

# Transferring a pension scheme: Summary of research findings

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As part of a programme of research and analysis to inform the workplace pension reforms, DWP commissioned RS Consulting to carry out qualitative research on the process of transferring a defined contribution (DC) pension scheme.

The research consisted of 15 in-depth, face-to-face interviews with pension providers, third party administrators and members of the Origo Options<sup>1</sup> Steering Group. Options was designed by the pensions industry in 2008, with the primary objective of improving the transfer time and customer experience by unifying the transfer processes used by providers. Interviews took place in October and early November 2011.

A working paper of the full findings will be published in spring 2012. A summary of the key findings is set out below:

- Most providers currently use Options by Origo in an estimated 60-80% of DC to DC transfers.
- The use of Options has considerably reduced the time and effort required to effect a pension to pension transfer. The average time taken using Options is currently eight to nine calendar days.
- Transfers can take longer than the average, or even fail, becoming costly for the provider, for several reasons. These could include the customer not completing the form correctly, and differences in the information requirements of different providers.
- Providers identified a number of other factors that may cause delays in the transfer process, including the need for providers to ensure transfers are only conducted to and from HMRC registered schemes.
- The need for trustees to authorise transfers out of occupational schemes could also cause delays, particularly if trustee meetings are not held regularly. Occupational schemes are also more likely to be run on older computer systems, and be subject to more complex rules, potentially leading to delays in transfers.

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<sup>1</sup> Origo is a non profit company, owned by 18 leading UK life assurance groups, which works with the industry to deliver services that provide efficiencies and savings to the UK's Life, Pensions and Investment sectors. More information can be found on their website:

<http://www.origoservices.com/options>