Department for Communities | An Roinn Pobal | Depairtment fur Commonities
www.communities-ni.gov.uk

THE OCCUPATIONAL AND PERSONAL PENSION SCHEMES (CONDITIONS FOR TRANSFERS) REGULATIONS (NORTHERN IRELAND) 2021

REGULATORY IMPACT ASSESSMENT

INVESTOR IN PEOPLE

REGULATORY IMPACT ASSESSMENT

THE OCCUPATIONAL AND PERSONAL PENSION SCHEMES (CONDITIONS FOR TRANSFERS) REGULATIONS (NORTHERN IRELAND) 2021

The costs and savings outlined in this Regulatory Impact Assessment are calculated on a UK-wide basis.

Summary

Policy Background

There is a commitment to protecting pension scheme members from being victims of pension scams. In autumn 2016, a consultation was announced on a package of measures to tackle scams. One of the measures in the package included amending members' existing statutory right to transfer their pension benefits to another pension scheme. Trustees or scheme managers (or pension providers acting on their behalf) can ensure, as far as reasonably possible, that transfers made are to safe and not fraudulent schemes (the "transfers measure"). The vast majority of respondents to the pension scams consultation supported the proposed transfers measure and it was confirmed in the August 2017 response[1] to the consultation that legislation would be brought forward to implement this measure following the roll-out of the Master Trust authorisation regime.

Issue/Rationale for Intervention

Pension scams can cost pension scheme members their life savings and with little, or no opportunity to build their pension benefits back up it can leave them facing retirement with limited income (detail on the type of scams is set out in the additional detail section below). Although it is difficult to get a completely accurate picture of the scale of pension scams and the proportion of transfers made to scam schemes, the Pension Scams Industry Group (PSIG), estimate that 5% of all transfer requests gave trustees and scheme managers cause for concern, based on their small survey in 2018[2].

Under Part 4ZA of the Pensions Schemes (Northern Ireland) Act 1993[3], and subject to certain conditions (e.g. the member hasn't started to draw their pension), certain pension scheme members have a statutory right to transfer their pension benefits to another pension scheme. Currently, trustees or scheme managers (or service providers acting on their behalf) do not have a legal basis to refuse a transfer request if they have no evidence to support that the receiving scheme is a fraudulent scheme. The limits to the statutory right to transfer include that the transfer

---

1 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/638844/Pension_Scams_consultation_response.pdf

2 https://www.actuarialpost.co.uk/article/new-research-from-the-psig-uncovers-depth-of-pension-scams-15565.htm

3 https://www.legislation.gov.uk/ukpga/1993/49/contents

must be to a registered pension arrangement to avoid a tax penalty being applied after the transfer[4] has been made.

Consequently, transfer requests can be progressed even where a scam is suspected. This has led to repeated calls from industry and others for stronger measures to protect pension scheme members from potentially fraudulent transfers.

Proposed Intervention

Primary legislation has been introduced to amend Part 4ZA of the Pensions Schemes (Northern Ireland) Act 1993 which enables changes to be made to the existing statutory right to transfer of pension benefits by pension scheme members. These Regulations now set out the new requirements that limit the statutory right to transfer a pension so that it automatically applies only if at least one of the following conditions regarding the transfer destination is satisfied.

First Condition transfers to:

- Public Service Pension Schemes; or
- Authorised Master Trusts; or
- Authorised Collective Money Purchase Schemes (CMPS), when the appropriate regulations come into operation;

Second Condition all other transfers to destinations that are not listed above:

- Sets out scam risk indicators in the form of red and amber flags, to allow trustees and scheme managers to act on the results of their due diligence processes. Red flags are the most significant risk indicators, the amber flags are scam indicators which may also be legitimate reasons for a transfer. Where a red flag is identified it will prevent the transfer from proceeding, whilst where an amber flag is present, the transfer can only proceed when the member provides evidence that they have taken scam specific guidance from MaPS.
- Additionally, the requirement for evidence of an employment link when transferring to an occupational pension scheme, or residency link when transferring to a Qualifying Recognised Overseas Pension Scheme (QROPS) is part of the Second Condition.

The proposed changes provide a strong safeguard, but are not intended to block legitimate transfers wherever possible. Pension scheme members who do not qualify for the statutory right to transfer their pension benefits between pension schemes under the proposed criteria may still be able to transfer. They can seek a discretionary transfer, if their scheme's rules permit this. However, even if the scheme's rules do not allow discretionary transfers the member can still, for example, transfer to an authorised Master Trust whose rules do allow discretionary transfers in order to then transfer their pension benefits to the scheme of their choice. For further detail on the proposed process, please see the Annex to this Impact Assessment.

---

[4] HM Treasury provides tax-relief to savers. Restricting transfers to registered pension arrangement are there to safeguard tax relief provided to savers. Where transfers are to non-registered destination the member will experience a tax-charge of 55% of the value of the pension transfer·

Intended Effects

The intended effect is to prevent pension benefits from being transferred to fraudulent destinations in order to prevent losses of retirement income.

Brief description of viable policy options considered (including alternatives to regulation)

Option 1. Do Nothing

1. The Pension Schemes Act 2021 has amended the Pension Schemes Act (Northern Ireland) 1993 so that the Department must prescribe conditions to be met before statutory transfers can go ahead, therefore it is no longer legally possible to do nothing. But, if it were, this option would not reduce the risk of pension scheme members falling victim to pension scams, which can be devastating and deny them the retirement they had planned and saved for. Action Fraud estimates that people who reported being a victim of a pension scam in 2017 lost on average £91,000[5]. This option would not meet industry and pensioner expectations that more will be done to help them and trustees to safeguard against pension scams.

2. This option, therefore, even if it were legally possible, is not viable.

Option 2. non legislative approach (produce further guidance on how to safeguard pension transfers)

3. Since the Pension Schemes Act 2021 has amended the Pension Schemes Act (Northern Ireland) 1993 so that the Department must prescribe conditions to be met before statutory transfers can go ahead, a non-legislative approach is also no longer legally possible. Both the Pensions Regulator (tPR)[6] and the Financial Conduct Authority (FCA)[7] have already produced considerable guidance for the industry and consumers on how to spot a pension scam. TPR has also made clear to trustees that effective due diligence is key to protecting people against scams. In addition, PSIG has produced a Code of Practice[8] for combating scams, which sets out robust due diligence processes for trustees and pension providers to follow, to help them identify pension scams. Despite this, people are still losing savings to scammers and the industry is still calling for help to safeguard pension benefits.

