Financial Conduct Authority

Consultation Paper

CP16/36**

Regulatory reporting: retirement income data

November 2016

Contents

We are asking for comments on this Consultation Paper by 24 February 2017.

You can send them to us using the form on our website at:
www.fca.org.uk/cp16-36-response-form.

Or in writing to:

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We have developed the policy in this consultation paper in the context of the existing UK and EU regulatory framework. We will keep the proposals under review to assess whether any amendments will be required due to changes in the UK regulatory framework, including as a result of any negotiations following the UK's vote to leave the EU.

We make all responses to formal consultation available for public inspection unless the respondent requests otherwise. We will not regard a standard confidentiality statement in an email message as a request for non-disclosure.

Despite this, we may be asked to disclose a confidential response under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Rights Tribunal.

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Abbreviations used in this paper

CP	Consultation Paper
DB	Defined Benefit
DC	Defined Contribution
FCA	Financial Conduct Authority
PCLS	Pension commencement lump sum
REP015	Retirement income flow data return
REP016	Retirement income stock and withdrawals flow data return
SUP	Supervision
UFPLS	Uncrystallised funds pension lump sum

1. Overview

Introduction

1.1 This Consultation Paper (CP) seeks views on our proposal to introduce two regulatory returns into Chapter 16 of the Supervision manual (SUP 16) to collect data about the retirement income market from providers of retirement income products.

1.2 This CP is focused on the collection of retirement income data. It does not cover the collection of pension data more broadly, for example, data about the accumulation phase of pension saving.

Who does this consultation affect?

1.3 This consultation will be directly relevant to providers of pensions, annuities and income drawdown.

1.4 This consultation will also be relevant to stakeholders with an interest in pensions and retirement issues, including:

- individuals and firms providing advice and information in this area
- distributors of financial products, in particular retirement income products
- asset management firms
- trade bodies representing financial services firms, and
- charities and other organisations with a particular interest in the ageing population and/or financial services more generally

Is this of interest to consumers?

1.5 The proposals set out in this CP relate to the information that we collect from certain regulated firms. This CP is unlikely to be of direct interest to consumers.

Context

1.6 Pensions, including retirement income, are a priority area of focus for the Financial Conduct Authority (FCA). This reflects the economic importance pensions play in ensuring individuals have an adequate income in retirement.

1.7 Since the introduction of the pension freedoms in April 2015 there have been a number of key market developments. The market is more fragmented with consumers accessing their savings through a wider range of products and options, and annuity sales are at lower levels than before the reforms. In response to these changes, firm business models are adapting in different ways, and we have made a number of changes to our regulatory requirements to ensure appropriate consumer protection, promote competition in the interests of consumers and ensure markets work well.

1.8 Data play an important role in how we supervise regulated firms. Against the backdrop of the fundamental changes in the retirement income market, data are even more important to help us advance our objectives. High quality data help us to identify emerging risks and use our supervisory resources most effectively. Data also inform our policy development and allow us to monitor the market. We ensure that the data we collect are actionable, integrated and fully accessible across the FCA to help us meet our objectives.

1.9 Since April 2015 and the introduction of the pension freedoms we have been collecting retirement income data from a representative sample of pension providers, originally on a quarterly basis. During this ad hoc collection we have refined both the data we collect and the supporting guidance for firms. We have also published market level data through our Data Bulletin series[1].

1.10 There is a continuing need (see paragraph 1.11 below) to collect data about the retirement income market. Therefore, building on our experience from the ad hoc data collection, we are now proposing to create two new regulatory returns to collect retirement income data and replace the current ad hoc return.

1.11 The proposals in this paper are designed to advance our operational objectives, in particular securing an appropriate degree of protection for consumers and promoting effective competition in the interest of consumers by collecting data that allow us to:

- monitor market trends and track consumer behaviour
- provide supervision with information about individual firms, including their market share of pensions and retirement income back book, how many retirement products firms are selling, to what types of consumer and through what channels
- target our regulatory interventions by identifying and monitoring risks to consumers in the retirement income market
- identify what products are growing quickly and may require greater attention
- track indicators, such as switching by consumers, to understand how competition is working in the market
- inform our business plan priorities around pensions

1 FCA, *Data Bulletin*,www.fca.org.uk/publication/data/data-bulletin-issue-7.pdf

Summary of our proposals

1.12 We are proposing to introduce two regulatory returns into SUP 16 to collect retirement income data:

- REP015 – Retirement income flow data[2] return (every six months)
- REP016 – Retirement income stock data[3] and withdrawals flow data return (annually)

1.13 Providers[4] of pensions, annuities and income drawdown will be requried to complete these two data items.

1.14 We propose to collect the following data in our drawdown, UFPLS (uncrystallised funds pension lump sum) and annuities flow data return (REP015) for the six month reporting period:

- number of transfers between providers over the period
- value of assets from plans entering drawdown
- number of plan holders who entered drawdown over the period
- number of annuities sold over the period
- how different distribution channels are used
- use of advice and Pension Wise

1.15 We are also proposing to collect retirement income stock data and withdrawals flow data annually (REP016), including:

- number of annuity contracts in payment
- value of assets under administration
- value of withdrawals over the period
- annual rate of withdrawal by pot size and age bands
- use of advice for withdrawals

1.16 We propose to introduce these provisions from 30 September 2018. The first reporting period for REP015 will cover the six months from 1 April 2018 to 30 September 2018; REP016 will cover the 12 months from 1 April 2018 to 31 March 2019.

2 Data accumulated during the reporting period.
3 Data measured at the end of the reporting period.
4 This excludes incoming firms.

Equality and diversity considerations

1.17 Under the Equality Act 2010 we are required to have due regard to the need to eliminate discrimination and to promote equality of opportunity in carrying out our policies, services and functions.

1.18 We have considered the equality and diversity issues that may arise from the proposals in this CP and do not think they give rise to any concerns.

1.19 We will continue to consider the equality and diversity implications of the proposals during the consultation period, and will revisit them when publishing the final rules.

1.20 We would welcome comments from interested parties.

Next steps

What do you need to do next?

1.21 We want to know what you think about the proposals in this paper. Please send us your comments by 24 February 2017 by using the online response form on our website or the address on page 2 of this paper.

What will we do?

1.22 We will consider your feedback and publish our rules in a Policy Statement in Spring 2017.

2.
Retirement income data regulatory return

2.1 This chapter outlines the scope of the data collection and the data we are proposing to collect in our two data items. These two returns focus on different aspects of the retirement income market and will be discussed in turn below. The proposed Handbook amendments are set out in Appendix 1.

2.2 We are introducing these two data items into SUP 16. Firms will also need to comply with the complete and accurate reporting provisions in SUP 16.3.11 and SUP 16.3.12. This requires firms to submit the data items containing all the required information and that the reported information is accurate.

Scope of REP015 and REP016

2.3 We propose to collect retirement income data from providers of pensions, annuities[5] and income drawdown.

2.4 The regulatory returns (REP015 and REP016) cover data on all UK Defined Contribution (DC) personal and stakeholder pension arrangements and DC occupational pension schemes where the firm is the pension scheme provider and/or the retirement income provider. Defined Benefit (DB) pension schemes and pension assets managed on behalf of third parties are excluded from the scope of the regulatory returns, for example, trustee investment plans and pension investment plans.

2.5 Firms should complete the regulatory returns at group level, providing information for all 'FCA regulated legal entities' within the group who have provided annuities in the relevant reporting period and/or are pension scheme operators. We appreciate this will involve aggregating various sources of management information into a group level figure; however, we feel this is the best method to provide a basis for trend analysis across the market.

2.6

Q1: Do you agree with the proposed scope of REP015 and REP016? If not, what amendments would you suggest?

REP015 – Retirement income flow data return

2.7 We are proposing to collect annuity, drawdown, UFPLS and full encashment flow data on a six monthly basis to:

5 A change to the glossary definition of pension annuity is being consulted on in CP16/37.

- monitor how the pension freedoms and other reforms are impacting the retirement income market and changing firm and consumer behaviour, including as part of remedy 5 of our Retirement Income Market Study[6]
- monitor risks relating to sales of different products and product features, and of different consumer actions, such as full encashment
- inform supervision of individual firms by understanding how many retirement products they are selling, to what types of consumer and through what channels – and how this compares to other firms in the market

2.8 The proposed six monthly data item is set out in Appendix 1 and is summarised below.

1. The number of plan holders aged 55 and over:
   - **a.** who have yet to access benefits and who transferred to another provider
   - **b.** with crystallised or partially crystallised benefits (i.e. already in drawdown), or who have taken any UFPLS payments, who transferred to another provider
2. The number of DB to DC transfers completed.
3. The number of DC plan holders who have only taken a pension commencement lump sum (PCLS) and no income, and the total amount withdrawn through a PCLS.
4. The total amount withdrawn via a PCLS for plan holders who took a PCLS and then an income through drawdown or annuity.
5. The total number of plan holders who have fully encashed their pension through a small pot lump sum, UFPLS or drawdown and the total amount that has been fully encashed.
6. For new entrants to drawdown (who do not fully exhaust their pension pot):
   - **a.** the total value of assets from plans entering drawdown in the reporting period
   - **b.** the number of drawdown plans entered into by age bands and pot size bands
   - **c.** the distribution channel used, split by pot size
   - **d.** the total number of drawdown plans entered into of which the number that were advised and, for those not advised, the number that sought guidance from Pension Wise split by pot size bands
   - **e.** whether the drawdown arrangement includes a packaged product option – for example, a capital guarantee for part or all of the assets, income guarantee for part or all of the assets, or both capital and income guarantee for part or all of the assets

