

Pension Switching Report - Summary for Mrs Louise Clark-Scrimgeour

20 September 2024



H A R W O O D

FINANCIAL PLANNING

Recommendation

Pension switching

Analysis was undertaken on 20 September 2024 to investigate the benefits of switching your current pension solution to a new solution. A comparison was made between the features and charges.

The recommendation is to switch from your existing pension to a new solution as per the details below.

Pension switching summary

Switch from:

Provider	Parmenion Capital Partners LLP
Name	Pension Investment Account
Product Type	SIPP
Illustration Date	20/09/2024
Platform	None

To:

Provider	AJ Bell Investcentre
Name	AJ Bell Investcentre Retirement Investment Acc
Product Type	SIPP
Platform	Funds & Shares Service

The following notes were made to explain the recommendation:

to reduce charges

Comparison summary

The details below are intended to provide a like for like comparison of the value of your pension at retirement between your existing pension and the new solution. The retirement age used is 58.

The figures assume that you switch your existing funds and continue the same level of contributions into your new solution. The cost of any transfer penalties applied by the existing provider are included in the calculation by reducing the amount to be invested in the new solution. Values shown are in real terms which mean that they have been adjusted to take into account the effect of inflation.

	Existing pension	New solution
Product(s)	Parmenion Capital Partners LLP - Pension Investment Account	AJ Bell Investcentre - AJ Bell Investcentre Retirement Investment Acc
Platform	None	Funds & Shares Service

	Existing pension	New solution
Low growth rate – (-0.85%)		
Projected value at age 58	£21,000	£24,200
Reduction in yield	1.3%	0.5%
Critical yield	-	-1.6%
Effect of switching	-	£3,200 or 15.2% increase
Mid growth rate – (2.10%)		
Projected value at age 58	£37,800	£43,100
Reduction in yield^[1]	1.2%	0.5%
Critical yield^[2]	-	1.4%
Effect of switching^[3]	-	£5,300 or 14.0% increase
High growth rate – (5.04%)		
Projected value at age 58	£66,400	£75,200
Reduction in yield	1.2%	0.5%
Critical yield	-	4.4%
Effect of switching	-	£8,800 or 13.3% increase

[1] Reduction in Yield is the impact of product, platform and fund charges on the investment growth rate. For example, if the fund grows due to investment growth by 4% in a year and the reduction in yield is 2.5% the fund growth experienced will be 1.5%.

[2] Critical Yield is the growth rate required from the new solution to match the projected maturity value of the pension solution.

[3] Effect of switching is the change in the maturity value of the new solution assuming the fund experiences the same investment growth.

Pension Switching Report for Mrs Louise Clark-Scrimgeour

Ryan Woodhouse



H A R W O O D

F I N A N C I A L P L A N N I N G

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Existing pension

Parmenion Capital Partners LLP - Pension Investment Account

Illustration details

The following details were used to calculate the projected maturity values.

Provider	Parmenion Capital Partners LLP
Name	Pension Investment Account
Product Type	SIPP
Platform	None
Retirement age	58
Time to retirement	19 years and 5 months
Valuation:	£31,760.00
Transfer value	£31,760.00
Transfer penalty:	£0.00
Ongoing contributions	None
Contribution annual increase	N/A
Subject to an existing advice charge	No

Charges data

Parmenion

The annual charge is £86.40.

Investment charges

The following investment charges were used to calculate the projected maturity values:

Name	Ongoing charge	Allocation
various	0.97	100.00%

Projected maturity values

The following values were calculated based on the charges data entered and exclude the effect of any current advice charge. The growth rates and maturity values have been adjusted to take into account inflation.

	Growth rate ¹	Maturity value
Low growth rate	-0.85%	£21,000
Mid growth rate	2.10%	£37,800
High growth rate	5.04%	£66,400

[1] The maximum mid growth rate used by the pension provider is set by the Financial Conduct Authority (FCA). The low and high growth rates must be 3% lower and 3% higher respectively. The pension provider may choose to use lower growth rates. The annual inflation rate of 2.0% is set by the FCA and is used to reduce the expected growth rate to the values seen in this table.