4. It is therefore concluded that the non-legislative approach, even if it were legally possible, is insufficient to meet the policy objective to protect pension scheme members from scams.

[5] https://www.actionfraud.police.uk/news/victims-of-pension-fraudsters-lost-an-average-91k-aug18

[6] https://www.thepensionsregulator.gov.uk/pension-scams

[7] https://www.fca.org.uk/scamsmart/how-avoid-pension-scams

[8] http://www.combatingpensionscams.org.uk/

Option 3. Legislate to help trustees ensure transfers are made to safe and not fraudulent pension schemes

5. By amending the existing statutory right to transfer to help trustees (or pension providers acting on their behalf) prevent the transfer of pension benefits into fraudulent schemes the industry expectations and the commitment to tackle scams and protect consumers will be met.

6. This is, therefore, the preferred (and chosen) option.

Preferred option: Summary of assessment of impact on business and other main affected groups

Impact on Business

7. Impacts will depend on the level of due diligence schemes are already conducting for transfer requests. During consultation many schemes indicated that they were already performing these activities prior to the Regulations, and so the impact on their business is likely to be small. Based on how it is envisaged the criteria will work in practice and certain assumptions, the Equivalent Annual Net Direct Cost to Business (EANDCB) is assessed to be approximately £3,200,000.

Impact on Members

8. It is expected there will be a significant personal benefit for the relatively small minority of pension scheme members who would have lost money through pension scams. Action Fraud estimate the average loss of pension benefits because of scams to be £91,000 per member[5]. As a reasonable estimate, it is anticipated that by stopping pension scams for this small minority of pension scheme members, they would benefit from retaining on average, £91,000 in their pension pot. This figure, calculated by Action Fraud, is based on a total of 253 victims reported to Action Fraud that they had lost more than £23,000,000 to pension scammers in 2017[5]. This figure illustrates the potential benefit to members of retaining their pension pot if all scams were to be prevented.

9. Outside of those potential scam victims who may now avoid losing their pot to scammers, the wider population of members who request a transfer will enjoy increased confidence and peace of mind that their transfer will likely be going to a legitimate destination.

10. There will be a cost to members to provide the relevant information required for a transfer to a Qualifying Recognised Overseas Pension Scheme (QROPS) or where an employment link needs to be established. Based on how it is envisaged these criteria will work in practice and certain assumptions, it is estimated it would cost an individual £4.29 to locate and send evidence of the employment link, and £5.14 to provide and send the required evidence for a transfer to a QROPS to establish the residency conditions. For some members, not transferring to a Public Sector Service Scheme, Master Trust or Collective Money Purchase scheme, there will be a cost to respond to standard due diligence questions which will establish if the transfer contains any amber or red flags. It is estimated it will cost this subset

of members £3.32 to respond in order to identify the existence of any red or amber flag indicators. There is also a cost to certain members, where their pension transfer is identified as containing an amber flag which indicates it is at risk of being a pension scam. These members will be referred to a prescribed body to access guidance, and will incur the cost of confirming to trustees that they have sought said information and guidance. It is estimated it would cost this subset of members approximately £13.28 to book and attend the relevant guidance appointment and communicate the relevant evidence to a trustee. This is significantly smaller than the potential amount lost to a pension scam. Based on the estimated number of transfers that are requested each year this gives a total cost to pension scheme members of £1,715,000 in any given year.

Additional detail

A brief description of pension scams and their evolution since 2015

11. Pension scams can take a number of different forms. Traditionally, they were aimed at pension scheme members who had not yet reached minimum pension age, and purported to provide a way in which members could access their pension benefits early without incurring a tax penalty. This is commonly known as pension liberation fraud. Since the introduction of the pension freedoms in April 2015, there has been a change in the rules as to when scheme members will be able to access their pension benefits without incurring a tax penalty. A more common fraud model now seeks to entice members to transfer their pension benefits into seemingly legitimate arrangements. They are then advised to invest in fraudulent esoteric investments with unrealistic investment returns, as well as being offered direct access to the pension benefits. A variation might be where the individual is encouraged to utilise the pension freedoms to withdraw a lump sum from their pension into their bank account and then is advised to invest their money into fraudulent investments.

12. The First Condition, containing the guarantee of exercise of the statutory right to transfer, applies to transfers to schemes which are:

- A public service pension scheme,
- An authorised Master Trust scheme; or
- An authorised collective money purchase scheme.

Establishing a genuine employment link – additional background information

13. This is about allowing trustees to establish a link between the member and the employer participating in the scheme the member wants to transfer their fund to, and between the participating employer and the receiving scheme. There is an employment link between the member and the receiving scheme where the trustees or managers of the transferring scheme decide that:

(a) the member’s employer is a sponsoring employer of the receiving scheme;
(b) the member is in employment with the sponsoring employer and this employment has lasted for a continuous period of at least 3;
(c) the member’s employment during that period has met the minimum salary requirement specified in paragraph (7); and

(d) contributions to the receiving scheme have been paid by, or on behalf of, the sponsoring employer, or by, or on behalf of, both the sponsoring employer and the member, during that period.

14. Members will be required to provide:

(a) a letter from the member's employer confirming that:
- the employer is a sponsoring employer of the receiving scheme;
- the member is employed by them;
- the date from which the member has been continuously in their employment; and
- contributions to the receiving scheme shown as due to be paid by the schedule, have been paid and the dates of those payments, or, where the amounts of the contributions that have actually been paid are different to those that were due to be paid, those actual amounts and the dates they were paid;

(b) a schedule of contributions or payment schedule showing:
- separate entries for the amounts of pension contributions (excluding additional voluntary contributions) to the receiving by, or on behalf of, the member and the employer, or the employer only, in respect of that member; and
- the dates on which those contributions were due to be paid;

(c) payslips, or other evidence in writing advising of pay remittances, showing the salary paid to the member by their employer for the period referred to in period;

(d) copies of the personal bank or a building society statements, or a copy of a building society passbook, showing the deposit of salary for the period referred or, where the trustees or managers of the transferring scheme request it, a certified copy of each statement or of the passbook.

15. It is accepted that in certain circumstances, it may be difficult for members to provide an employment link i.e. if they are paying in to a salary sacrifice or a non-contributory scheme. It is not the policy intent to prevent legitimate transfers, therefore these types of schemes can still be considered for transfers, in consideration with the schemes standard due diligence checks that will establish whether any red and amber flags are present.

Establishing a transfer to a QROPs – additional background information

16. People who are transferring to a QROPS for employment reasons (i.e. they want to transfer their UK pension to the pension scheme of their new employer) will need to satisfy the residency link conditions.

