

Chapter 19

Pensions supplementary provisions

19.2 Personal pensions, FSAVCs and AVCs

Financial promotions

- 19.2.1 **G** A *financial promotion* for a *FSAVC* should contain a prominent warning that, as an alternative an *AVC* arrangement exists, and that details can be obtained from the scheme administrator (if that is the case).

Suitability

- 19.2.2 **R** When a *firm* prepares a *suitability report* it must:
- (1) (in the case of a *personal pension scheme*), explain why it considers the *personal pension scheme* to be at least as suitable as a *stakeholder pension scheme*;
 - (2) (in the case of a *personal pension scheme, stakeholder pension scheme or FSAVC*) explain why it considers the *personal pension scheme, stakeholder pension scheme or FSAVC* to be at least as suitable as any facility to make additional contributions to an *occupational pension scheme, group personal pension scheme or group stakeholder pension scheme* which is available to the *retail client*; and
 - (3) (in the case of a *pension transfer*, other than where the only *safeguarded benefit* involved is a *guaranteed annuity rate*, where the *proposed arrangement* is a *personal pension scheme, stakeholder pension scheme or defined contribution occupational pension scheme* that is not a *qualifying scheme*) explain why, at the time of the *personal recommendation*, it considers the *proposed arrangement* to be more suitable than the *default arrangement* of an available *qualifying scheme*.
- 19.2.3 **R** When a *firm* promotes a *personal pension scheme*, including a *group personal pension scheme*, to a group of *employees* it must:
- (1) be satisfied on reasonable grounds that the scheme is likely to be at least as suitable for the majority of the *employees* as a *stakeholder pension scheme*; and
 - (2) record why it thinks the promotion is justified.

Attachment (or earmarking) orders

- 19.2.4 **G** A *firm* should take into account the existence of any attachment (or earmarking) orders in respect of a *client's personal pension scheme* or *stakeholder pension scheme*.
- 19.2.5 **G**
- (1) An *operator* should ensure that it is aware of, and acts fully in accordance with, any attachment or earmarking orders made in respect of any members of that scheme by a court.
 - (2) In particular, an *operator* should be mindful of its obligations under an attachment order to give notices to other parties, including transferee *operators* and relevant former spouses, where relevant events occur, such as transfers and significant reductions in benefits.
 - (3) A *firm*, when advising a *client* in relation to a *personal pension scheme* or *stakeholder pension scheme*, or in relation to a *pension transfer* or *pension conversion*, should enquire as to whether an attachment order exists and take it into account accordingly.