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# Pensions Thematic Review Benchmarking charts

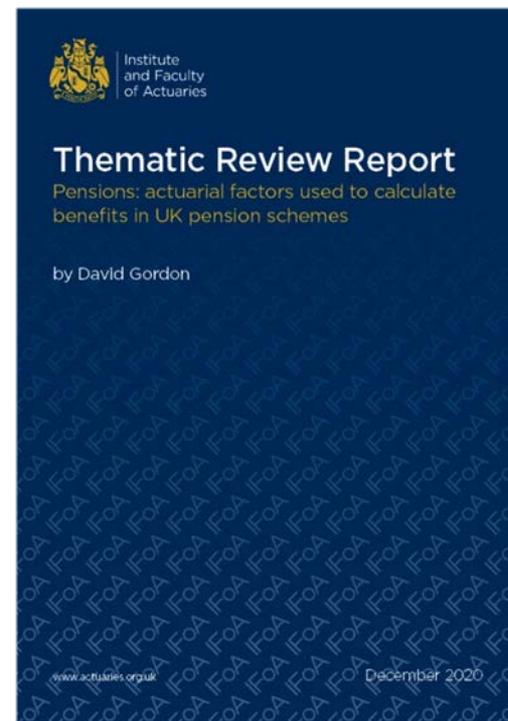
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# Introduction

- In December 2020 we published the thematic review [report](#) *Pensions: actuarial factors used to calculate benefits in UK pension schemes*.
- The thematic review included an exercise to combine the benchmarking information compiled by organisations providing advice in this area. This presentation sets out charts summarising all the information obtained as part of the benchmarking exercise.
- The charts in this document should be read in conjunction with the thematic review report, in particular the section on benchmarking, pages 25-28. Users should consider the *explanatory note on benchmarking charts* and *notes on benchmarking methodology* which are set out at the end of this presentation and have been taken directly from the report.
- Users with further questions are welcome to contact us at [Reviews@actuaries.org.uk](mailto:Reviews@actuaries.org.uk)
- We wish to thank all the organisations that provided benchmarking information to us for this review, which was submitted to us in March-May 2020.
- The information contained in this presentation may be used in client reports, but in each case, the source should be acknowledged.
- This presentation does not constitute legal advice. While care has been taken to ensure that it is accurate, up to date and useful, the IFoA does not accept any legal liability in relation to its content.