17. The member will need to be able to demonstrate that they have been tax resident in the same country or territory in which the QROPS is based. It will be for the trustees of the ceding scheme to request the evidence as mandated in the regulations; an original or a certified copy of the members formal residency documents, and at least two other pieces of evidence in writing. It will be the members' responsibility to provide the evidence requested. Following the introduction in 2017 of HMRC's overseas tax charge, trustees or pension providers acting on their behalf, should already be assessing residency requirements relating to the tax charge.

Establishing the red and amber flags

18. The red and amber flags set out the scam risk indicators that the industry have advised they see when processing transfers. They allow trustees and scheme managers to act on the results of their due diligence processes. Where a red flag is identified it will prevent the transfer from proceeding, whilst where an amber flag is present, the transfer can only proceed when the member provides evidence that they have taken scam specific guidance from MaPS.

Potential scale of the underlying issue and impacts of the intervention

- According to DC Trust scheme return data from tPR[9], between 2018 and 2020[10] there were an estimated average of 109,000 transfers out of occupational DC pension schemes (including fewer than 1,000 out of micro schemes) per year. According to tPR data[11][12], between April 2017 and March 2020[13] there were estimated to be 147,333 transfers out of DB occupational schemes per year.
- According to data provided by a pension transfer service which covers approximately 80% of the market, they completed an estimated 864,000 transfers in the year to June 2021[14]. It is not known if these transfers were occupational or personal and so an assumption is made that 50% (432,000) of these transfers were from personal schemes. Unpublished DWP analysis of the Wealth and Assets Survey shows that those people most likely to make a transfer (50-64) are likely to have more than one pension pot. As the majority of pension transfers out of personal pension schemes are likely to be for consolidation purposes, it has been assumed that people would make 2 transfers into the same scheme. If both transfers from the same individual are going to the same scheme, the process for establishing if the receiving scheme appears suspicious would only be completed once, and so it is assumed effectively 216,000 transfers would be subject to the standard due diligence checks that will establish whether any red and amber flags are present.
- The destination of the above transfers is not known. However, as the total number of transfers in and out and pension schemes must be equal, the assumption has been made that the number of transfers in and out of occupational pension schemes are equal, and the number of transfers in and out of personal pension schemes are equal.
- As the destination of transfers is not known, it has been assumed that transfers from occupational schemes go to occupational schemes, and those from personal pension schemes go to personal schemes.

---

[9] https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis#1effbc8a66414f2c87bf4cdfcd224f84

[10] The number of transfers out of occupational DC schemes was 83,000 in 2018 and 86,000 in 2019, before almost doubling to 158,000 in 2020. As data for 2021 does not yet exist an average of the latest 3 years of available data has been used as it is unclear if the increase seen in 2020 was an isolated spike (the pandemic could have had an impact) or will be maintained in future years.

[11] An FOI: https://www.thepensionsregulator.gov.uk/en/about-us/freedom-of-information-(foi)/number-of-transfers-out-of-db-schemes-in-2018-19

[12] TPR no longer publish this data, the data for 2019/20 was provided to the DWP by TPR.

[13] The number of transfers out of DB schemes was 100,000 in 2017/18, 210,000 in 2018/19 and 132,000 in 2019/20. As there is no clear trend in the data and there is no data available for 2020/21 an average of the latest 3 years of data available has been used.

[14] This data is unpublished and was used with permission from the pensions transfer service. Data on the number of transfers out of personal pensions is not yet readily available.

- Therefore, the number of transfers per year is estimated to be approximately 472,333, as calculated above.

Expected number of transfers impacted

DC Occupational	109,000
DB	147,333
DC Personal	216,000
Total	**472,333**[15]

Number of transfers subject to the first condition and employment link

- Of the total assets transferred in 2017/18, 65% of these were to Master Trusts[16]. This percentage is used as a proxy for the percentage of transfers from occupational schemes into Master Trusts. It is therefore assumed that at a minimum, this proportion of transfers would be allowed at this stage without any further checks, and therefore 167,232 (256,333*0.65) transfers would go into Master Trusts. The remaining 89,101 (256,333 – 167,232) transfers will be subject to condition 2 (providing evidence of an employer link and/or due diligence checks that will establish whether any red and amber flags are present).
- PSIG research showed that around 5% of transfer requests showed signs of scam activity. Assuming therefore that these suspected scam transfers are not included in the 256,333 transfers from occupational pension schemes estimated above, the total number of transfers had those gone ahead would be 269,825 (256,333/0.95= 269,825).
- It is assumed that the suspicious 5%, equivalent to 13,491 (269,825-256,333) transfer requests from occupational schemes, would not be seeking a Master Trust as the receiving scheme, and will therefore be subject to the checks for the employer link under the new rules. It is therefore assumed 104,943 (89,101+13,491) transfer requests will be required to provide evidence of an employer link.
- No assumption has been made on the impact of the Regulations in reducing scam activity. If there were an impact, this would be expected to reduce the 13,491 transfer requests from occupational pension schemes showing scam activity, and therefore the number of earnings and employer checks.
- Between 2017/18 and 2019/20 there were an average of 4,700 transfers into QROPS[17] per year. These will either have come from an occupational or a personal pension scheme. If they have come from an occupational pension scheme, then they are accounted for in the

[15] The total number of pension transfers has been calculated using an average of the latest 3 years of available data for transfers out occupational DC and DB, and the latest 12 months of data available for DC personal pensions. In the absence of any observable trends in the data this number of is assumed to be representative of the number of transfers received per annum.

[16] TPR data.

[17] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/730368/QROPS_July_2018.pdf

total number of transfers that has been explained above (256,333). In the absence of any data on where the transfers have come from, and given that the percentage from occupational schemes could be anywhere between 0 and 100%, the mid-point has been taken and it is assumed 50% of transfers came from occupational schemes and 50% came from personal pension schemes. Therefore, the assumption is that 2,350 of the transfers into QROPs have come from occupational pension schemes.

- Of these 2,350 transfers into QROPs, some may be as a result of an employee moving to a new employer overseas and therefore would be subject to the employment link rather than the residency requirement. In the absence of data on the number of transfers which are as a result of moving to an abroad employer, and given that this percentage could be anywhere between 0 and 100%, the mid-point has been and it is assumed that 50% of transfers into QROPS (1,175) will be subject to the employment link.