6 Remedy 5 - monitoring by the FCA to track market developments and consumer behaviour and outcomes, as well as the take up by consumers of the Pension Wise service. See FCA, *MS14/3.3: Retirement income market study: Final report – confirmed findings and remedies*, https://www.fca.org.uk/publication/market-studies/ms14-03-3.pdf

7. For plan holders who used UFPLS but did not exhaust their pot:
   a. the total value of assets for plans accessed for the first time by taking an UFPLS
   b. the number of plan holders who took partial UFPLS payments by age bands and pot size bands
   c. the total number of plan holders who took partial UFPLS payments of which the number who were advised and, for those not advised, the number who sought guidance from Pension Wise, by pot size bands
8. For plan holders who purchased an annuity:
   a. the total value of annuities sold during the reporting period
   b. the number of annuities sold by age band and pot size
   c. the distribution channel used, split by pot size bands
   d. the total number of annuities purchased of which the number who were advised and, for those not advised, the number who sought guidance from Pension Wise, split by pot size bands
   e. the type of annuity purchased
9. For plan holders who fully encashed their pension pot through small pot lump sums, UFPLS, or drawdown, and who entered drawdown or received their first UFPLS payment:
   a. the total value of the full encashment of plan holders who have accessed their pot for the first time during the reporting period
   b. the number of full encashments by age bands and pot size bands
   c. the total number of full encashment of which the number that were advised and, for those not advised, the number that sought guidance from Pension Wise, by pot size bands

2.8 We propose to introduce this data item from 30 September 2018. Firms' first reporting period for REP015 will cover the six months from 1 April 2018 to 30 September 2018. We propose that the due date for REP015 is 30 business days after the end of the reporting period.

Q2: Do you agree with the data that we propose to collect in REP015? If not, what amendments would you suggest?

REP016 – Retirement income stock data and withdrawals flow data return

2.9 We are proposing to collect retirement income stock data and withdrawals flow data annually. These stock data give us a snapshot of the market as at the end of the reporting period. We use these data to:

- inform supervision of individual firms by understanding market share of pensions and retirement income back book
- monitor development of specific consumer risks, such as the number of DB transfers and pension policies with guarantees
- identify trends in the market over time

2.10 The proposed annual data item is set out in Appendix 1, with the data we propose to collect summarised below.

1. Uncrystallised stock data:
   a. the number of DC pension plan holders in accumulation who are over 55 years old and have not made a withdrawal from their pension pot
   b. the number of DC pension plan holders in accumulation who are over 55 years old and have taken a lump sum payment via UFPLS
   c. the number of DC pension plan holders in accumulation who are under 55 years old
   d. the number of plans solely in accumulation and have a guaranteed benefit
   e. the total amount of assets under administration in DC accumulation
2. Partially crystallised stock data:
   a. the number of DC pension plan holders over 55 years old and who have partially crystallised their pension pot
3. Crystallised stock data:
   a. the number of drawdown plan holders who have crystallised 100% of their pension pot
   b. the number of drawdown plan holders who took a PCLS but have not taken an income
   c. the total amount of assets under administration in DC decumulation
4. Payments from annuities, drawdown and UFPLS:
   a. the total number of annuities currently in payment
   b. the total income paid on annuities in payment in the reporting period
   c. the total number of plans where the plan holder made regular withdrawals by drawdown or UFPLS
   d. the total number of plans where the plan holder made ad hoc partial withdrawals by drawdown or UFPLS
5. Regular withdrawals by pension pot size and age band and the annual rate of withdrawal.
6. Ad hoc withdrawals by the total amount of partial withdrawals and the total number of plan holders making ad hoc withdrawals and pot size band.

2.11 We propose to introduce this data item from 30 September 2018. As such, firms' first reporting period for REP016 will cover the 12 months from 1 April 2018 to 31 March 2019. We propose that the due date for REP016 is 30 business days after the end of the reporting period.

Q3: Do you agree with the data that we propose to collect in REP016? If not, what amendments would you suggest?

Guidance for completing the regulatory returns

2.12 We propose to introduce guidance notes to help firms complete these data items. The draft guidance notes in Appendix 1 have been refined and clarified as part of the ad hoc collection.

Q4: Will the proposed guidance notes assist you in completing REP015 and REP016? If not, what amendments would you suggest?

Annex 1
List of questions

Q1: Do you agree with the proposed scope of REP015 and REP016? If not, what amendments would you suggest?

Q2: Do you agree with the data that we propose to collect in REP015? If not, what amendments would you suggest?

Q3: Do you agree with the data that we propose to collect in REP016? If not, what amendments would you suggest?

Q4: Will the proposed guidance notes assist you in completing REP015 and REP016? If not, what amendments would you suggest?

Q5: Do you have any comments on our cost benefit analysis?

Annex 2
Cost benefit analysis

1. Section 138I of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis (CBA) unless, in accordance with section 138L, we believe that there will be no increase in costs or that the increase will be of minimal significance. Section 138I also requires us to publish an estimate of costs and benefits unless they cannot be reasonably estimated or it is not reasonably practicable to estimate them.

2. We are proposing to introduce two regulatory returns into SUP 16 to collect retirement income data. Providers of pensions, annuities and income drawdown will be required to complete two new data items:

   - REP015 – Retirement income flow data (every six months)
   - REP016 – Retirement income stock and withdrawals flow data (annually)

   See Chapter 2 for more details about these proposals.

3. Our approach to the CBA considers the following incremental impacts of our proposals:

   - the direct costs to us
   - the compliance costs to firms
   - the market impacts, and
   - the benefits

Direct costs to the FCA

4. Our direct costs will arise from developing and maintaining the reporting systems required by our proposals. There will also be costs in monitoring the data.

5. We estimate that it will cost us approximately £500,000 to set up our reporting systems so firms can accurately report the requested data. We expect that the cost of monitoring the data will be managed within our existing resources.

Compliance costs to firms

6. Under our proposals approximately 180 firms will be required to report data to us. Our requirements are likely to increase compliance costs for the firms. There may be both initial set

up costs and ongoing costs associated with the requirements. The costs to firms are likely to vary according to factors such as a firm's size and the systems they use.

7. As part of the current ad hoc data collection, we issued a survey to the 56 firms[7] that already complete this data request to inform our estimates of the costs to industry. We received responses from 39 firms, although 5 did not provide any information because of the difficulty in estimating the costs. We received responses from 16 large firms, 10 medium firms and 8 small firms. We believe this sample is broadly representative of the market. However, we are aware that their responses might underestimate the initial costs for firms that have not reported these data to us previously. We have therefore adjusted our estimates of the initial costs for those firms that will report the requested data for the first time to account for the additional cost of familiarising themselves with the requirements.

8. Using the responses we received from the survey, we estimate that the costs to firms under our proposals to be:

Firm size	Initial set up cost (per firm)	Ongoing annual cost (per firm)
Small (not currently reporting)	£5,000 to £10,000	£2,000 to £4,000
Small (currently reporting)	£3,000 to £6,000	
Medium	£5,000 to £10,000	£5,000 to £10,000
Large	£15,000 to £25,000	£10,000 to £20,000
Total cost to industry	£600,000 to £1,200,000	£500,000 to £900,000

9. These figures are based on a wide range of responses received from firms which can make it difficult to calculate reliable estimates. Where possible, we have tried to take an estimate that is representative of the majority of the responses, however, we understand that some firms may have higher (or lower) costs than the estimates used in this CBA.

Market impacts

10. We do not expect our changes will impact the market. In particular, we do not expect that the proposals will affect the number of firms providing retirement income products or their incentives to compete with each other for customers because the costs of complying with our proposed provisions is relatively minor compared to the size of the firms.

Benefits

11. We expect the introduction of our regulatory returns to provide benefits by contributing to our consumer protection and competition objectives. We have been collecting these data since 2015 and have already experienced benefits by increasing our understanding of the risks and emerging trends in the market.

12. For example, we have used data from the ad hoc data collection to understand how the market

7 Our sample included all medium and large firms and one in five small firms.

has developed since the introduction of the pension freedoms. These data allow us to undertake peer comparisons and see which firms are operating in the sector. We have also used the data to understand the size of various sectors and identify which firms have significant market share. These data also allow us to monitor the growth of different products and consumer behaviour. We have published some of our findings in our Data Bulletin publications.

13. We have also used these data to identify switching rates in the retirement income market as a part of our Retirement Outcomes Review. This can help inform our view as to whether the market is competitive and identify potential market failures. Ensuring the retirement income market is competitive will also benefit consumer outcomes. Monitoring switching rates can help us see whether consumers are moving between providers as they enter decumulation. Failure to switch to an appropriate product may lower the amount of income available to consumers in their retirement.

14. It is not reasonably practical to accurately estimate the size of the benefits to consumer outcomes as a result of the collection of these data. However, the size and number of consumers in the market support the need to ensure we supervise developments effectively. The value of assets under administration in drawdown in our sample was £77.2 billion at March 2016 (we estimate that our sample covers 95% of DC contract-based pension scheme assets in the market). Over the three months to March 2016, nearly 127,000 pension pots were accessed by consumers for the first time to either take an income or withdraw their money as cash. That includes nearly 19,000 annuities purchases and over 42,000 pots moving into drawdown in the period[8]. Given the size of the market, the social benefits of it functioning well are potentially huge.

Q5: Do you have any comments on our cost benefit analysis?