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## Charts used in report

Chart 1 – overall benchmarking summary

Chart 2 – transfer values at 65

Chart 3 – commutation rates at 65

Chart 4 – combined transfer value and commutation rate benchmarking



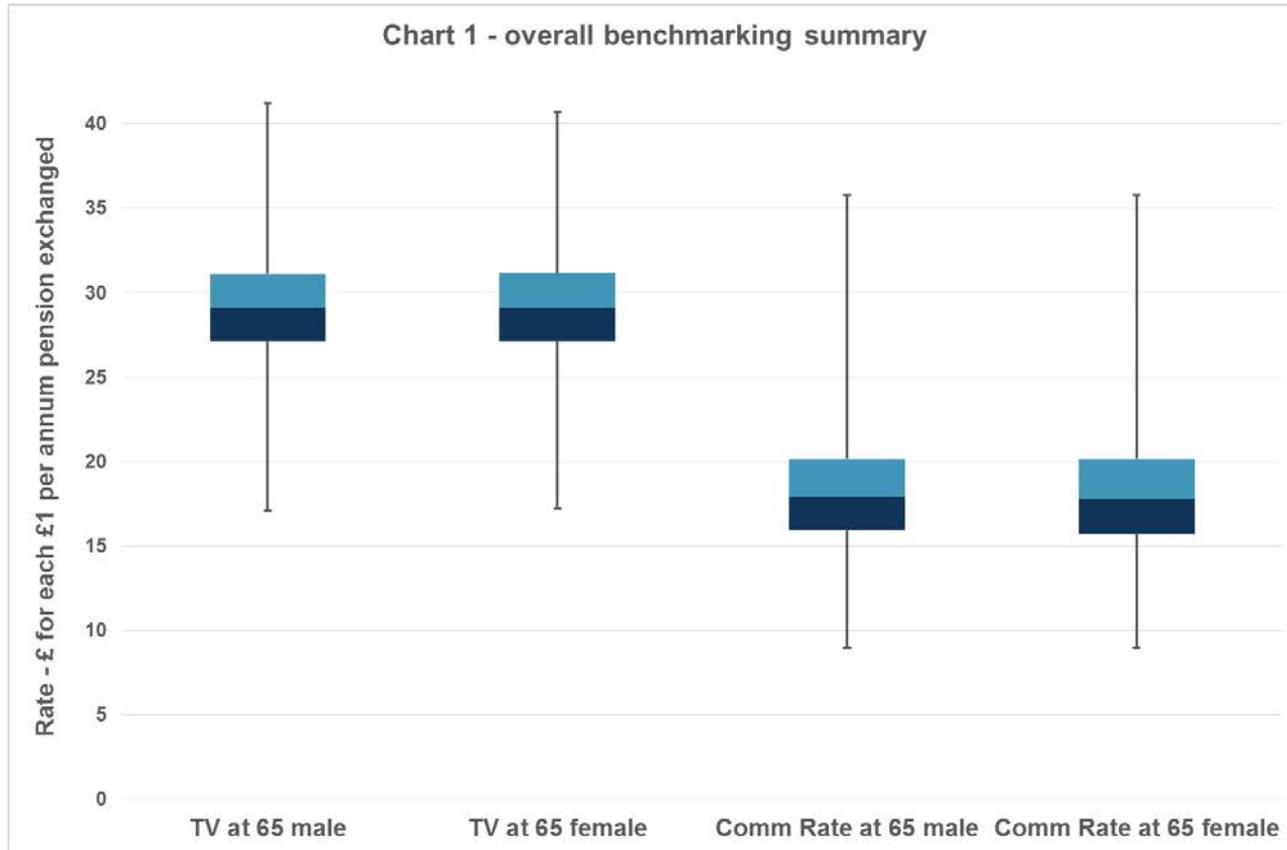


Chart 2 - transfer value benchmarking - males at age 65