Number of transfers subject to additional due diligence

- Trustees and scheme managers presently carry out checks as to the appropriateness of members' pension transfer requests. This due diligence is a legal requirement in as much as trustees carry it out as part of their wider fiduciary duty to act in the interests of the member. It involves establishing members' motivations for the transfer, the validity of the transfer destination and looking for indications of a pension scam before the transfer proceeds. Personal pension schemes have a contractual obligation to act in their customers' best interest.
- Although the expectations for current due diligence are set out in guidance, the Regulations will ensure that it is mandatory that a scheme/provider consider whether red and amber flags are present. Engagement with industry and feedback from the consultation suggests that most schemes/providers current due diligence checks will enable them to identify the presence of flags. However, some will need to adapt their processes for greater engagement with members. In the absence of the exact proportion of the industry whose current due diligence processes would capture the required evidence under the new regulations, the midpoint estimate has been taken that 50% of schemes (therefore 50% of transfers) will have to ask additional questions (which is referred to here as additional due diligence) to members transferring. It is assumed the remaining 50% of schemes current due diligence process would be able to identify the flags. It is believed this is a conservative assumption as conversations with stakeholders indicate that the due diligence processes of many schemes are already above and beyond the standards set out in the Regulations.
- As it has been assumed transfers from personal pension schemes will go to personal pension schemes, they would be unable to provide evidence of an employment link. However, these types of schemes can still be considered for transfers, in consideration with the schemes due diligence checks that will establish whether any red and amber flags are present.
- PSIG research showed that around 5% of transfer requests demonstrated signs of scam activity. Assuming therefore that these suspected scam transfers are not included in the

216,000 assumed transfers from personal pension schemes, the total number of transfers had those gone ahead would be 227,368 (216,000/0.95= 227,368).

- Therefore, 11,368 (227,368-216,000) transfers from personal pension schemes are assumed to have not gone ahead.
- For those occupational schemes where it may be difficult for members to provide an employment link i.e. salary sacrifice or non-contributory schemes, or if the evidence provided is deemed inadequate, the transfer can still be considered subject to the schemes due diligence checks that will establish whether any red and amber flags are present. As above, for 50% of transfers, the member will already be providing responses to questions (due diligence) from their scheme/provider at no additional cost per transfer. The remaining 50% (50,709) will be required to provide answers due to additional due diligence by the provider. Therefore, the total number of transfers which must complete additional due diligence that will establish whether any red and amber flags are present is 278,077 (227,368+50,709). It is highly unlikely that the employment link evidence for 50% of transfers to occupational schemes will be seen as inadequate, and so the number of transfers subject to additional due diligence is likely a substantial overestimate.

	Cumulative number of transfer requests
Total number of transfers out of occupational schemes	256,333
Minus the 65% (167,232) of the above transfers going into Master Trusts	89,101
Plus the additional 5% (13,491) of transfer requests which were suspected of scam activity	102,592
Minus the number of transfers into QROPs (2,350)	100,242
Plus the number of transfers into QROPs which will be subject to the employment link criteria (1,175)	101,418
Total number of transfer requests subject to the employment link criteria	**101,418**
Total number of transfers out of DC personal pension schemes	216,000
Plus the additional 5% (11,368) of transfer requests which were suspected of scam activity	227,368
Plus the 50% of occupational transfers which may also have to answer due diligence questions (50,708)	278,077
Total number of transfer requests subject to additional due diligence	**278,077**

Business impacts

Impact on Pension Providers/Schemes

19. If providers/schemes need to check a list of authorised Master Trusts, then it is assumed this will not add any additional requirement to schemes. Current due diligence processes involve initially checking internal lists of known pension schemes. Therefore, as schemes are already checking these lists there will be a negligible additional burden.

20. The assumption has been made that only 50% of schemes (and so transfers) will incur additional costs as a result of these Regulations. Feedback following the consultation indicated that the current due diligence processes of many schemes/providers would establish an employment link or identify the presence of any amber/red flags. In the absence of the exact proportion of the industry whose current due diligence processes would capture the required evidence under the new Regulations, the midpoint estimate has been taken that 50% of schemes (therefore 50% of transfers) will have to ask additional questions (which is referred to here as additional due diligence) to members transferring. It is assumed the remaining 50% of schemes current due diligence process would be able to identify the flags. This is believed to be a conservative assumption as stakeholders have indicated that the due diligence processes of many schemes are already above and beyond the standards set out in the Regulations. Costing has not been included for notifying members that the transfer has been made and which condition has been used to facilitate it. There were no concerns raised in regard to additional notification costs as part of the consultation feedback. As such, a variety of stakeholders have been engaged with and feedback from them suggests they are sending these notifications anyway. DWP intend to confirm this assumption as part of the commitment to conduct a review of the Regulations within 18 months of them coming into operation.

Administration costs – Employment Link

21. If the process of establishing the employment link involves the pension provider sending a letter to the employer and to the member, and then processing this information, the estimated cost for this would be **around £606,000 per year**. This is based on:

- 2 letters being sent (one to the member and one to the employer) at a price of £0.97 per letter[18], for each of the 101,418 transfer requests. This gives a cost of around £197,000.
- A period of time spent writing (which in theory can be standardised) and processing each of the two letters at a wage of £20.04[19] for a pension administrator's time, taken from the Annual Survey of Household Earnings (2019)23. Following conversations with stakeholders an arbitrary assumption has been made that it would take 15 minutes for this task, as it is a relatively simple task for an administrator to perform and each letter need not be long in length. This gives a cost of around £1,016,000.
- Given the assumption that 50% of schemes/providers will have to do nothing additional to their current processes to establish an employment link, this gives a cost assumption of 0.5*£1,213,000, therefore around £606,000.

[18] Royal mail website quotes 97p to send a letter first class, A cost of 4p per envelope and 8p to print is assumed.

[19] The hourly wage for a pension administrator is £15.78, from the ASHE survey 2019 revised. This has been uplifted by 27% to account for non-wage costs as proposed in the HM Treasury's Green Book.

Administration costs – QROPs

22. If the process for transferring into a QROPS involves the trustee or provider sending a letter to the scheme member wanting to transfer their pension benefits in order to establish a residency link, then the estimated cost for this would be **around £16,000 per year.** This is based on:

- Between 2017 and 2020 there were an average of 4,700 transfers each year into QROPS[11]. As discussed above, this is assuming that 50% of these have come from occupational schemes (2,350), and 50% from contract based schemes (2,350). Within each of these, 50% will be subject to the employment link and are therefore already accounted for under the employment link criteria (2,350)[20]. Therefore, the remaining 2,350 transfers are into QROPs, which are not subject to the employment link, and therefore will be subject to the residency link.
- 1 letter sent for each transfer at a cost of £1.82 per letter[21] gives an estimated cost of around £4,000.
- 15 minutes to write and process each letter by a pension administrator, at a wage of £20.04, as discussed previously. This gives an estimated cost of £16,000.

