your consultant to establish your service requirements, highlight any potential issues and prepare an implementation plan that meets your timeframe.

# EMPLOYEE COMMUNICATIONS

After the transfer, members will receive Fidelity's ongoing customer support and communication. Providing members with clear and accessible communications aids their understanding and helps them make the most of their opportunity. Members will receive an education for a lifetime, with programmes that guide them from the transition stage right through to retirement.

## PRINTED MATERIALS

- **Fund factsheets:** available for each fund, including details on the fund manager, investment style, risk profile and charges.
- **Topical factsheets:** a comprehensive range of factsheets including 'Advantages of investing regularly', 'Tax relief on pensions' and 'What type of investor are you?'
- **Retirement Matters newsletter** covering pension industry news, educational pieces and useful tips.
- **Performance statements:** detailing information relating to the range of funds available to members.
- **Benefit statements:** produced annually, summarising the total pension benefits relating to the member. These statements are also available online.

## PENSIONS SERVICE CENTRE

We have a dedicated member telephone helpline that can provide plan information to members as well as the ability to switch investments over the phone.

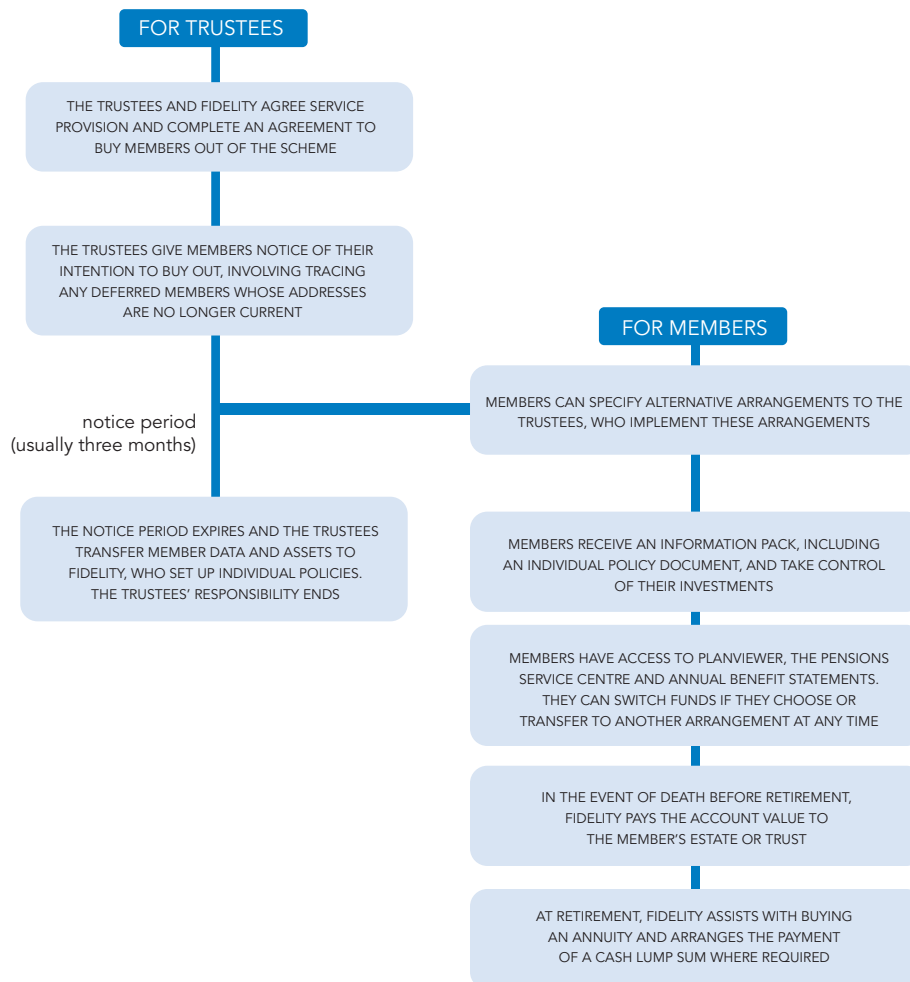
## PLANVIEWER

PlanViewer offers members a comprehensive range of functionality to enable them 24-hour access to their pension. Members can switch funds online, update personal details and generate a benefit statement, between any two dates, incorporating their personal rate of investment return. PlanViewer also provides access to useful planning tools such as:

- **What type of investor are you?:** helps members establish their preferred investment style - cautious, balanced, growth or aggressive.
- **MyPlan:** An intuitive tool that helps members establish whether their retirement planning is on track and, if not, what they can do about it.
- **Retirement Planner:** This tool takes a more detailed look at a member's potential retirement outgoings and projected income in order to highlight any shortfall.

# BUY-OUT PROCESS

## HOW THE PROCESS WORKS



If you would like further information about Fidelity's Buy-Out plan or any other DC service, please contact Julian Webb on 020 7961 4421 or email him at [julian.webb@fil.com](mailto:julian.webb@fil.com)



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