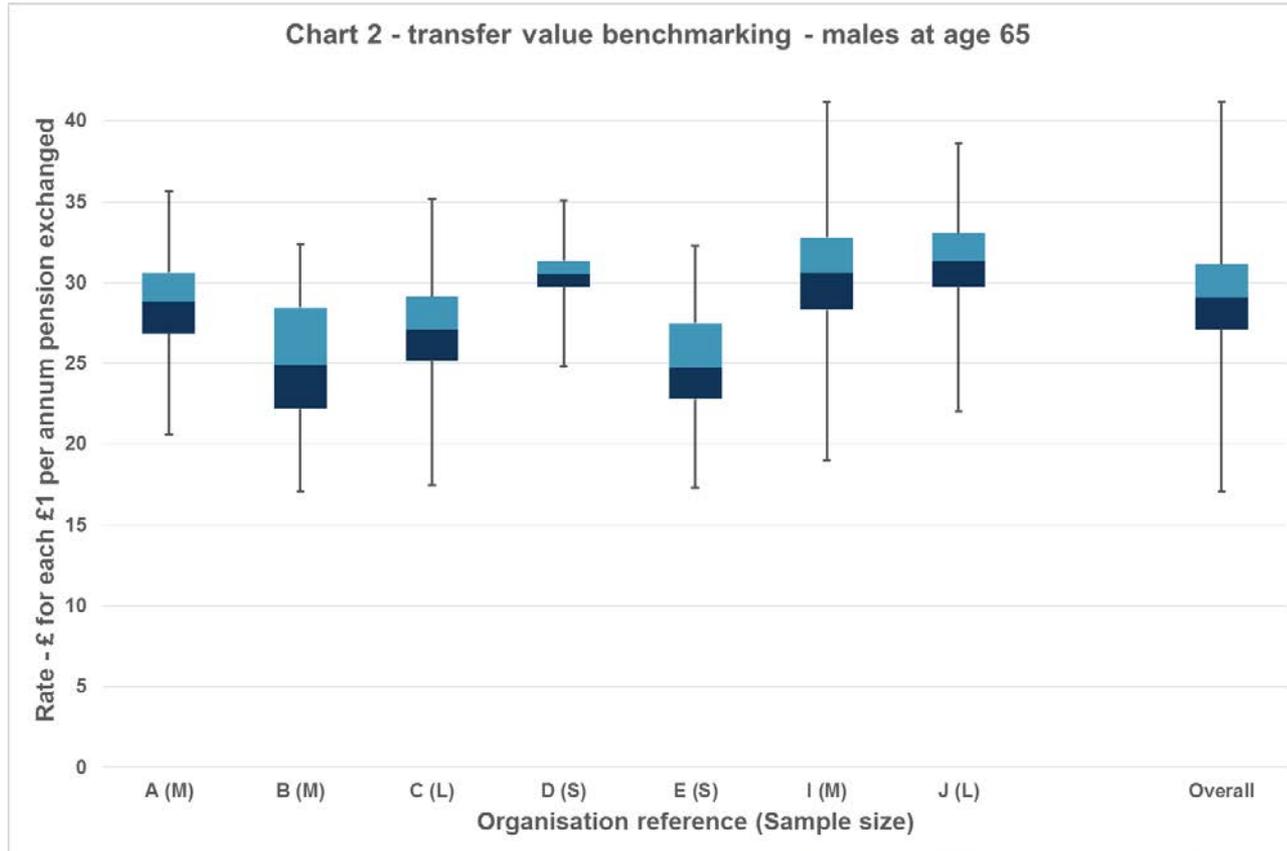


Chart 3 - commutation rate benchmarking - males at age 65

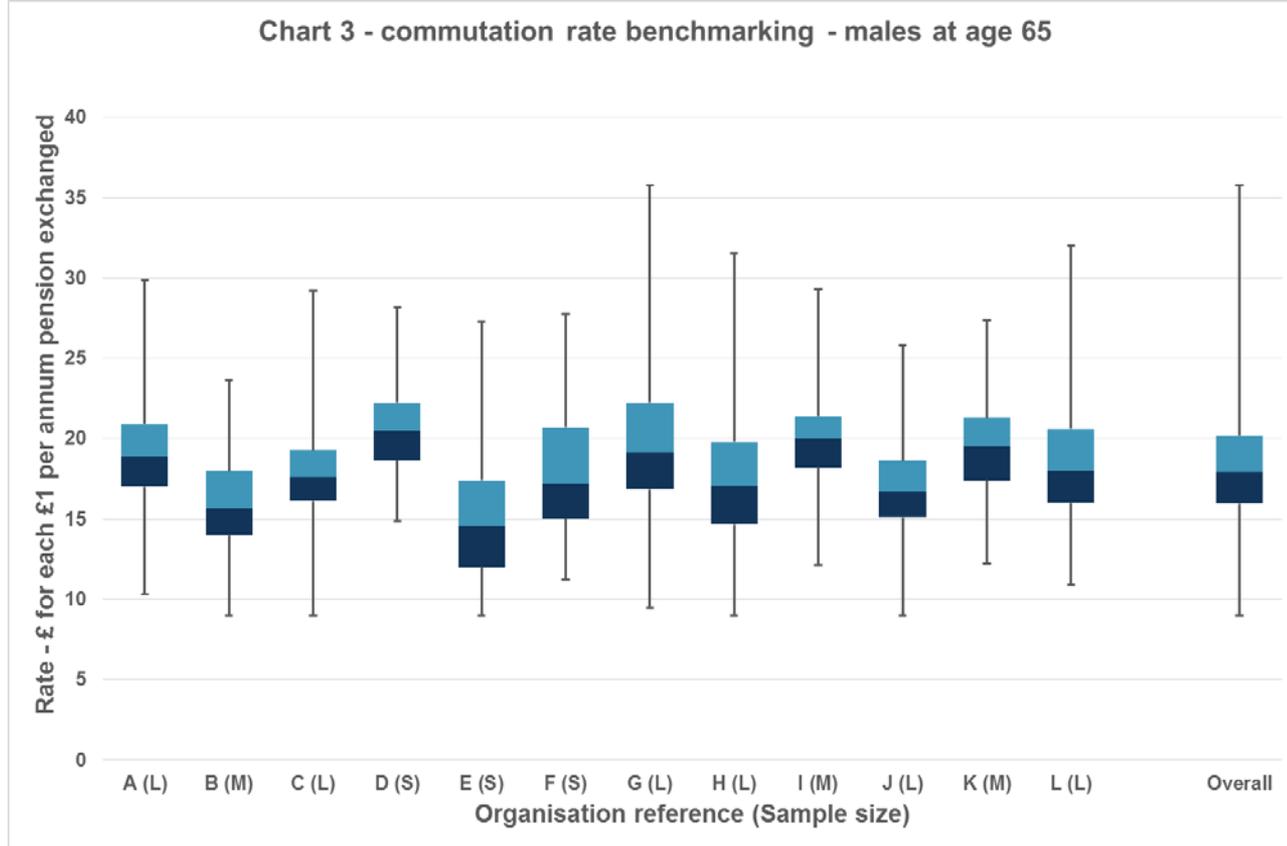
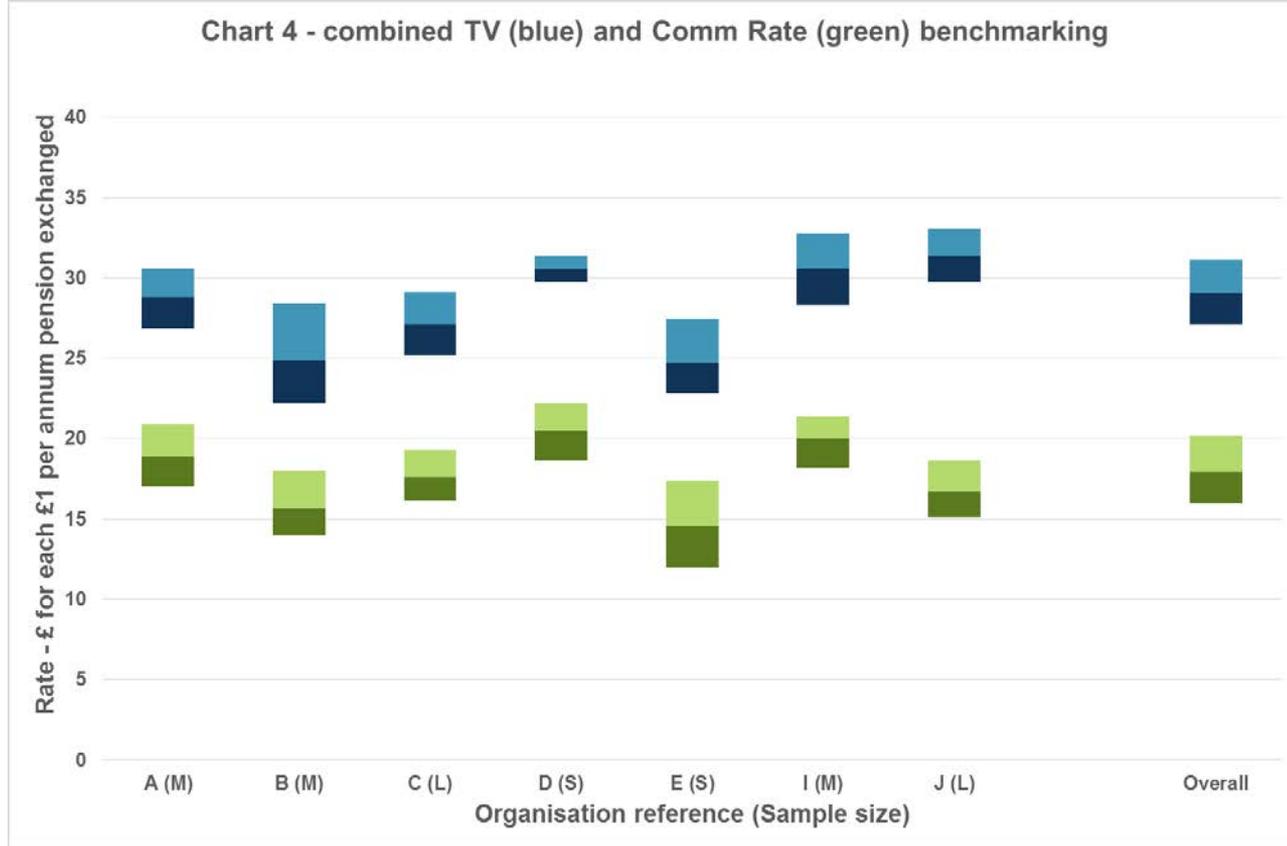