Administration costs – Where additional activity may be required to identify red and amber flags

- Following stakeholder feedback, it has been assumed the chosen process for identifying the red and amber flags involves the provider/scheme sending a questionnaire to the member, and then processing this information once returned. The Regulations do not prescribe a particular method to ask the questions and schemes may choose to use alternative methods of data collection such as via a phone-call. These methods would incur similar costs due to the requirement to produce (and approve) a call script. Discussions with industry indicate that written communications via post or email is generally preferred to a phone-call.
- The costs have been broken down in to:
  - a one off cost to the pension provider of producing the relevant questionnaire/comms material;
  - an ongoing cost to pension providers of sending these questionnaires to the relevant members; and,
  - an ongoing cost for providers for checking the returned questionnaire provided by members to identify if the transfer appears (or does not appear) suspicious.

One-off Costs of Producing the Questionnaire

23. The estimated cost for producing a questionnaire would be **around £946,000** and the estimated ongoing costs of sending and checking the responses would be **£2,448,000**. This is based on:

[20] Occupational schemes 50%*2,350=1,175. Contract based schemes 50%%2,350=1,175. Total subject to employment link regulation is 1,175+1,175=2,350.

[21] Royal mail website quotes £1.82 to send a letter internationally via economy internal post. A cost of 4p per envelope and 8p to print is assumed.

- Allowing for the time spent writing a standard questionnaire template at a wage of £20.04 for a pension administrator's time, taken from the Annual Survey of Household Earnings (2019). It is difficult to quantify with certainty how long this task would take, however, an assumption has been made to allow half a working day (3.5 hours) for this task. The task would take longer than creating a standard letter template (for which one hour has been allowed), but is unlikely to take a considerable period of time. An additional 30 minutes has also been allowed for a trustee to read, check and sign-off the standardised questionnaire, at a wage of £26.81[22], also taken from the Annual Survey of Household Earnings (2019)[23].
- If 100% of schemes were to require the production of a document equivalent to this, it would give an estimated one off cost of around £1,893,000, with an average one-of cost of £84 per scheme in scope.
- Given the assumption that 50% of schemes/providers will have to do nothing additional to their current processes to identify the flags, this gives a cost assumption of 0.5*£1,893,000, therefore around £946,000.

Ongoing Costs of Sending Questionnaire to All Relevant Transfer Requests

- Allowance has been made for the cost of a pension administrator's time preparing the pre-prepared questionnaire template as well as the cost of sending the questionnaire itself. It is assumed one questionnaire sent for each transfer at a postal cost of £0.9718 per questionnaire, and it is assumed the pensions administrator takes 20 minutes to prepare and personalise the template (at a wage of £20.04). Whilst it is difficult to quantify with certainty how long this task would take, conversations with stakeholders indicate it is a relatively simple task for an administrator to perform given a standard template will have already been prepared.
- Given the estimated 278,077[24] transfer requests assumed to be subject to these questions (likely a overestimate), and assuming this remains broadly similar moving forward, this gives an estimated ongoing cost of £2,109,000 per year, if 100% of transfers were to require these additional activities.
- As it is assumed 50% of schemes/providers will have to do nothing additional to their current processes to identify the flags, this gives a cost assumption of 0.5*£2,109,000, therefore £1,054,000.

---

[22] The hourly wage for a professional is £21.11, from the ASHE survey 2019 revised. This has been uplifted by 27% to account for non-wage costs as proposed in the HM Treasury's Green Book.
[23]ASHE 2019 – http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation2digitsocashetable2
[24] [Total number of transfers out of occupational schemes (256,333) – 65% of transfers to master trusts (167,232) + additional 5% of transfers requests suspected of scam activity (13,491) – assumed 50% of occupational transfers where employment link evidence was adequate enough to accept transfer (50,708)] + [Total number of transfers out of DC personal pension schemes (216,000) + additional 5% of transfers requests suspected of scam activity (11,368)] = 278,077

Ongoing Costs of Reading the Returned Questionnaires to Determine If Red or Amber Flags are Present

- Allowance has been made for the time spent by a pension's administrator checking the returned questionnaire for evidence of amber or red flags. A wage of £20.04 for a pension administrator's time is estimated, taken from the Annual Survey of Household Earnings (2019).
- It is difficult to quantify with certainty how long this task would take. However, following conversations with industry an assumption has been made allowing 30 minutes for this task. It is expected to be a relatively straightforward task for an administrator reading and processing a pre-approve standardised questionnaire.
- Given the estimated 278,07724 transfer requests assumed to be subject to this process (likely a overestimate), and assuming this remains broadly similar moving forward, this gives an estimated ongoing cost of £2,786,000 per year, if 100% of transfers were to require these additional activities.
- As it is assumed 50% of schemes/providers will have to do nothing additional to their current processes to identify the flags, this gives a cost assumption of 0.5*£2,786,000, therefore £1,393,000.

Administration costs – Suspicious Transfers

24. The new requirements to 'refer members to guidance where the risk of a pension scam is identified' will build on these existing processes. It will also require trustees to inform those who have to take guidance and check that the member has done so before the transfer can proceed.

25. It is assumed that the process of trustees informing certain individuals (those requesting transfers containing indicators it is at risk of being a pension scam) that they must seek relevant guidance would involve the following elements:

    - a one-off cost to the pension provider of producing the relevant letter template/comms material;
    - an ongoing cost to pension providers of sending these letters to the relevant members; and
    - an ongoing cost for providers for checking the evidence provided by members to confirm they have sought guidance as instructed.

26. As with the production of a questionnaire as the chosen method for collecting information on the amber and red flags, the Regulations do not prescribe a particular process for how trustees must inform individuals to seek guidance, and alternative methods such as a phone-call may be used.

27. The estimated one-off administrative costs to pension providers for these would be **around £758,000**, and the estimated ongoing administrative costs for this would be **around £289,000 per year**[25]. These are based on:

[25] Detailed below: £164,000 + £125,000 = (Ongoing Costs of Sending Letters to Certain Members) + (Ongoing Costs of Confirming a Member Has Sought Guidance) = £279,000.