Existing pension vs. New solution

Comparison summary

The details below are intended to provide a like for like comparison of the value of your pension at retirement between your existing pension and the new solution. The retirement age used is 58.

The figures assume that you switch your existing funds and continue the same level of contributions into your new solution. The cost of any transfer penalties applied by the existing providers are included in the calculation by reducing the amount to be invested in the new solution.

The analysis is based on switching the existing pension into a new solution before the effect of any advice charges.

	Existing pension	New solution
Product(s)	Parmenion Capital Partners LLP - Pension Investment Account	AJ Bell Investcentre - AJ Bell Investcentre Retirement Investment Acc
Platform	None	Funds & Shares Service

	Existing pension	New solution
Low growth rate – (-0.85%)		
Projected value at age 58	£21,000	£24,200
Reduction in yield	1.3%	0.5%
Critical yield	-	-1.6%
Effect of switching	-	£3,200 or 15.2% increase
Mid growth rate – (2.10%)		
Projected value at age 58	£37,800	£43,100
Reduction in yield^[1]	1.2%	0.5%
Critical yield^[2]	-	1.4%
Effect of switching^[3]	-	£5,300 or 14.0% increase
High growth rate – (5.04%)		
Projected value at age 58	£66,400	£75,200
Reduction in yield	1.2%	0.5%
Critical yield	-	4.4%
Effect of switching	-	£8,800 or 13.3% increase

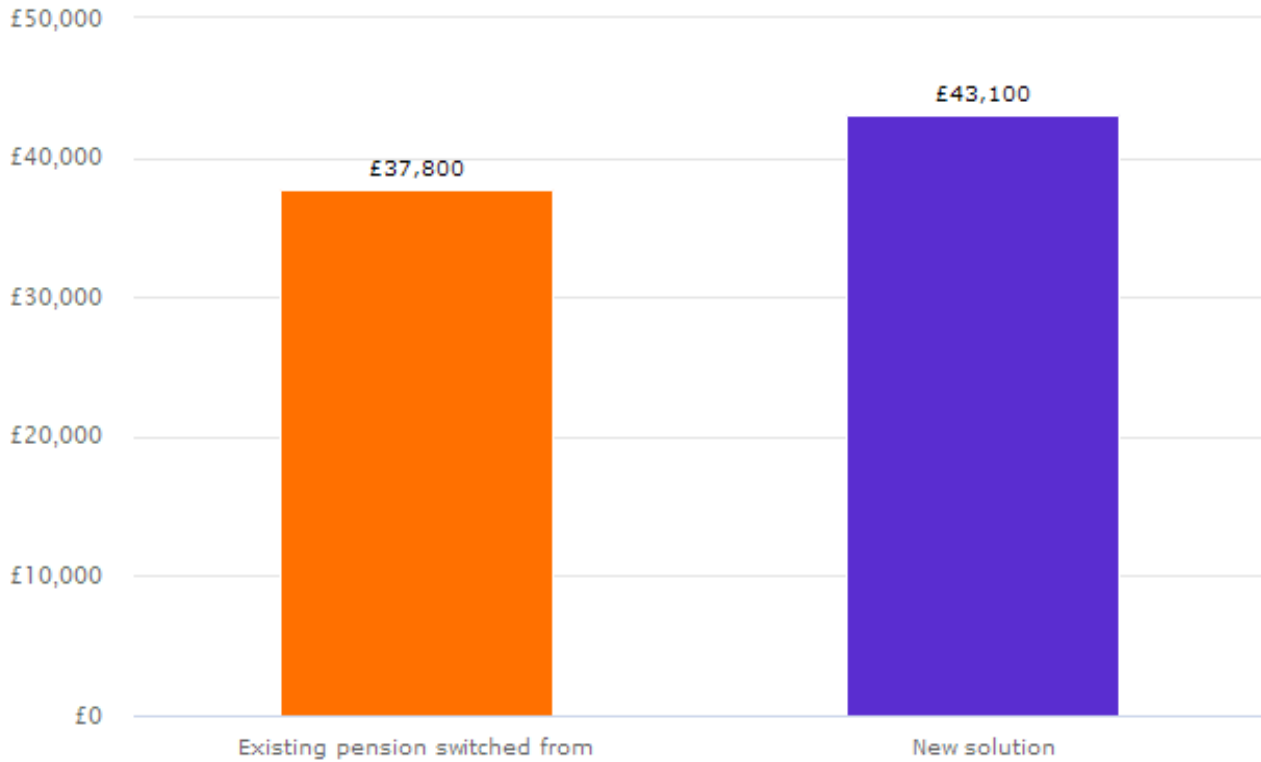
[1] Reduction in Yield is the impact of product, platform and fund charges on the investment growth rate. For example, if the fund grows due to investment growth by 4% in a year and the reduction in yield is 2.5% the fund growth experienced will be 1.5%.