Chart 4 - combined TV (blue) and Comm Rate (green) benchmarking





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## Supplementary charts

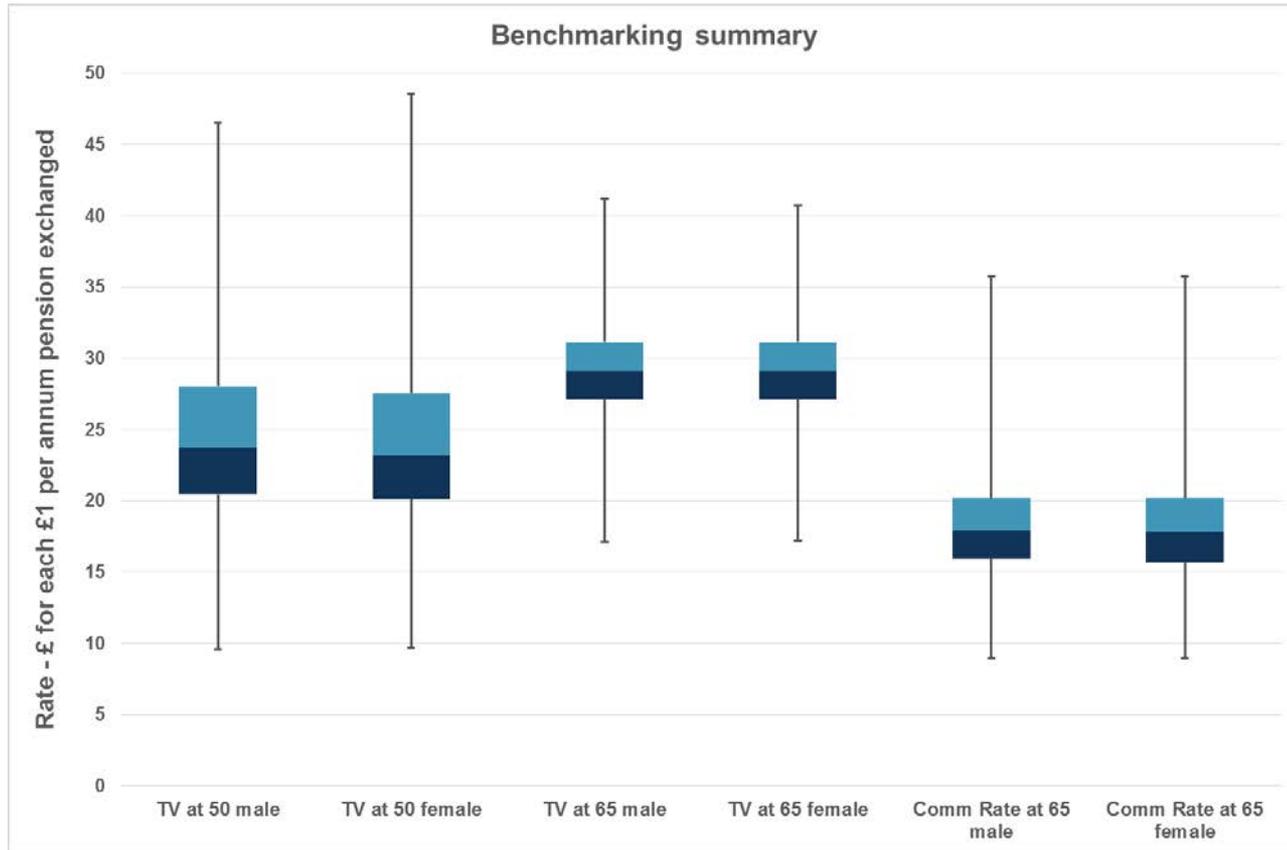
Benchmarking summary (includes transfer values at 50)