One-off Costs of Drafting the Letter Template

- Allowance has been made for the time spent writing a standard letter template at a wage of £20.0419 for a pension administrator's time, taken from the Annual Survey of Household Earnings (2019)[19]. Following consultation with stakeholders an assumption has been made allowing 60 minutes for this task, as it is a relatively simple task for an administrator to perform. An additional 30 minutes has also been allowed for a trustee to read, check and sign-off the standardised letter, at a wage of £26.8122 also taken from the Annual Survey of Household Earnings (2019)23. This gives an **estimated one off cost of around £758,000**, with an average one-of cost of £33 per scheme in scope.

Ongoing Costs of Sending Letters to Certain Members

- Allowance has been made for the cost of a pension administrator's time preparing the pre-prepared letter template as well as the cost of sending the letter itself. This assumes one letter sent for each transfer at a cost of £0.97 per letter18, and assumes the pensions administrator takes 20 minutes to prepare and personalise the letter template (at a wage of £20.0419). Whilst it is difficult to quantify with certainty how long this task would take, consultation with stakeholders indicates it is a relatively simple task for an administrator to perform given a standard letter template will have already been prepared.
- Given the aforementioned estimated 24,860 transfer requests which were suspected of scam activity per year, and assuming this remains broadly similar moving forward, this gives an **estimated ongoing cost of £164,000 per year**.

Ongoing Costs of Confirming a Member Has Sought Guidance

- Allowance is made for the time spent by a pension's administrator checking the member-provided evidence and confirmation that they have sought guidance (as instructed) due to their transfer request being suspected of a potential scam. A wage of £20.0419 for a pension administrator's time is estimated, taken from the Annual Survey of Household Earnings (2019)23.
- It is difficult to quantify with certainty how long this task would take as the Regulations are not prescribing how the schemes do this. However, an assumption has been made allowing 15 minutes for this task, as it is expected to be a relatively straightforward task for an administrator reading and processing a member-provided email/form explaining and confirming that they have taken on board the relevant, to be confirmed at secondary legislation, scam-related guidance.
- Given the aforementioned estimated 24,860 transfer requests which were suspected of scam activity per year, and assuming this remains broadly similar moving forward, this gives an **estimated ongoing cost of £125,000 per year**. This may be an overestimate, as not all transfers where a suspicion is identified will

require MaPS guidance. In some cases where a red flag is identified, the transfer will be blocked.

Familiarisation costs

28. As mentioned earlier, there is a lot of information already available to providers/schemes, so it is assumed most will already be following some of the proposed regulations and are therefore familiar with it. Familiarisation will only be an additional cost for professionals over the baseline scenario where:

- They are asked for a transfer of pension benefits by a member; and
- They have been asked for a transfer by a member previously and are therefore already familiar with the current process. If a scheme has never had to complete a transfer it is assumed there would be no additional costs for familiarisation over the baseline since the new documentation would be a similar length, if not simpler and the trustee/administrator would never have read the document before the transfer request.

29. The estimated cost to familiarisation is **around £477,000**. This is based on:

- Yearly scheme returns received by The Pensions Regulator estimate there are around 200 unique service providers for Defined Contribution (DC) trust based schemes, around 185 contract based schemes who administer DC pensions, around 1,000 self-administered schemes (with 12+ members)[26] and around 20,000 self-administered micro schemes (with 2-11 members)[27] who will all need to undertake familiarisation.
- The Pensions Protection Fund (PPF) Purple Book[28] estimates there are around 5,500 private sector Defined Benefit (DB) schemes. Data provided by TPR shows that around 80% of these schemes use a service provider. As many service providers administer both DC and DB schemes, it is assumed that familiarisation for these schemes is already accounted for by the unique 200 service providers. Therefore, only the around 1,150 self-administered schemes will need to undertake familiarisation.
- For each of these, an arbitrary assumption has been made that it would take an individual staff member 60 minutes to familiarise themselves. Given a wage of £20.0419 for a pension administrator (with the larger administrators needing 5 individuals[29]) to familiarise themselves this gives an estimated cost of around £477,000.

Additional revenue to schemes/providers through charges of members' money remaining in their pension pots

- If money lost to scammers had been retained in pension benefits providers would benefit from additional pension charges paid by members. In 2017/18, there were 253 cases of

[26] This data is unpublished and provided directly from TPR. The data is an estimate as schemes are only required to provide scheme returns every three years, therefore the data could be up to 4 years old and the figure could be slightly different.

[27] https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/dc-trust-presentation-of-scheme-return-data-2018-2019, File 5

[28] https://www.ppf.co.uk/sites/default/files/file-2018-12/the_purple_book_web_dec_18.pdf

[29] Information provided during the previous consultation, which will be tested during the legislative process.

pension fraud recorded by Action Fraud, and a total of over £23million lost to pension scammers[30]. Based on the average pension charge of 0.57%[31] multiplied by the estimated amount that was lost to scammers in 2017/18 gives a potential benefit to providers of **around £132,000**.

Net cost to Pension Providers/Schemes

30. This gives ongoing costs of around £606,000 for the employment link; £16,000 for QROPS administration costs; £2,448,000 for administration costs related to additional due diligence and £289,000 'suspicious transfer'-related administration costs. As well as £477,000 in one-off familiarisation costs, £946,000 in one-off administration costs related to producing a questionnaire to identify if a transfer contains red or amber flags and £758,000 one-off 'suspicious transfer'-related administration costs, this all gives a total cost to pension providers and schemes of £5,892,000 in year 1, and £3,712,000 in all subsequent years (as familiarisation and other one-off costs won't apply). With an expected benefit of retaining member's pots of £132,000, this gives an **expected impact on pension providers/schemes of £5,761,000 in year 1, and £3,580,000 in all subsequent years**.

Sponsoring employers

31. If the process to prove the employment link were as described above, the employer would be contacted by either the trustee or the provider of the ceding scheme to provide evidence of the employment link. It is assumed the employer must provide both a standard letter stating that they are the sponsor of the scheme the member wishes to transfer their pension benefits to, and that they must also provide a copy of the schedule of contributions or payment schedule to the trustee or provider. It is estimated this would cost employers **around £352,000**. This is based on:

- 15 minutes to complete both a standard letter confirming and to locate a copy of the schedule of contribution or payment schedule, at a wage of a pensions administrator of £20.0419, as discussed above. This gives a cost of around £508,000.
- 2 letters being sent at a price of £0.97 per letter[13] for each of the 101,418 transfer requests. This gives a cost of around £197,000.
- Under the current process this will already be supplied by some employers where providers are carrying it out under their current due diligence checks. It is assumed that 50% of transfer requests will already have providers/managers communicating with employers and employees to prove the existence of an employment link (as explained earlier). Therefore, logically it is also assumed that 50% of transfer requests will involve an employer confirming to that provider that they are the sponsoring employer. This gives an assumption of £705,000*0.5, therefore £352,000[32].