8 FCA, *Data Bulletin*, www.fca.org.uk/publication/data/data-bulletin-issue-7.pdf.

Annex 3
Compatibility statement

1. This Annex records the FCA's compliance with a number of legal requirements applicable to the proposals in our consultation, including an explanation of our reasons for concluding that our proposals are compatible with certain requirements under the Financial Services and Markets Act 2000 (FSMA).

2. When consulting on new rules, the FCA is required by section 138I(2)(d) FSMA to report why we believe making the proposed rules is (a) compatible with our general duty under s. 1B(1) FSMA, so far as reasonably possible, to act in a way which is compatible with our strategic objective and advances one or more of our operational objectives, and (b) our general duty under s. 1B(5)(a) FSMA to have regard to the regulatory principles in s. 3B FSMA. We are also required by s. 138K(2) FSMA to state our opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.

3. This Annex also sets out our view of how the proposed rules are compatible with our duty to discharge our general functions (which include rule-making) in a way which promotes effective competition in the interests of consumers (s. 1B(4)). This duty applies in so far as promoting competition is compatible with advancing our consumer protection and/or integrity objectives.

4. Finally, this Annex includes our assessment of the equality and diversity implications of our proposals.

5. Under the Legislative and Regulatory Reform Act 2006 (LRRA) we are subject to requirements to have regard to a number of high-level 'Principles' in the exercise of some of our regulatory functions and to a 'Regulators' Code' when determining general policies and principles and giving general guidance (but not when exercising other legislative functions like making rules). This Annex sets out how we have complied with requirements under the LRRA.

The FCA's objectives and regulatory principles: compatibility statement

6. The policy proposals and draft rules in this CP are intended primarily to advance our operational objective of securing appropriate levels of consumer protection by helping to ensure we have appropriate data to supervise the retirement income market.

7. These proposals also advance our competition objective because these data, combined with other data such as that collected by consumer surveys, contribute to our overall understanding of how competition is evolving in the market and help us to identify emerging risks to effective competition.

8. We consider our proposals to be compatible with our strategic objective of ensuring that the relevant markets function well.

9. Further information about how our proposals have regard to the regulatory principles in section 3B of FSMA is set out below.

The need to use our resources in the most efficient and economic way

10. Our proposals should make our supervision function more efficient because the data we will collect will enable us to target our resources based on market trends and risks identified from the analysis of the data.

The principle that a burden or restriction should be proportionate to the benefits

11. The proportionality of our approach is addressed in the CBA in Annex 2.

The desirability of sustainable growth in the economy of the United Kingdom (UK) in the medium or long term

12. We do not expect our proposals to have a material impact on economic growth in the UK.

The general principle that consumers should take responsibility for their decisions

13. Our proposals do not alter the principle that consumers should take responsibility for their decisions.

The responsibilities of the senior management of persons subject to requirements imposed by or under FSMA, including those affecting customers in relation to compliance with those requirements

14. We do not anticipate any impact on senior management requirements as a result of our proposals.

The desirability, where appropriate, of the FCA exercising its functions in a way that recognises differences in the nature and objectives of the businesses it regulates

15. We have had regard to this principle and do not believe our proposals undermine it.

The desirability of publishing information relating to persons subject to requirements imposed under FSMA, or requiring them to publish information

16. We have had regard to this principle and do not believe our proposals undermine it.

The principle that we should exercise our functions as transparently as possible

17. We consider that moving the ad hoc data collection into a regulatory return will give firms certainty regarding our reporting requirements and, as part of the consultation process, give the industry and other stakeholders the opportunity to comment on the data we collect and the method of collection.

18. When we developed our proposals set out in this CP, we engaged with industry regarding the potential cost implications and this is reflected in our CBA.

Expected effect on mutual societies

19. We do not expect the proposals in this paper to have a significantly different impact on mutual societies than on other authorised persons or present them with any more or less of a burden than other authorised persons.

Compatibility with the duty to promote effective competition in the interests of consumers

20. In preparing the proposals as set out in this consultation, we have had regard to our duty to promote effective competition in the interests of consumers.

Equality and diversity

21. We are required under the Equality Act 2010 to 'have due regard' to the need to eliminate discrimination and to promote equality of opportunity in carrying out our policies, services and functions. As part of this, we conduct an equality impact assessment to ensure that the equality and diversity implications of any new policy proposals were considered.

22. The outcome of the assessment in this case is stated in paragraphs 1.17-1.20 above.

Legislative and Regulatory Reform Act 2006 (LRRA)

23. We have had regard to the principles in the LRRA for the parts of our proposals that consist of general policies, principles or guidance. We have engaged with firms during the ad hoc collection and have refined both the data we are proposing to collect and the guidance notes. We consider the proposals in this CP are proportionate and will advance our operational objectives, in particular securing an appropriate degree of consumer protection and promoting effective competition in the interests of consumers. Firms also have a chance to comment on our proposals through engagement in this consultation process and once our final rules are published firms will be given certainty about the retirement income reporting requirements.

Appendix 1
Draft Handbook text

RETIREMENT INCOME DATA (REGULATORY RETURN) INSTRUMENT 2017

Powers exercised

A. The Financial Conduct Authority makes this instrument in the exercise of the powers and related provisions in or under:

(1) the following sections of the Financial Services and Markets Act 2000 ("the Act"):

(a) section 137A (The FCA's general rules);
(b) section 137T (General supplementary powers); and
(c) section 139A (Power of the FCA to give guidance); and

(2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.

B. The rule-making provisions listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on 30 September 2018.

Amendments to the Handbook

D. The Supervision manual (SUP) is amended in accordance with the Annex to this instrument.

Notes

E. In the Annex to this instrument, the "notes" (indicated by "**Note:**") are included for the convenience of readers but do not form part of the legislative text.

Citation

F. This instrument may be cited as the Retirement Income Data (Regulatory Return) Instrument 2017.

By order of the Board
[*date*]

Annex

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

16 Reporting requirements

16.1 Application

…

16.1.3 R Application of different sections of SUP 16 (excluding SUP 16.13, SUP 16.16, SUP 16.17 and SUP 16.22)

…

(1) Section (s)	(2) Categories of firm to which section applies	(3) Applicable rules and guidance
…		
SUP 16.20	An *IFPRU 730k firm* and a *qualifying parent undertaking* that is required to send a *recovery plan*, a *group recovery plan*, or information for a *resolution plan* to the *FCA*.	Entire Section
SUP 16.23	A *firm* subject to the *Money Laundering Regulations* and within scope of *SUP* 16.23.1R	Entire Section
SUP 16.24	*A firm* (other than an *incoming firm*) with *permission* to *establish, operate or wind up* a *personal pension scheme* or a *stakeholder pension scheme*	Entire Section
SUP 16.24	An *insurer* (other than an *incoming firm*) which has provided *pension annuities* within the reporting period as specified in *SUP* 16.24.3R	Entire Section
…		
Note 2 = The application of *SUP* 16.13 is set out under *SUP* 16.13.1G; the application of *SUP* 16.15 is set out under *SUP* 16.15.1G; the application of *SUP* 16.16 is set out *SUP* 16.16.1R and *SUP* 16.16.2R and the application of *SUP* 16.17 is set out in *SUP* 16.17.3R and *SUP* 16.17.4R.		

Note 3 = The application of *SUP* 16.18 for the types of *AIFMs* specified in *SUP* 16.1.1CG is set out in *SUP* 16.18.2G.

…

16.3 General provisions on reporting

…

Structure of the chapter

16.3.2 G This chapter has been split into the following sections, covering:

…

(17) reporting under the *Payment Accounts Regulations* (*SUP* 16.22); ~~and~~

(18) annual financial crime reporting (*SUP* 16.23); and

(19) retirement income data reporting (*SUP* 16.24).

After SUP 16.23 (Annual Financial Crime Report) insert the following new section. The text is new and is not underlined.

16.24 Retirement income data reporting

Application

16.24.1 R This section applies to:

(1) a *firm* (other than an *incoming firm*) with *permission* to *establish, operate or wind up* a *personal pension scheme* or a *stakeholder pension scheme*; and

(2) an *insurer* (other than an *incoming firm*) which has provided *pension annuities* within the relevant reporting period as specified in this section.

Reporting requirement

16.24.2 R A *firm* to which this section applies must submit to the *FCA* the duly completed returns as set out in the table in *SUP* 16.24.3R below.

16.24.3 R

Description of *data item*	*Data item* (note 1)	Reporting frequency	Due date
Retirement income flow data return	REP015 (Note 1)	Half-yearly (Note 2)	30 *business days* (Note 3)

Retirement income stock data and withdrawals flow data return	REP016 (Note 1)	Annually (Note 2)	30 *business days* (Note 3)
Note 1	When submitting the completed returns required, the *firm* must use the format of the returns set out in *SUP* 16 Annex 43AR. Guidance notes for completion of REP015 and REP016 are contained in *SUP* 16 Annex 43BG.		
Note 2	Reporting frequencies are calculated from 1 April each calendar year.		
Note 3	The due dates are the last day of the periods given in the table above following the relevant reporting frequency period.		

…

After SUP 16 Annex 42C (Guidance Notes: Geographical breakdown for section 2 of SUP 16 Annex 42AR) insert the following new Annexes. The text is new and is not underlined.

16 Annex 43AR **Forms REP015 and REP016**

REP015 - Retirement income flow data

NIL RETURN

		A
1	Do you wish to declare a nil return?	

