



# NEWS RELEASE

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## Does CETV size matter? DB scheme members risk poorer outcomes by assuming they have ‘missed the boat’

- HUB Pension Consulting warns of dangers of a DB advice blind spot

Falling Defined Benefit transfer values could be discouraging thousands of scheme members from reviewing their retirement plans leaving them vulnerable to poorer outcomes in later life.

**HUB Pension Consulting**, one of the leading DB pension review specialists, is warning that an advice blind spot is likely to be developing among many scheme members who assume recent falls in Cash Equivalent Transfer Values (CETVs) mean they have missed the opportunity to review their pension and options.

“The truth is that a notionally high transfer value was a factor – but rarely the deciding factor – when it came to advising people to transfer their DB benefits,” said **Seb Sherburn**, senior pension consultant at **HUB Pension Consulting**.

“Higher interest rates have ushered in an environment of lower transfer values but the danger now is that people see a lower number and think they have missed the boat. The result is that they stick with what they have rather than exploring their options with a professional adviser. This decision could result in clients achieving a worse outcome.

“This is compounded to some extent by the extra regulatory scrutiny of advice to review a DB pension, which has led to many advisers giving up their permissions. Even if a DB member has their own financial adviser, the complexity involved means that adviser may not be willing or qualified to look at the DB options in depth.

“There’s a real risk of an advice blind spot being created where the minority of people who could benefit from a DB transfer do not get the support they need to see if it is right for them. That’s a shame, especially as developments such as triage services and abridged advice have cut the costs of delivering advice.”

Industry estimates suggest that transfer values fell by around one-third last year, while the number of advisers offering DB pension transfer advice had fallen from more than half to less than a quarter in the last five years.

“Transfer values are one factor but we have also seen other changes such as annuity rates rising sharply and the government recently announcing the lifetime allowance is to be abolished,” said **Seb Sherburn**.

“Our role is far more about DB advice than simply DB transfer advice because ultimately each DB member will have unique circumstances.

“DB pensions are brilliant in circumstances where reasonably healthy people need a good level of secure income which is inflation protected. But they do not work so well for people who are in poor health or have good reasons for wanting to retire early. And for people who could benefit from more flexibility to access cash tax-efficiently, want to pay off expensive debt, or who want to leave more to loved ones a DB pension may not be the best solution.

“At the moment, there is a real risk that falling CETVs are seen as sufficient reason for a DB member not to review their retirement planning – but it is not that black and white. The key is to focus on the customer and

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what they want to achieve rather than to be driven by the CETV alone. It's something we know from the many clients we have advised and have helped to achieve their retirement objectives, whether or not that advice included a recommendation to transfer.”

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### Notes to Editors:

#### About HUB Group

HUB Group's operating companies are modern, technology-driven businesses specialising in providing integrated financial solutions to UK businesses and to their customers and members. Collectively the Group's businesses are one of the UK's biggest providers of regulated advice and guidance to people in later life.

HUB Group has provided advice and guidance to over 100,000 customers and pension scheme members, helping them turn £1 billion of pension savings into a guaranteed income for life, release £1 billion of equity from their homes and provided specialist advice on defined benefit transfers.

HUB Group comprises:

- HUB Financial Solutions – a provider of regulated advice, retirement solutions and services to UK businesses and other organisations;
- HUB Pension Consulting – a specialist in providing client advisory services to defined benefit (DB) pension scheme trustees and scheme sponsors undertaking bulk member options exercises; and
- HUB Digital Solutions – a financial technology business that specialises in creating innovative and disruptive retirement-focused solutions.

HUB Group is part of FTSE 250 company Just Group plc. The companies within Just Group are authorised and regulated in the United Kingdom by the Financial Conduct Authority and / or the Prudential Regulation Authority.

More information on HUB Group can be found at: [www.HUB-Group.co.uk](http://www.HUB-Group.co.uk)

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