32. It is therefore expected **the impact on sponsoring employers will be around £352,000**.

---

[30] https://www.actionfraud.police.uk/news/victims-of-pension-fraudsters-lost-an-average-91k

[31] DWP Pension Charges Survey 2016: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/652086/pension-charges-survey-2016-charges-in-defined-contribution-pension-schemes.pdf

[32] Note slight difference in figures is due to rounding.

Impacts on members

Members retaining their pension pot

33. The rationale for policy intervention is to protect savers from pension scams, and ultimately prevent lost retirement income. Therefore, there is expected to be a significant personal benefit for the relatively small minority of pension scheme members who would have lost money through scams in the counterfactual scenario without the proposed regulations. As set out above, the average loss per member may be £91,000[5], which could be the benefit where a scam is prevented. This figure, calculated by Action Fraud, is based on a total of 253 victims reported to Action Fraud that they had lost more than £23,000,000 to pension scammers in 2017. This figure illustrates the potential benefit to members of retaining their pension pot if all scams were to be prevented.

34. Outside of those potential scam victims who may now avoid losing their pot to scammers, the wider population of members who request a transfer will enjoy increased confidence and peace of mind that their transfer will likely be going to a legitimate destination.

Administration Costs

35. In order to establish an employment link and to substantiate transfers to a QROPS, the member will have to supply certain documents. If it is assumed for the employment link that a member has to supply payslips and bank statements for three months, it is expected there will be a small time cost to collate this information, and then the cost of £0.97[13] to send one envelope containing all this information.

36. If it is assumed that to transfer into a QROPS a member would need to supply some proof of residency, it is expected there will be a small time cost to locate this information, and then the cost of £1.82[17] to send one envelope containing this information.

37. Although there is a time cost attached to supplying this information, it is expected this time will be relatively short as these documents are often required for other purposes and members are therefore likely to have knowledge of where they are. Therefore, this cost is not expected to be overly burdensome relative to other tasks members must routinely carry out in relation to their pension benefits.

38. For a certain subset of individuals (it is assumed 50% of those requesting a transfer from an occupational scheme and all those who request a transfer from a personal pension scheme) they will have to spend additional time providing information to the provider in order to identify any amber or red flags. Although there is a time cost attached to supplying this information, this time is expected to be relatively short as this information will be readily available to any person considering a transfer. Therefore, this cost is not expected to be overly burdensome relative to other tasks members must routinely carry out in relation to their pension benefits.

39. A certain subset of individuals (those requesting transfers containing amber flags indicating there is risk of a pension scam) will, upon being instructed by the trustee have to book and prove they attended a MaPS appointment, spend additional time attending this appointment and confirming they have taken guidance by providing the prescribed evidence needed. Although it is expected there would be a time cost attached to booking, attending and providing confirmation of an attended MaPS appointment, the assumption is that the time

required for the whole process would not be expected to exceed an hour, as the MaPS appointment is scheduled for 40 minutes.

Transfer Completion Times

40. Transfer requests not to a Public Sector Service Scheme, Master Trust or Collective Money Purchase scheme will potentially have increased waiting times for completion of a requested transfer due to the requirement to respond to correspondence to identify if the transfer appear suspicious. Hargreaves Lansdown estimate that the transfer delay if a questionnaire is required is between 11 and 21 days. The main variables are the time taken for the client to respond and the time for internal due diligence. These figures are only approximations, and would likely be shorter if the due diligence was completed via email or telephone.

41. Concerns were raised by providers during the consultation that pension transfer times would be negatively impacted by the new Regulations. Whilst it is recognised these are reasonable concerns regarding pension transfer times; a fast pension transfer should not be at the expense of a good outcome for the member. The potential detriment to the member incurred from a delay in their pension transfer, is considered acceptable if it prevents them making an irreversible decision of losing their life savings from a scam or unsuitable high risk investment product.

Small and Micro Business Assessment

42. The costs to business fall predominantly on pension schemes and providers, and in certain circumstances on employers, including small and micro businesses who operate small and micro pension schemes. However, assessing the impact of the Regulations on this group is difficult, as it is not necessary that small and micro pension schemes correspond to small and micro businesses. For example, many large firms may run Executive Pension Plans with only a few members. Similarly, small employers may enter their staff in larger master trust schemes. For the part of the legislation that applies to pension schemes and providers, as there is currently no robust evidence to link pension scheme size to employer size, it is difficult to accurately assess the impact on small and micro businesses.

43. All pension schemes within the industry will need to familiarise themselves with the Regulations, although many use administrators who will do this instead. It is estimated that 20,000 micro schemes will need to familiarise themselves with the Regulations. This is about 88%[33] of the unique businesses who will need to familiarise, and therefore the majority of familiarisation costs fall to micro schemes. However, this is not disproportionate to the industry as a whole, where 80%[34] of schemes are micro schemes. Those schemes, which are self-administering, will pay a familiarisation cost estimated to be £20.04[19], while those who use an administrator this cost will be met by the administrator (whose service they are already paying for). Therefore, familiarisation is not believed to have a disproportionate impact on micro schemes.

---

[33] 19,658/22,237=0.88 (figures previously calculated above)

[34] 29,900 micro schemes/37,410 scheme [29,900 micro schemes, 1,280 DC trust schemes, 740 hybrid schemes, 5,500 DB schemes]=0.8 (figures from TPR DC trust stats: https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/dc-trust-presentation-of-scheme-return-data-2018-2019; and PPF purple book: https://www.ppf.co.uk/sites/default/files/file-2018-12/the_purple_book_web_dec_18.pdf)

44. Administration costs will arise each time a member wishes to transfer their pension pot to one of the specified destinations, of which it is estimated 278,077 per year. It is estimated only 0.3% of these member transfers are from a micro scheme[35]. This is not disproportionate to the industry as a whole where only 0.5% of members are in micro schemes[36]. Given the average number of 4 members in a Small Self-Administered micro scheme (SSAS)[37], it is anticipated up to around 250 schemes per year[38] will be subject to administration costs.