GROUP REPORTING

2	Does the data reported in this return cover information relating to more than one entity? *(NB: You should always answer "No" if your firm is not part of a group)*	
3	If 'Yes' then list the firm reference numbers (FRNs) of all of the additional entities included in this return. Use the 'add' button to add additional FRNs	

NOTIFICATION

For each individual that is subject to a notification under this form, please provide the details requested below, in so far as applicable.

Part 1 - Activity during the reporting period

		A
4	How many plans were transferred away to another provider by plan holders aged 55 and over who had not yet accessed their benefits?	
5	How many plans were transferred away to another provider by plan holders aged 55 and over who had already accessed their benefits (by crystallising some or all of their assets or taking an uncrystallised funds pension lump sum (UFPLS))?	
6	How many defined benefit (DB) to defined contribution (DC) transfers have you completed?	
7	How many plans had a Pension Commencement Lump Sum (PCLS) taken during this period but no income was withdrawn in the same period?	
8	What was the total value withdrawn via PCLS for the plans reported in question 7? (£)	
9	For all plans where both a PCLS and an income via drawdown or annuity was taken, what was the total value withdrawn via PCLS? (£)	
10	How many plans were fully encashed via small pot lump sums, UFPLS or drawdown?	
11	What was the total amount withdrawn this period from the fully encashed plans reported in question 10? (£)	

Part 2 - Breakdown of activity by plan holders accessing their pension plans during the reporting period

Value of assets under administration in plans accessed during the reporting period

12	What was the total value of assets under administration (AUA) of plans that entered drawdown? Value should be after any PCLS but before any income withdrawn. (£)	
13	What was the total value of AUA for plans that were used to purchase annuities? Value should be after any PCLSs but before annuity purchase. (£)	
14	What was the total value of AUA for plans that were accessed for the first time by taking a a partial UFPLS? Value should be before any partial UFPLS withdrawals. (£)	
15	What was the total value withdrawn from plans that were fully encashed via small pot lump sums, UFPLS and drawdown? Value should be gross i.e. include both tax free and taxable portions. (£)	

Plan holders that entered drawdown during the reporting period but did not fully exhaust their plan

		A	B	C	D	E	F
		Less than £10,000	£10,000 - £29,999	£30,000 - £49,999	£50,000 - £99,999	£100,000 - £249,999	£250,000 and above
16	How many plans in total entered drawdown during the reporting period by crystallised pot size?						
	Number of plans by plan holder age band and crystallised pot size:						
17	Under 55						
18	55 - 64						
19	65 - 74						
20	75 - 84						
21	85+						
	Number of plans by distribution channel and crystallised pot size:						
22	Existing plan holders						
23	New plan holders via single firm third party arrangement						
24	New plan holders via multi firm third party arrangements (e.g. panel arrangements)						
25	New plan holders (i.e. transfers in not from third party arrangements)						
	Number of plans by use of advice and crystallised pot size:						
26	Number that were advised						
27	Number that were not advised and took up Pension Wise						
	Number of plans by packaged product options and crystallised pot size:						
28	Capital guarantee for part or all of assets (e.g. fixed term annuities)						
29	Income guarantee for part or all of assets (e.g. variable annuities, retirement accounts)						
30	Both capital and income guarantee for part or all of assets (e.g. variable annuities, retirement accounts)						

Pension annuities purchased during the reporting period

		A	B	C	D	E	F
		Less than £10,000	£10,000 - £29,999	£30,000 - £49,999	£50,000 - £99,999	£100,000 - £249,999	£250,000 and above
31	How many pension annuities were purchased during the reporting period by pot size?						
	Number of pension annuities by plan holder age band and pot size:						
32	Under 55						
33	55 - 64						
34	65 - 74						
35	75 - 84						
36	85+						
	Number of pension annuities purchases by distribution channel and pot size:						
37	Existing plan holders						
38	New plan holders via single firm third party arrangement						
39	New plan holders via multi firm third party arrangements (e.g. panel arrangements)						
40	New plan holders (i.e. transfers in not from third party arrangements)						
	Number of pension annuities by use of advice and pot size:						
41	Number that were advised						
42	Number that were not advised and took up Pension Wise						
	Number of pension annuities by product types / options and pot size:						
43	Enhanced annuities						
44	Annuities with 1-10 year guarantee periods						
45	Annuities with >10 years guarantee periods						
46	Unit linked investment annuities						
47	With profits linked investment annuities						
48	Value protection annuities						
49	Deferred annuities						
50	Single life annuities (Male, Female & Unis)						
51	Joint life annuities						
52	Level only annuities						
53	Escalating annuities						
54	Flexible annuities (e.g. post April 15 changing shape, cash out etc.)						

Plan holders who accessed their plan for the first time by taking a partial UFPLS payment

		A	B	C	D	E	F
		Less than £10,000	£10,000 - £29,999	£30,000 - £49,999	£50,000 - £99,999	£100,000 - £249,999	£250,000 and above
55	How many plans were accessed by plan holders for the first time by taking partial UFPLS payments during the reporting period by uncrystallised pot size?						
	Number of plans by plan holder age band and uncrystallised pot size:						
56	55 - 64						
57	65 - 74						
58	75 - 84						
59	85+						
	Number of plans by use of advice and uncrystallised pot size:						
60	Number that were advised						
61	Number that were not advised and took up Pension Wise						

Full encashments made by plan holders who accessed their plans for first time

		A	B	C	D	E	F
		Less than £10,000	£10,000 - £29,999	£30,000 - £49,999	£50,000 - £99,999	£100,000 - £249,999	£250,000 and above
62	What was the total number of full encashments by plan holders who accessed their plan for first time (via small pot lump sums, UFPLS or drawdown) by pot size?						
	Number of full encashments by plan holder age band and pot size:						
63	Under 55						
64	55 - 64						
65	65 - 74						
66	75 - 84						
67	85+						
	Of which, number of full encashments by use of advice and pot size:						
68	Number that were advised						
69	Number that were not advised and took up Pension Wise						

		A
70	Please provide any comments about the answers provided in this return.	

REP016 - Retirement income stock and withdrawals flow data

NIL RETURN

		A
1	Do you wish to declare a nil return?	

GROUP REPORTING

2	Does the data reported in this return cover information relating to more than one entity? *(NB: You should always answer "No" if your firm is not part of a group)*	
3	If 'Yes' then list the firm reference numbers (FRNs) of all of the additional entities included in this return. Use the 'add' button to add additional FRNs	

NOTIFICATION

Please provide the details requested below, in so far as applicable.

Part 1 - Retirement income stock data

		A	B
	Uncrystallised stock data	Contract	Trust
4	How many defined contribution (DC) pension plans do you have in accumulation where the plan holder is aged 55 or over and has not accessed their pension?		
5	How many DC pension plans do you have with only uncrystallised assets where the plan holder is aged 55 or over and has at any time taken a lump sum payment via uncrystallised funds pension lump sum (UFPLS) ?		
6	How many DC pension plans do you have in accumulation where the plan holder is aged under 55 years old?		
7	How many DC pension plans do you have which are still solely in accumulation (uncrystallised) and have a guaranteed income benefit such as a guaranteed annuity rate (GAR), deferred annuity option, or guaranteed minimum pension (GMP)?		
8	What is your total value of assets under administration (AUA) in DC accumulation? (£)		
	Partially crystallised stock data		
9	How many DC pension plan holders do you have over 55 years old and have partly crystallised their pension plan (e.g. phased or drip feed drawdown)?		
	Crystallised stock data		
10	How many drawdown (capped and flexi) plans do you have where 100% of the funds are crystallised?		
11	How many drawdown plans do you have where a PCLS has been paid but no income has ever been taken?		
12	What is the total value of AUA in DC decumulation (i.e. crystallised in drawdown)? (£)		

	Payments from annuities, drawdown and UFPLS	
13	In total how many annuities do you currently have in payment?	
14	What was the total income paid on all your annuities in payment during the reporting period? (£)	
15	What is the total number of plans where the plan holder made regular withdrawals by drawdown or UFPLS?	
16	What is the total number of plans where the plan holder made ad hoc partial withdrawals by drawdown or UFPLS?	

Part 2 - Withdrawals flow data

REGULAR WITHDRAWALS - Plan holders that have a regular UFPLS or drawdown payment set up - by age band

		A	B	C	D	E
		Under 55	55-64	65-74	75-84	85+
17	Total value of partial withdrawals during the reporting period? (£)					
	Number of plan holders making regular partial withdrawals, by annual rate of withdrawal and age band:					
18	Less than 2% withdrawal in the reporting period					
19	Between 2% - 3.99% withdrawal in the reporting period					
20	Between 4% - 5.99% withdrawal in the reporting period					
21	Between 6% - 7.99% withdrawal in the reporting period					
22	Greater than or equal to 8% withdrawal in the reporting period					
	Number of plan holders making regular partial withdrawals, by use of advice and age band:					
23	Of the number of plan holders making less than 4% withdrawals in the reporting period, how many were advised sales?					
24	Of the number of plan holders making greater than or equal to 4% withdrawals in the reporting period, how many were advised sales?					

REGULAR WITHDRAWALS - Plan holders that have a regular UFPLS or drawdown payment set up - by pot size

		A	B	C	D	E	F
	Number of plan holders making regular partial withdrawals, by annual rate of withdrawal and pot size:	Less than £10,000	£10,000 - £29,999	£30,000 - £49,999	£50,000 - £99,999	£100,000 - £249,999	£250,000 and above
25	Less than 2% withdrawal in the reporting period						
26	Between 2% - 3.99% withdrawal in the reporting period						
27	Between 4% - 5.99% withdrawal in the reporting period						
28	Between 6% - 7.99% withdrawal in the reporting period						
29	Greater than or equal to 8% withdrawal in the reporting period						
	Number of plan holders making regular partial withdrawals, by advice usage and pot size:						
30	Of the number of plan holders making less than 4% withdrawals in the reporting period, how many were advised sales?						
31	Of the number of plan holders making greater than or equal to 4% withdrawals in the reporting period, how many were advised sales?						