[2] Critical Yield is the growth rate required from the new solution to match the projected maturity value of the existing pension.

[3] Effect of switching is the change in the maturity value of the new solution assuming the fund experiences the same investment growth.

The following graph is based on the existing pension and chosen new solution growing at the same rate, over the same term and the effect charges have on the maturity value.

Mid growth maturity value comparison



Benefits

The following is a list of benefits that will be lost when switching:

No benefits were listed for the existing products

The following notes were added regarding the existing benefits:

No existing safeguarded benefits.

The effect of advice charges

Initial adviser charge of £750.00 which is taken from the new solution, reducing the initial investment accordingly.

An ongoing annual adviser charge of 0.00% which has been considered as part of the new solution projections below.

The following comparison considers the effect of any adviser charges currently being paid on the existing pension being switched out of and the adviser charges that would become payable on the new solution.

	Existing pension	New solution
Low growth rate – (-0.85%)		
Projected value at age 58	£21,000	£23,700
Reduction in yield	1.3%	0.6%
Critical yield	-	-1.5%

Effect of switching	-	£2,700 or 12.9% increase
Mid growth rate – (2.10%)		
Projected value at age 58	£37,800	£42,100
Reduction in yield ^[1]	1.2%	0.7%
Critical yield ^[2]	-	1.6%
Effect of switching ^[3]	-	£4,300 or 11.4% increase
High growth rate – (5.04%)		
Projected value at age 58	£66,400	£73,400
Reduction in yield	1.2%	0.7%
Critical yield	-	4.5%
Effect of switching	-	£7,000 or 10.5% increase

[1] Reduction in Yield is the impact of product, platform and fund charges on the investment growth rate. For example, if the fund grows due to investment growth by 4% in a year and the reduction in yield is 2.5% the fund growth experienced will be 1.5%.

[2] Critical Yield is the growth rate required from the new solution to match the projected maturity value of the existing pension.

[3] Effect of switching is the change in the maturity value of the new solution assuming the fund experiences the same investment growth.

Immediate impact on the fund value following the switch

Any fees applied at the point of switching may reduce the capital value of the pension which will reduce any death benefit payable.


At the point of switching the fund values are as follows:

Existing pension:	£31,760.00
Initial adviser charge:	£750.00
New solution day one:	£31,010.00

This results in a shortfall in the death benefit immediately after the switch of £750.00

New solution investment details

The client's portfolio contains the following investments:

Investment	Provider	ISIN	Diamond rating ^[1]	Family diamond rating ^[1]	% Invested
Vanguard LifeStrategy 60% Equity Fund A Acc (GBP)	Vanguard Investments UK, Limited	GB00B3TYHH97			100.00

[1] Defaqto Diamond Rating

Diamond Ratings give managed funds an independent rating of 1 to 5 based on a detailed and well-structured scoring process allowing advisers and their clients to see where they sit in the market in terms of fund performance and competitiveness in other key areas such as cost, scale, access and manager longevity. 1 indicates the lowest rating across the characteristics and features while 5 is the highest.

Fund Diamond Ratings cover Multi Manager Funds across the 4 relevant IA sectors (Mixed 0 - 35 %, Mixed 20 - 60 %, Mixed 40 - 85 % and Flexible), Directly invested funds across the 4 relevant IA sectors (Mixed 0 - 35 %, Mixed 20 - 60 %, Mixed 40 - 85 % and Flexible) and Index Trackers.