45. Certain employers will bear an impact of the legislation where they need to provide evidence of the employment link to facilitate the transfer. This will only apply to employers in a situation where an employee requests a statutory transfer, and therefore will not apply to all employers. There is no evidence regarding the destination of the transfer requests size of employer, and no information to suggest that a disproportionate number of member transfers will be moving to small employer's schemes. Therefore, there is not believed to be a disproportionate impact on small and micro businesses of the employment link criteria on employers.

Summary of total costs and benefits[39]

46. The total estimated cost for this measure in the first year is **around £5,761,000**, which is comprised of £477,000 in familiarisation costs, £1,704,000 in one-off administration costs, £3,712,000 in ongoing administration costs (£3,359,000 to providers, £352,000 to employer) and savings to business of £132,000.

47. Costs in each subsequent year would be **around £3,580,000**, with £3,712,000 in administration costs (as above) and savings to business of £132,000. Familiarisation costs and one-off administrative costs would not apply in subsequent years.

48. The costs and benefits to members have not been included in the final costs and benefits as they are outside the scope of the business impact target.

49. The estimated annual net direct cost to business (EANDCB) in any one year is **£3,200,000.**

[35] 1,000/278,077=0.003

[36] 86,000/16,819,000=0.005 (figures from TPR DC trust stats: https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/dc-trust-presentation-of-scheme-return-data-2018-2019)

[37] 87,000 members/19,658 schemes=4

[38] 1,000/4=250

[39] Figures may not line up exactly due to rounding

Table of Impacts

Costs				
Type	**Affected Party**	**Amount**	**In scope of EANDCB**	**Ongoing/ One- off**
Familiarisation	Provider	£477,000	Y	One- off
Administration	Provider	£1,704,000	Y	One-off
Administration	Provider	£3,359,000[40]	Y	Ongoing
	Employer	£352,000	Y	Ongoing
	Individuals	£1,715,000	N	Ongoing

Benefits				
Type	**Affected Party**	**Amount**	**In scope of EANDCB**	**Ongoing/ One-off**
Charges on retained pots	Provider	£132,000	Y	Ongoing
Retained pension pots	Individuals	£23,000,000	N	Ongoing

Total Costs		**Total Benefits**		**Total Impact**
Gross costs	£7,607,000	Gross benefits	£23,155,000	
Year 1	£5,892,000	Year 1	£132,000	**£5,761,000**
Subsequent years	£3,712,000	Subsequent years	£132,000	**£3,580,000**

EANDCB = £3,200,000 (Base year: 2018)

Sensitivity Analysis

50. There is uncertainty associated with the estimates, given the lack of available evidence. The most sensitive assumptions are those on the number of transfers, the scope of familiarisation, and amount of time required to perform the relevant administrative tasks.

Scope of familiarisation

51. The cost of familiarisation is a minor contribution towards costs in the first year of the policy. The main sensitivity around this is the number of schemes/providers who will need to undertake familiarisation. There is confidence in the figures for DC schemes, which were provided by TPR and are based on the annual scheme return data they collect[41]. However, with a lack of data available on the number of DB schemes who use a service provider (and

[40] (Establishing Employment Links: £606,000) + (Sending questionnaires to Certain Members: £1,054,000) + (Confirming returned questionnaires do not identify transfer as suspicious: £1,393,000) + (Informing certain members they must seek guidance: £164,000) + (Confirming Certain Members Have Sought Guidance: £125,000) + (Process Transfers into QROPs: £16,000) = £3,359,000 to the nearest £1000.

[41] Although scheme returns are provided to TPR each year, a scheme is only required to update their information every 3 years. Therefore, this data could potentially not reflect the current market, although as changes are not significant year on year is still a good indication of the market.

the overlaps between these service providers and those used by DC schemes) there is a considerable amount of uncertainty around the familiarisation scope. A conservative estimate has been made that all DB scheme using a service provider are already accounted for in terms of familiarisation. However, in a situation where none of them are already accounted for and they all self-administer, this would mean around all 5,500 DB private sector schemes would need to familiarise. This would increase the total cost of familiarisation for all schemes in year 1 from around £477,000 to around £994,000.

Time assumptions

52. The key time estimates used are the amount of time required for familiarisation; the time to produce a questionnaire to determine if the transfer appears suspicious, the time required to produce evidence of the employment link and QROPs, the time required for administrators to send out and read the returned questionnaire for transfers subject to additional due diligence and (in the event of transfers with amber flags) to instruct members to seek guidance and process the member-provided evidence that they have done so.

53. In practise the above tasks could take longer than has been assumed, in particular for members, which could vary significantly per individual. If, for example, a liberal estimate was taken that it took 25% longer for each of the above tasks, this would increase the total cost to £7,118,000 in year 1 and £4,393,000 in all subsequent years.

Number of transfers

54. The number of transfers is a key cost assumption. There are a number of caveats to this assumption that should be taken into account. Mainly, there is no data for the number of transfers into personal pension schemes, occupational DC and DB pension schemes and are therefore using transfers out of these pension schemes as a proxy, therefore the figure has potential to fluctuate. Transfers out of DB pension schemes between April 2017-March 2020 were estimated to be 147,333 on average per year. Transfers out of DC occupational pension schemes between January 2018-December 2020 were around 109,000 on average per year. It has been assumed there were 216,000 transfers in scope from DC personal pension schemes. This gives a total number of transfers of 472,333.

55. If it is assumed that this figure increased by 10%, then it is expected there would be 520,000 transfers per year. This would increase the total business cost of the measure to £6,132,000 in year 1 and £3,951,000 in all subsequent years. If a decrease of 10% was assumed, then it is expected there would be 425,000 transfers per year. This would decrease the total business cost of the measure to £5,389,000 in year 1 and £3,209,000 in all subsequent years.

Other Impacts

Equality

1. In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on these legislative proposals and has concluded that they would not have significant implications for equality of opportunity and considers that an Equality Impact Assessment is not necessary.

Environmental

2. There are no implications.

Rural proofing

3. There are no implications.

Health

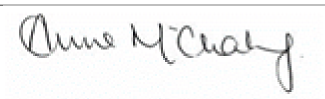
4. There are no implications.

Human rights

5. The Department considers that the regulations are compliant with the Human Rights Act 1998.

Competition

6. There are no implications.

Approved by:	 Anne McCleary Director of Social Security Policy, Legislation and Decision Making Services	**Date:**	4th November 2021

Contact point: Stuart Orr, Social Security Policy and Legislation,
Level 6, Causeway Exchange, 1–7 Bedford Street,
BELFAST BT2 7EG
E-mail: stuart.orr@communities-ni.gov.uk

Annex: Transfer Regulations Customer Journey