AD-HOC WITHDRAWALS - Plan holders that do not have a regular payment set up but some UFPLS or drawdown payments were made

		A	B	C	D	E	F
		Less than £10,000	£10,000 - £29,999	£30,000 - £49,999	£50,000 - £99,999	£100,000 - £249,999	£250,000 and above
32	Total value of ad hoc partial withdrawals during the reporting period? (£)						
33	Total number of plan holders that made ad hoc partial withdrawals during the reporting period?						

		A
34	Please provide any comments about the answers provided in this return.	

16 Annex 43BG **Notes for completion of the Retirement income flow data return (‘REP015’) and the Retirement income stock and withdrawals flow data return (‘REP016’)**

This annex consists only of guidance notes for form REP015 and form REP016.

Introduction

1. These notes aim to assist *firms* in completing and submitting the Retirement income flow data return (‘REP015’) and the Retirement income stock and withdrawals flow data return (‘REP016’).

Defined terms

2. *Handbook* terms are italicised in these notes.

Key abbreviations

3. The following table summarises the key abbreviations used in these notes::

AUA	assets under administration
DB	defined benefit
DC	defined contribution
EBC	*employee benefit consultant*
HMRC	HM Revenue & Customs
LTA	lifetime allowance
PCLS	pension commencement lump sum
PIPs	pension investment plans
REP015	Retirement income flow data return
REP016	Retirement income stock and withdrawals flow data return
SIPP	self-invested personal pension
TIPs	trustee investment plans

UFPLS	*uncrystallised funds pension lump sum*

Data requested

4. We are asking for data on all UK defined contribution (DC) pension plans held in a *personal pension scheme* or *stakeholder pension scheme*, or in a *defined contribution occupational pension scheme* where the *firm* is the scheme's pension provider and/or the retirement income provider. We are also asking for data on *pension annuities*.

5. This includes DC and money purchase plans that provide a guaranteed income benefit – whether this is in the form of a deferred annuity or *guaranteed annuity rate*. Plans with guaranteed income benefits that are covered by this return include (but are not limited to):

   (a) plans that are a result of an individual or bulk transfer from a defined benefit (DB) scheme; and

   (b) plans with guaranteed benefits as a result of contracting out (i.e. plans with guaranteed minimum pension or equivalent pension benefits). Examples of such contracts include "section 32 buyout plans", *retirement annuity* contracts (often known as a "section 226 pension" or "section 620 pension"), executive pension plans and bulk purchase annuities.

6. DB pensions and pension assets that are managed on behalf of third parties (such as trustee investment plans (TIPs) that are managed on behalf of DB schemes, and pension investment plans (PIPs) that are managed on behalf of *SIPPs*) should not be included.

Group level data

7. Where *firms* are part of a group, requests are to be completed at group level, providing information for all *FCA* regulated *firms* who have provided *pension annuities* within the relevant reporting period and/or pension scheme operators. This will involve aggregating various sources of management information at a group level figure, however we believe this is the best method to provide a basis for trend analysis across the market.

Identifying the 'retirement income provider'

8. Data on retirement income plans should be submitted by the retirement income product provider. In the case of drawdown plans opened by existing plan holders, the originating pension provider is the retirement income provider, and therefore should submit the data. This includes the scenario where the transition to drawdown happened within the same *pension scheme*.

9. Where white labelling or other third party arrangements exist between a *firm* such as a pension provider (or other third party) that does not itself provide retirement products, it is the *firm* that provides retirement income products on its behalf that is considered to be the retirement income provider, and that is therefore expected to report data in respect of all plan holder actions including entering drawdown, taking an *uncrystallised funds pension lump sum* (UFPLS) and purchasing an annuity.

10. Where outsourcing arrangements exist between a retirement income provider and a third party administrator, we expect the retirement income provider to report the requested data.

11. Where a third party arrangement (see examples below) exists between a retirement income provider and a pension provider, we expect the retirement income provider to report all of the plan holder actions i.e. entrants to drawdown and annuity purchases.

Example 1 – single tie arrangements

12. A mutual society (pension provider) has pension plan holders but does not provide annuities itself. Instead, it has a single firm arrangement with a life company which provides annuities. Under this arrangement, plan holders of the pension provider who want to purchase an annuity are referred to the life company. In this scenario, the life company providing annuities is considered to be the retirement income provider, and will be required to report this data.

Example 2 – panel arrangements

13. A trust-based pension scheme uses an *employee benefit consultant* (EBC) to advise on their scheme retirement options. The trust-based scheme does not provide drawdown or annuities to its members, and the EBC offers a panel of life companies or other annuity providers which provide drawdown and annuities. We expect the relevant life company or annuity provider to report the data as the retirement income provider.

Example 3 – white labelling

14. A pension provider offers annuities to its plan holders which it does not provide itself: the annuities are in fact provided by a third party life company through a white labelling arrangement. Plan holders wishing to purchase an annuity are referred to the life company, as part of a single-firm third party arrangement. In this scenario, the third party life company is considered to be the retirement income provider, and will be required to report the data in respect of these annuities.

Example 4 – white labelling

15. A *SIPP* operator white-labels their *SIPP* plan, which includes drawdown facilities, to a third party. The *SIPP* operator, rather than the third party, is the retirement income provider, and so is expected to report all sales under such white-labelling as "single-provider third party arrangement".

Format of responses

16. All figures (both values in pounds sterling and numbers) should be entered in single units. These returns do not ask for any data to be reported in units of thousands or millions.

17. REP015 and REP016 both have one optional question at the end where the *firm* can enter a text based response. *Firms* should use this question to provide any additional information that might help explain any of the answers provided in the return.

18. While for ease of explanation this *guidance* sometimes refers to plan holders, we expect *firms* to respond on the basis of each individual policy or plan. We do not want *firms* to submit data at a plan holder-level where a plan holder holds more than one plan.

NOTES FOR COMPLETION OF THE RETIREMENT INCOME FLOW DATA RETURN ('REP015') AND THE RETIREMENT INCOME STOCK AND WITHDRAWALS FLOW DATA ('REP016')

Section A Notes for completion of REP015

The following notes do not cover all questions in REP015, but only those questions where we considered *guidance* would assist *firms* in completing the return.

Part 1 – activity during the reporting period (questions 4 to 11)

All *firms* should answer all questions in this part.

Q4: How many plans were transferred away to another provider by plan holders aged 55 and over who had not yet accessed their benefits?	Include all plans that were transferred away to another provider during the reporting period (i.e. exits) by plan holders aged 55 and over, who had not yet accessed any benefits (i.e. not taken any UFPLS payments or crystallised any of their plan). Deaths of plan holders meeting these criteria should be excluded.
Q5: How many plans were transferred away to another provider by plan holders aged 55 and over who had already accessed their	Include all plans that were transferred to other providers during the reporting period by plan holders aged 55 and over who had

benefits (by crystallising some or all of their assets or taking an *uncrystallised funds pension lump sum* (UFPLS))?	already accessed their benefits by crystallising some or all of the assets (entering drawdown), or by taking one or more UFPLS from their plan at any time (i.e. whether or not such access took place during the reporting period or prior to it). Deaths of plan holders meeting these criteria should be excluded.
Q6: How many defined benefit (DB) to defined contribution (DC) transfers have you completed?	Report the number of DB to DC transfers in that have taken place during the reporting period. This should be DB to DC transfers only, not *pension transfers* with other safeguarded benefits. Section 32 buyout policies should also not be included.
Q7: How many plans had a pension commencement lump sum (PCLS) taken during the period but no income withdrawn in the same period?	Include the number of plans where the plan holder took a PCLS in the reporting period but had not taken any further income during the same period (i.e. taken tax free cash only). This will include plans where plan holders have taken a PCLS (tax free cash) and transferred it away during the reporting period, as well as those who have partially crystallised new assets and therefore may have taken a new "slice" of tax free cash. Question 8 captures the pounds sterling total value of the PCLSs taken by these plan holders.
Q8: What was the total value withdrawn via PCLS for the plans reported in question 7? (£)	Include the total value withdrawn via PCLSs for the plans reported in question 7. This should be reported in pounds sterling and single units.
Q9: For all plans where both a PCLS and an income via drawdown or annuity was taken, what was the total value withdrawn via PCLS? (£)	Report the total value of PCLSs (tax free cash) taken by plan holders who have, during the reporting period, taken a PCLS and also taken an income via drawdown or purchased an annuity. Only include the value of the PCLS, and not any of the taxable income withdrawn.

	This should be reported in pounds sterling and single units.
Q10: How many plans were fully encashed via small pot lump sums, UFPLS or drawdown?	Report the number of plans that have had all funds withdrawn during the reporting period (i.e. where plans close with nil value), regardless of when the plan was first set up or when the plan holder first accessed their plan. Include all plans that have been fully withdrawn (extinguished) by a small pot lump sum, UFPLS or drawdown, and plans that were fully withdrawn in one payment or in multiple payments during the period. [Note: we do not expect any plans with an amount remaining at the end of the reporting period to be captured here, unless it is a de minimis amount (e.g. £1) that has been left in order to avoid paying an account closure fee]
Q11: What was the total amount withdrawn this period from the fully encashed plans reported in question 10? (£)	Report the total amount withdrawn by either small pot lump sums, UFPLS or drawdown during this reporting period from those fully encashed plans reported in question 10. Include all withdrawals made in the reporting period from these plans. This figure should be reported in pounds sterling and single units.