Fund Family Diamond Ratings are split into Risk Targeted and Risk Focused 'universes', with the individual funds coming from the following IA sectors: Mixed 0 - 35 %, Mixed 20 - 60 %, Mixed 40 - 85 %, Flexible, Specialist and Unclassified.

Selecting the new solution

New solution charges comparison

From those solutions which were assessed as being suitable for your needs, a selection was made which included a comparison of all costs including Product, Platform and Fund charges.

The available solutions were ranked by Maturity Value along with a generic stakeholder pension and the existing pension. The top 10 results are shown below and are based on the medium growth rate projection to a retirement age of 58 which is a term of 19 years and 5 months.

Rank	Solution	RIY	Maturity value	Product DNA	Platform DNA
1	Product: Fundment - Personal Pension Platform: Fundment Platform	0.5%	£43,500		
2	New Solution	0.5%	£43,100		
3	Product: Mattioli Woods - The MW SIPP Platform: Aegon Retirement Choices (ARC)	0.5%	£43,100		
4	Product: Mattioli Woods - The MW SIPP Platform: Aegon Platform	0.6%	£42,700		
5	Product: Wealthtime - Self Invested Personal Pension Platform: Wealthtime Select Platform	0.6%	£42,700		
6	Product: abrdn - Wrap SIPP Platform: abrdn Wrap	0.6%	£42,700		
7	Product: Prudential - Prudential Retirement Account Platform: None	0.6%	£42,700		
8	Product: Nucleus - Nucleus Wrap Pension Account Platform: Nucleus Wrap	0.6%	£42,400		
9	Product: Mattioli Woods - The MW SIPP Platform: abrdn FundZone	0.6%	£42,400		
10	Product: M&G Wealth - M&G Wealth Pension Account Platform: M&G Wealth Platform	0.7%	£41,700		
46	Existing Solution	1.2%	£37,800		
60	Generic Stakeholder Pension	1.3%	£37,200		

Stakeholder pension

As part of the comparison a generic Stakeholder pension was considered against the other pension products in the market when selecting a new solution. They have a simple, capped charging structure. The following compares the generic stakeholder pension and the selected new solution.

	Existing Solution	Generic Stakeholder	New solution
Projected value at age 58 (Mid growth)	£37,800	£37,200	£43,100
Effect of switching^[1]	-	-£600 or -1.6% decrease	£5,300 or 14.0% increase
Reduction in yield^[2]	1.2%	1.3%	0.5%
Growth rate used for projection (Mid growth)	2.10%	2.10%	2.10%

[1] Effect of switching is the change in the maturity value from the existing pension assuming the fund experiences the same investment growth.

[2] Reduction in Yield is the impact of product, platform, fund and ongoing adviser charges on the growth rate. If the fund grows due to investment growth by 4% in a year and the reduction in yield is 2.5% the fund growth experienced will be 1.5%.

Alternative comparisons

The analysis is based on consolidating the existing pensions into a new solution before the effect of any advice charges.

The following notes were added regarding the alternative comparison:

n/a

Appendix

Existing pension portfolio details

Parmenion Capital Partners LLP - Pension Investment Account

Statistics

N/A	N/A	N/A
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[1] Annual Management Charge – the annual fee charge by the fund management company to cover costs directly associated with managing your fund. This will not include all costs associated with the fund.

[2] Ongoing Charge Figure – includes all regular recurring expenses of the fund, including the AMC, and hence provides a more complete picture of actual charges borne by the client. For example, other costs included are: custodian fees; audit fees; legal fees; marketing distribution; and any other recurring charges. Not included are any one-off or irregular charges, such as performance related fees and transaction costs.

Funds

Fund	Provider	ISIN	Diamond rating	Family diamond rating	% Invested
various	Parmenion Capital Partners LLP	N/A	N/A	N/A	100.00

The funds data used within Defaqto Engage is sourced from Morningstar UK.

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