Part 2 – Breakdown of activity by plan holders accessing their pension plans during the reporting period

Value of assets under administration in plans accessed during the reporting period (questions 12 to 15)

Questions 12 to 15 must be completed by all *firms*.

Please note that the reporting requirements vary between questions:

- For questions 12 and 13, please include data relating to all plan holders who purchase an annuity for the first time or enter drawdown for the first time, regardless of whether the plan has previously been accessed in other ways.

- For questions 14 and 15 only include data relating to plan holders that have not accessed their plans prior to this reporting period.

The figures should be reported in pounds sterling and single units.

Q12: What was the total value of assets under administration (AUA) of plans that entered drawdown? Value should be after any PCLS but before any income withdrawn (£).	Report the total value of assets in plans of all plan holders who enter drawdown for the first time in the reporting period and who do not withdraw all their assets. The value should be after any PCLS but before any income withdrawn. It should INCLUDE plans held by plan holders who: • enter drawdown for the first time, crystallise 100% of their plan, and withdraw part (but not all) of their crystallised assets; or • enter drawdown for the first time and crystallise only a part of their pension plan, leaving at least some crystallised and/or uncrystallised funds invested; or • enter drawdown for the first time, crystallise 100% of their plan, taking their PCLS but taking no income; and/or • enter drawdown for the first time, but have previously accessed their plan by using part of it to take an UFPLS or purchase an annuity. It should EXCLUDE plan holders who: • at the start of the relevant reporting period already have part uncrystallised and part crystallised plans which are in drawdown, but crystallise a new portion of their assets in the relevant reporting period, as they are not new entrants to drawdown; • at the start of the relevant reporting period are already in drawdown and, although not drawing an income, partially crystallise additional assets

	and therefore may get a new "slice" of tax free cash, as they are not new entrants to drawdown; and/or • access their plan for the first time and take all of their benefits during the period. (These plan holders should be reported in question 15.)
Q13: What was the total value of AUA for plans that were used to purchase annuities? Value should be after any PCLSs but before annuity purchase (£).	Report the total value of the assets in plans where the plan holder purchased an annuity during the reporting period. The value should be after any PCLSs but before annuity purchase. Do not include the value of any plans used to purchase products that are reported to HM Revenue & Customs (HMRC) under drawdown rules (e.g. products that are marketed as annuities but which are actually crystallised assets in drawdown). The value of plans used to purchase these products should be reported in question 12. Do not include values where a plan holder starts receiving annuity payments in place of a DB pension that was already in payment (e.g. DB pensions transferred to an annuity as a result of a scheme buy-out). However, do include values where DB scheme benefits that were not in payment were transferred to your *firm* and a plan holder then chose to take up an annuity (e.g. a section 32 plan holder who bought a lifetime annuity).
Q14: What was the total value of AUA for plans that were accessed for the first time by taking a partial UFPLS? Value should be before any partial UFPLS withdrawals (£).	Report the total value of assets in plans held by plan holders who accessed their plan for the first time by taking a partial UFPLS payment during the reporting period. The total value should include the value of all uncrystallised assets before the first UFPLS withdrawal. Do not include plans that have already been accessed by the plan holder prior to the start

	of the reporting period (e.g. by partially crystallising the plan or by taking an earlier UFPLS payment).
Q15: What was the total value withdrawn from plans that were fully encashed via small pot lump sums, UFPLS and drawdown? Value should be gross i.e. include both tax free and taxable portions (£).	Report the total value should be the gross amount of all the withdrawals made during this reporting period by plan holders who accessed their plan for the first time and fully encashed it by the end of the period. It should include both tax free and taxable portions. It should include plan holders who fully withdraw their plan in one payment, or in multiple payments, as long as all payments were made in the same reporting period. Do not include plans that have already been accessed by the plan holder prior to the start of the reporting period (e.g. by partially crystallising the plan or by taking an earlier UFPLS payment). [Note: we do not expect any plans with an amount remaining at the end of the period to be captured here, unless it is a de minimis amount (e.g. £1) that has been left in order to avoid paying an account closure fee]

The remainder of Part 2 of REP015 is separated into four sections on entering drawdown, purchasing annuities, taking UFPLS, and taking full encashments. Only those *firms* that responded in questions 12 to 15 confirming these activities took place during the reporting period will be required to complete the subsequent relevant questions.

Plan holders that entered drawdown during the reporting period but did not fully exhaust their plan (questions 16-30)

This captures all new entrants to drawdown in the reporting period who did not withdraw all their assets. If *firms* report any value of drawdown sales greater than zero under question 12 they will be expected to complete questions 16 to 30.

When completing the return, *firms* should report plans in the appropriate column for the pot size band that reflects the amount of AUA in the plan after any PCLS but before any income withdrawal.

Plans should be reported in the appropriate column for the pot size band that reflects the amount of AUA in the plan after any PCLS but before any income withdrawal (i.e. the pot size when the plan holder entered drawdown).

Q16: How many plans in total entered drawdown during the reporting period by crystallised pot size?	The notes to question 12 provide more information about which plans should be included for this question. Plans should be reported under the pot size band that reflects the amount of AUA in the plan after any PCLS but before any income withdrawal (i.e. the pot size when the plan holder entered drawdown).
Q17 – Q21: Number of plans by plan holder age band and crystallised pot size	Questions 17 to 21 ask for the figures reported in question 16 to be broken down into age bands. Plans should be reported according to the age of the plan holder at the end of the reporting period.
Q22 – Q25: Number of plans by distribution channel and crystallised pot size	Distribution is to be reported under the following categories: • "Existing plan holders" i.e. existing accumulation pension / internal vesting plan holders. • "New plan holders via single firm third party arrangement" i.e. plan holders whose accumulation pension is with a 3rd party pension provider for whom the reporting *firm* is a sole provider for a retirement income product. • "New plan holders via multi firm third party arrangements" i.e. panel arrangements where the reporting *firm* receives business from a third party pension provider as a result of a restricted retirement income product panel. • "New plan holders i.e. transfers in not from third party arrangements" and which do not relate to any third party arrangement. Benefits may be purchased by an Open Market Option

	or transfer (including immediate vesting). Distribution figures are to be reported by the retirement income product provider. In the case of drawdown arrangements to existing plan holders this means the originating pension provider should report the sales as the "retirement income provider". This includes when the transition to drawdown happened within the same pension scheme. Where third party arrangements exist between a retirement income provider and a pension provider, we expect the retirement income provider to report all of the plan holder actions i.e. entrants to drawdown and annuity purchases. All new plan holders received through panels and bureaux are to be reported as through multi-firm third party arrangements. This includes panels that are part of intermediary *firms*. Where third party arrangements exist between a retirement income provider and a pension provider, we expect the retirement income provider to report all of the plan holder actions i.e. entrants to drawdown and annuity purchases. The examples in the Introduction to these *guidance* notes help clarify which *firms* should be reporting third party sales.
Q26: Number of plans by use of advice and crystallised pot size: number that were advised	Of the plans reported as entering drawdown in question 16, report how many of the plan holders were advised at the point of entering drawdown. *COBS* 19.7 requires *firms* to record whether the *retail client* has received regulated advice when they contact the *firm* about accessing their pension and receive the risk warnings. Report the number of plan holders who informed your *firm* they received advice at

	this point.
Q27: Number of plans by use of advice and crystallised pot size: number that were not advised and took up Pension Wise	Of the plans reported as entering drawdown in question 16, report how many of the plan holders who were not advised at the point of entering drawdown stated that they used Pension Wise. *COBS* 19.7.8R and *COBS* 19.7.19R require *firms* to record whether the *retail client* has received *pensions guidance* when they contact the *firm* about accessing their pension and receive the risk warnings, and for *firms* to keep a record of the response. We require *firms* to report plan holders who informed your *firm* they received guidance (but not advice) at this point.
Q28 – Q30: Number of plans by packaged product options and crystallised pot size	Questions 28 to 30 ask for the figures reported in question 16 to be broken down into packaged product options. Fixed term annuities, variable annuities and "retirement account" products (e.g. where guarantees on investments or funds structured through TIPs pay income back into the drawdown account) are to be reported in these questions. Question 28 "Capital Guarantee for part or all of assets" captures all fixed term annuity products. These products may pay out an income that is set at the outset, but this income will not rise over the term. Fixed term annuities should not be reported under question 29 "Income guarantee for all or part of assets". Question 29 is intended to capture unit-linked income guarantees in drawdown that have the potential to increase over the term e.g. variable annuities and some of the new retirement account TIPs.

Pension annuities purchased during the reporting period (questions 31 to 54)

Please do not report new products marketed as annuities but which are actually crystallised assets in drawdown and therefore reported to HMRC under drawdown rules.

Please do not include cases where a plan holder starts receiving annuity payments in place of a DB pension that was already in payment (e.g. DB pension benefits transferred to an annuity as a result of a scheme buy out).

However, please do include cases where DB pension benefits that were not in payment were transferred to your *firm* and a plan holder then chose to take up an annuity (e.g. a section 32 plan holder who bought a lifetime annuity).

When completing the return, *firms* should report annuity sales under the pot size band that reflects the amount of AUA in the plan after any PCLS but before annuity purchase.

Q31: How many pension annuities were purchased during the reporting period by pot size?	The *guidance* to question 13 provides more information about which plan holders should be included for this question. Annuity purchases should be reported under the pot size band that reflects the amount of AUA in the plan after any PCLS but before annuity purchase.
Q32 – Q36: Number of pension annuities by plan holder age band and pot size	Questions 32 to 36 ask for all the annuity purchases reported in question 31 to be broken down into age bands of the plan holder. Plans should be reported according to the age of the plan holder at the end of the reporting period.
Q37 – Q40: Number of pension annuities purchases by distribution channel and pot size	Questions 37 to 40 ask for all the annuity purchases reported in question 31 to be broken down into the distribution channel, (such as via a single firm third part arrangement or multi party third party arrangements) used to sell the product. The *guidance* to questions 22 to 25 provides more information about how this data should be reported.
Q41: Number of pension annuities by use of advice and pot size: number that were advised	Of the annuity purchases reported in question 31, report how many plan holders were advised at the point of purchasing the annuity. *COBS* 19.7 requires *firms* to record whether

	the *retail client* has received regulated advice when they contact the *firm* about accessing their pension and receive the risk warnings. We require *firms* to report plan holders who informed your *firm* they received advice at this point.
Q42: Number of pension annuities by use of advice and pot size: number that were not advised and took up Pension Wise	Of the annuity purchases reported in question 31, report how many of the plan holders who did not receive advice stated that they used Pension Wise. *COBS* 19.7.8R and *COBS* 19.7.19R require *firms* to record whether the *retail client* has received pensions guidance when they contact the *firm* about accessing their pension and receive the risk warnings, and for *firms* to keep a record of the response. We require *firms* to report plan holders who informed your *firm* they received guidance (but not advice) at this point.
Q43 – Q54: Number of pension annuities by product types / options and pot size	Questions 43 to 54 ask for data on the product features of the annuity purchases reported in question 31. The annuity features and options in these questions are not mutually exclusive and one annuity sale could therefore be reported under more than one of these questions (e.g. a single-life escalating annuity would be reported under both questions 50 and 53). In this return, we define “Enhanced annuities” (question 43) as only those underwritten on impaired life or lifestyle factors e.g. smoking. This should not include annuities solely underwritten on other factors e.g. occupation or postcode details. We define “flexible annuities” (question 54) as those that change shape (e.g. “U”, “J” or “L” shaped annuities) and which have only become available since 6 April 2015. These flexible annuities may include features such as:

	• provision to take a lump sum in future; • a taxed lump sum at outset; • reduced income after a specified period, or at a particular age, such as at State Pension Age, or provision for this; and/or • increased income after a specified period, or at a particular age or event, such as on identification of a care need, or provision for this. Only report investment-linked annuities as flexible annuities (in question 54) if they follow a structure that only became allowable since the April 2015 changes.

Plan holders who accessed their plan for the first time by taking a partial UFPLS payment (questions 55 to 61)

Plans which are accessed for the first time by taking a first UFPLS payment in the reporting period should be reported, but only where they have assets remaining at the end of the period i.e. they have taken partial UFPLS with the first payment during the reporting period.

Do not include plans that have already been accessed by the plan holder prior to the start of the reporting period (e.g. by partially crystallising the plan or by taking an earlier UFPLS payment).

These questions capture the numbers of those plan holders that have taken an UFPLS withdrawal and not the numbers with access to UFPLS.

Plans should be reported under the pot size band that reflects the amount of uncrystallised AUA in that plan prior to the first UFPLS withdrawal.

Q55: How many plans were accessed by plan holders for the first time by taking partial UFPLS payments during the reporting period by uncrystallised pot size?	The *guidance* to question 14 provides more information about which plans should be reported for this question. Plans should be reported under the pot size band that reflects the amount of uncrystallised AUA in the plan prior to the first UFPLS withdrawal.
Q56 – Q59: Number of plans by plan holder age band and uncrystallised pot size	Questions 56 to 59 ask for the plans reported in question 55 to be broken down by the age

	band of the plan holder. Plans should be reported according to the age of the plan holder at the end of the reporting period.
Q60: Number of plans by use of advice and uncrystallised pot size: number that were advised	Of the plans reported in question 55, report how many plan holders were advised at the point of accessing their benefits. *COBS* 19.7 requires *firms* to record whether the *retail client* has received regulated advice when they contact the *firm* about accessing their pension and receive the risk warnings. We expect *firms* to report plan holders who informed your *firm* they received advice at this point.
Q61: Number of plans by use of advice and uncrystallised pot size: number that were not advised and took up Pension Wise	Of the plans reported in question 55, report how many of the plan holders who did not receive advice stated that they used Pension Wise. *COBS* 19.7.8R and *COBS* 19.7.19R require *firms* to record whether the *retail client* has received pensions guidance when they contact the *firm* about accessing their pension and receive the risk warnings, and for *firms* to keep a record of the response. We expect *firms* to report plan holders who informed your *firm* they received guidance (but not advice) at this point.

Full encashments made by plan holders who accessed their plans for first time (questions 62 to 69)

Firms should report plans where the plan holder withdrew all their funds in the reporting period, but had not previously accessed their plan. This includes plan holders who fully withdrew their funds in one or more payments (as long as all payments were made in the same reporting period).

Do not include plans that have already been accessed by the plan holder prior to the start of the reporting period (e.g. by partially crystallising the funds or by taking an earlier UFPLS payment).

Do not report any plans with an amount remaining at the end of the reporting period here, unless it is a de minimis amount (e.g. £1) that has been left in order to avoid paying an account closure fee.

Plans should be reported under the pot size band that reflects the amount of uncrystallised AUA in the plan prior to the first withdrawal in the reporting period.

Q62: What was the total number of full encashments by plan holders who accessed their plan for first time (via small pot lump sums, UFPLS or drawdown) by pot size?	The notes to question 15 provides more information about which plan holders should be included for this question. Plans should be reported under the pot size band that reflects the amount of uncrystallised AUA in the plan prior to the first withdrawal in the reporting period.
Q63 – Q67: Number of full encashments by plan holder age band and uncrystallised pot size	Questions 63 to 67 ask for the full encashments reported in question 62 to be broken down into age bands. Plans should be reported according to the age of the plan holder at the end of the reporting period.
Q68: Number of full encashments by use of advice and pot size: number that were advised	Of the full encashments reported in question 62, report how many were made by plan holders who were advised at the point of accessing their benefits. *COBS* 19.7 requires *firms* to record whether the *retail client* has received regulated advice when they contact the *firm* about accessing their pension and receive the risk warnings. We expect *firms* to report plan holders who informed your *firm* they received advice at this point.
Q69: Number of full encashments by use of advice and pot size: number that were not advised and took up Pension Wise	Of the full encashments reported in question 62, report how many of the plan holders who did not receive advice stated that they used Pension Wise. *COBS* 19.7.8R and *COBS* 19.7.19R require *firms* to record whether the *retail client* has received pensions guidance when they contact the *firm* about accessing their pension and receive the risk warnings, and for *firms* to keep a record of the response. We expect *firms* to report plan holders who informed

	your *firm* they received guidance (but not advice) at this point.

Section B Notes for completion of REP016

The following notes do not cover all questions in REP016, only those questions where we considered *guidance* would assist *firms* in completing the return.

Part 1 – Retirement income stock data (questions 4 to 16)

This section captures the group's pension and retirement income books in aggregate as at the end of the period being reported. Where questions ask for plans or assets to be reported by the age of the plan holder, it is the age at the end of the reporting period that is relevant.

Questions 4 to 12 are split so that *firms* provide separate figures depending on whether the figure reported relates to a trust-based scheme or a contract-based scheme:

- *Firms* should report all personal and stakeholder pensions as contract-based schemes, including *SIPPs* written under trust.

- Only DC occupational money purchase schemes should be reported as trust-based schemes.

For unitised with-profits business, *firms* should report the policy fund value. For traditional or conventional with-profits business, *firms* should report the asset share or other appropriate available value.

We expect providers to report asset values for all single arrangement *SIPP*s where individual investments are not allocated between uncrystallised or crystallised investments. All such assets should be split across the uncrystallised and crystallised questions (4 to12) using either unitised holdings splits between plan members or percentage lifetime allowance (LTA) calculations that exist for the single arrangement *SIPP*.

Uncrystallised stock data (questions 4 to 8)

This section captures plans with uncrystallised assets only. Please do not include crystallised plans in schemes with retirement ages below 55.

Do not include plans that are partially crystallised in this section (they are captured in the next section). Plans that are in phased drawdown should not be included in this section.

Q4: How many defined contribution (DC) pension plans do you have in accumulation where the plan holder is aged 55 or over and has not accessed their pension?	This captures plans where the plan holder is aged 55 and over and has never accessed their benefits (i.e. taken no PCLS, UFPLS or drawdown income) and which remain completely uncrystallised.

Q5: How many DC pension plans do you have with only uncrystallised assets where the plan holder is aged 55 or over and has at any time taken a lump sum payment via uncrystallised funds pension lump sum (UFPLS)?	Report the number of plans where the plan holder is aged 55 or over and has only uncrystallised assets (but has at any time accessed their pensions via UFPLS and so has assets remaining). Do not include plans where the plan holder takes an UFPLS payment from uncrystallised funds, but part of the plan is already crystallised and in drawdown.
Q6: How many DC pension plans do you have in accumulation where the plan holder is aged under 55 years old?	Report the number of plans where the plan holder is aged under 55 years old and has never accessed their plan and so has only uncrystallised assets.
Q7: How many DC pension plans do you have which are still solely in accumulation (uncrystallised) and have a guaranteed income benefit such as a guaranteed annuity rate (GAR), deferred annuity option, or guaranteed minimum pension (GMP)?	Report any DC and money purchase plans that include guaranteed income benefit (whether this is in the form of a deferred annuity or *guaranteed annuity rate*). This would include, but is not limited to, plans that are created as a result of an individual or bulk transfer from a *defined benefit occupational pension scheme* and contracts with guaranteed benefits as a result of contracting out (i.e. plans with guaranteed minimum pension or equivalent pension benefits). Examples of such contracts include “section 32 buyout plans”, *retirement annuity* contracts (often known as a “section 226 pension” or “section 620 pension”), executive pension plans and bulk purchase annuities. [Note**:** see ‘Identifying the retirement income provider’ at paragraphs 8-11 of these notes] Do not report any plans which have been accessed in any way (e.g. where PCLS or UFPLS have been taken).
Q8: What is your total value of assets under administration (AUA) in DC accumulation? (£)	Report all uncrystallised pension assets here, regardless of the age of the plan holders or whether they also have crystallised assets. For unitised with-profits business, *firms*

	should report the policy fund value. For traditional or conventional with-profits business, *firms* should report the asset share or other appropriate available value. The figure should be reported in pounds sterling and single units.

Partially crystallised stock data (question 9)

All plans where the plan holder has both uncrystallised and crystallised funds should be reported in this question. This includes all plans in “phased” or “drip feed” drawdown. Plan holders who have part of their funds crystallised in drawdown and are also taking UFPLS from uncrystallised funds should be included.

Crystallised stock data (questions 10 to 12)

This section is intended to capture the *firm’s* crystallised book of pension business i.e. assets in drawdown. All products marketed as annuities but written within drawdown tax rules (e.g. fixed term and variable annuities) should be included here even if funds are domiciled outside the UK.

Q10: How many drawdown (capped and flexi) plans do you have where 100% of the funds are crystallised?	Report all plans where all the assets are crystallised.
Q11: How many drawdown plans do you have where a PCLS has been paid but no income has ever been taken?	Report all plans where a PCLS has been taken but no income has been paid. Include plans which are 100% crystallised and those which are partially crystallised.
Q12: What is the total value of AUA in DC decumulation (i.e. crystallised in drawdown)? (£)	Report all crystallised pension assets here, regardless of the age of the plan holders or whether they also have uncrystallised assets. For unitised with-profits business, *firms* should report the policy fund value. For traditional or conventional with-profits business, *firms* should report the asset share or other appropriate available value. The figure should be reported in pounds sterling and single units.

Payments from annuities, drawdown and UFPLS (questions 13 to 16)

Q13: In total how many annuities do you	Report how many annuities were in payment

currently have in payment?	at the end of the reporting period. We want to know about all annuities in payment regardless of whether the annuitant has an individual contract (i.e. bulk annuities in payment should be reported for each individual recipient not as one single contract in payment). Annuities in payment to dependents, spouses and civil partners of the original annuitant should be included.
Q14: What was the total income paid on all your annuities in payment during the reporting period? (£)	Report the total amount of all annuity payments made during the period. The figure should be reported in pounds sterling and single units.
Q15: What is the total number of plans where the plan holder made regular withdrawals by drawdown or UFPLS?	Report the total number of plans where the plan holder has regular payments set up (by drawdown or by UFPLS) and where the plan remains invested at the end of the reporting period (i.e. plans where there is a regular income being received by the plan holder). Include plans where the plan holder has chosen to take additional ad hoc payments in addition to their regular income or has chosen to vary the level of their regular payments during the period. Include all plans with regular withdrawals regardless of whether the plan holder accessed their plan prior to this reporting period or not. Plans with both capped and flexi-access drawdown should be captured. Plans where the plan holder remained invested but did not take an income in the period can be excluded.
Q16: What is the total number of plans where the plan holder made ad hoc partial withdrawals by drawdown or UFPLS?	Report the total number of plans where the plan holder has received ad hoc payments (by drawdown or by UFPLS) and where the plan remains invested at the end of the reporting period. Do not include any plans where there

	are regular payments set up as these should be reported separately at question 15. Include all plans with regular withdrawals regardless of whether the plan holder accessed their plan prior to this reporting period or not. Plans with both capped and flexi-access drawdown should be captured. Plans where the plan holder remained invested but did not take an income in the period can be excluded.

Part 2 - Withdrawals flow data (questions 17 to 34)

This section captures more information about the plans reported in questions 15 and 16 where plan holders made one or more withdrawals in the relevant period and remain invested at the period end, and includes plan holders regardless of when they began accessing their plan. The *guidance* for questions 15 and 16 provides more information on which plans should be included.

Plans where the plan holder remained invested but did not take an income in the period can be excluded.

Where plan holders have set up a regular payment and also taken one or more ad-hoc withdrawals during the reporting period, please include their plans in your answers on regular withdrawals (questions 17 to 31) and not ad-hoc withdrawals (questions 32 and 33).

In questions 17-24 plans should be reported in the age band column that reflects the age of the plan holder at the end of the reporting period.

In questions 25-33 plans should be reported in the pot size band column that reflects the pot size at the start of the reporting period, or when the plan entered drawdown (if later).

To answer questions 17 to 31, *firms* must calculate annual withdrawal rates for all the plans with regular withdrawals set up and which were reported in question 15.

Do not calculate withdrawal rates for each withdrawal; it is a rate of withdrawal for each plan holder over the year that should be calculated.

Firms are allowed to use one of two methods set out below for calculating annual withdrawal rates.

Method 1 – Electronic valuations (where possible)

Where *firms* can extract an up to date valuation electronically, we expect the following method to be used:

- Step 1: the member's plan value (in pounds sterling) at the beginning of the period being reported is extracted (including both crystallised and uncrystallised funds);
- Step 2: any contributions and transfers in to the plan over the period are added to the value at step 1;
- Step 3: any transfers out of the plan and/or PCLS over the period are deducted from the value at step 2; and
- Step 4: all income payment withdrawals over the period (regular and ad-hoc drawdown and UFPLS) should then be totalled and divided by the value after step 3 to calculate the annual withdrawal rate.

Method 2 – Latest annual valuations (where method 1 is not possible)

Where electronic valuations at specific dates cannot be extracted, we expect the following alternative method to be used:

- Step 1: extract the member's plan value (in pounds sterling) at the last annual valuation date prior to the start of the period being reported;
- Step 2: any contributions and transfers in over the 12-month period starting with the annual valuation identified in step 1 and ending with the following annual valuation (which will have taken place during this reporting period) are added to the value at step 1;
- Step 3: any transfers out of the plan and/or PCLS over the 12-month period between valuations are deducted from the value at step 2; and
- Step 4: all income payment withdrawals over the period between valuations (regular and ad-hoc drawdown and UFPLS) should then be totalled and divided by the plan value after step 3 to calculate the annual withdrawal rate.

Both methods ignore investment growth as it will be carried over to the starting valuation of the next year's calculation and be reflected in the withdrawal rate reported then.

Where a plan holder enters a drawdown arrangement for the first time within the year being reported and starts regular withdrawals, we expect the starting value when the plan entered drawdown to be used.

Plans where plan holders make both regular and ad-hoc withdrawals should be reported as one plan only and both the regular and ad-hoc withdrawals should be included together in the rate of withdrawal calculation.

Example 1 – using method 1

A *SIPP* plan has an opening valuation of £200,000 at the start of the reporting period (i.e. 1 April). The plan holder has regular withdrawals set up and withdraws £100,000 from the *SIPP* during the reporting period. A *firm* able to extract the value of the plan at the beginning of the period (method 1) would calculate this as a 50% annual withdrawal rate i.e. £100,000 / £200,000.

Example 2 – using method 2

A *SIPP* provider does not have electronic valuation information available and instead undertakes manual annual valuations (method 2) on 1 October each year. Under method 2 the *SIPP* provider calculates the withdrawal rate for the 12 months between the last two annual valuations (i.e. October to September). To do this it totals all the withdrawals made in the 12 months between valuations and divides this against the starting valuation for the period.

The *SIPP*'s value at the start of the period was £250,000, and the plan holder made regular and ad hoc withdrawals totalling £100,000 during the following 12 months. The *firm* will therefore calculate the withdrawal rate for this reporting period as 40% i.e. £100,000 / £250,000.

Example 3 – making contributions during the year

A plan holder starts the reporting period (year 1) with a £50,000 pot of crystallised assets and during the period makes use of their money purchase annual allowance and pays in £10,000 as uncrystallised assets. They have regular withdrawals set up and during the reporting period withdraw £12,000.

To calculate the withdrawal rate the drawdown provider divides the withdrawals of £12,000 by the total of the starting pot plus contributions (£50,000 + £10,000 = £60,000), which results in a rate of 20%.

At the start of the next reporting period (year 2) the starting valuation should include both the crystallised assets and the new uncrystallised assets resulting from the £10,000 contribution last period, even if the uncrystallised assets are in a separate arrangement and remain untouched throughout year 2.

Example 4 – entering drawdown within the reporting period

A plan holder transfers into the pension scheme in January entering drawdown with a starting value (after PCLS) of £100,000. They set up regular withdrawals and receive £5,000 in February and £5,000 in March. We would expect the withdrawal rate to be 10% i.e. £10,000 / £100,000.

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