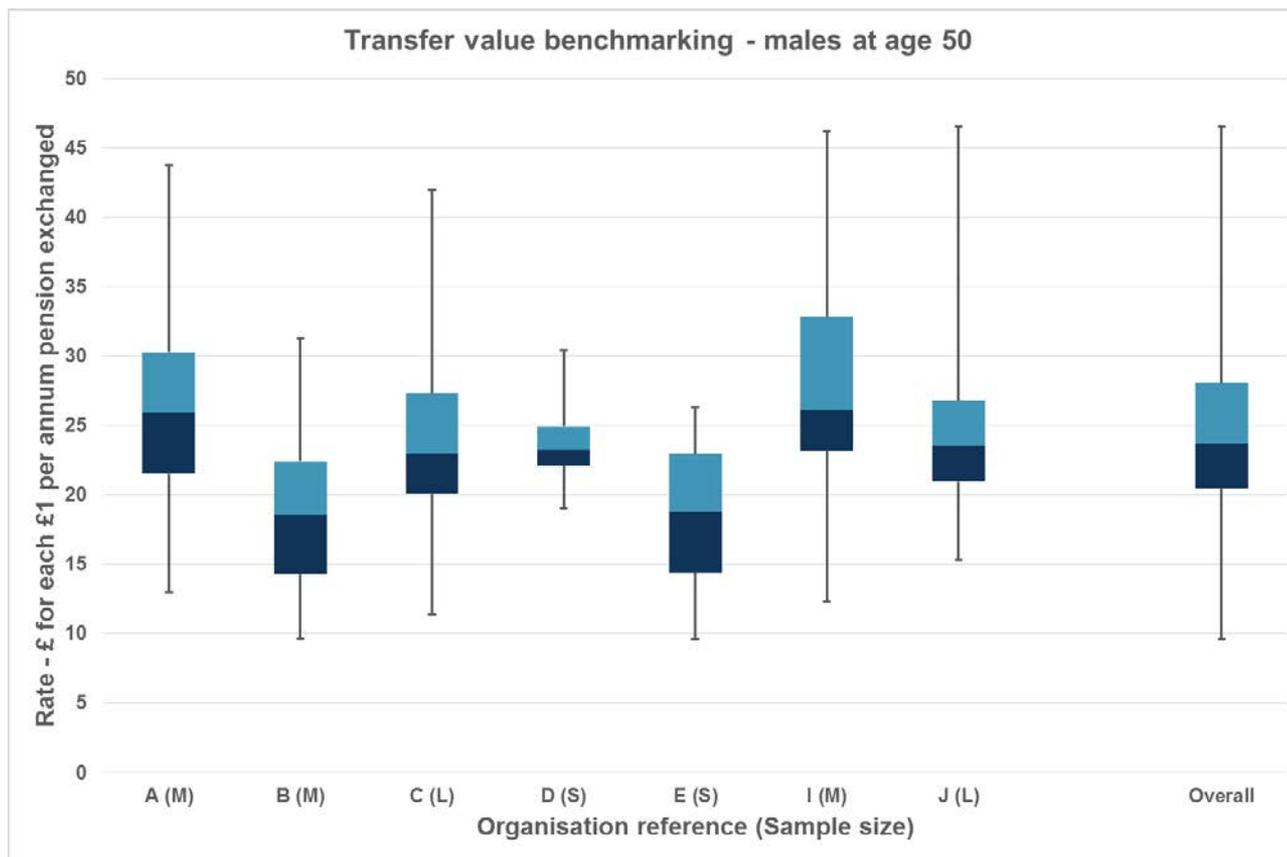
Transfer values – males at 50

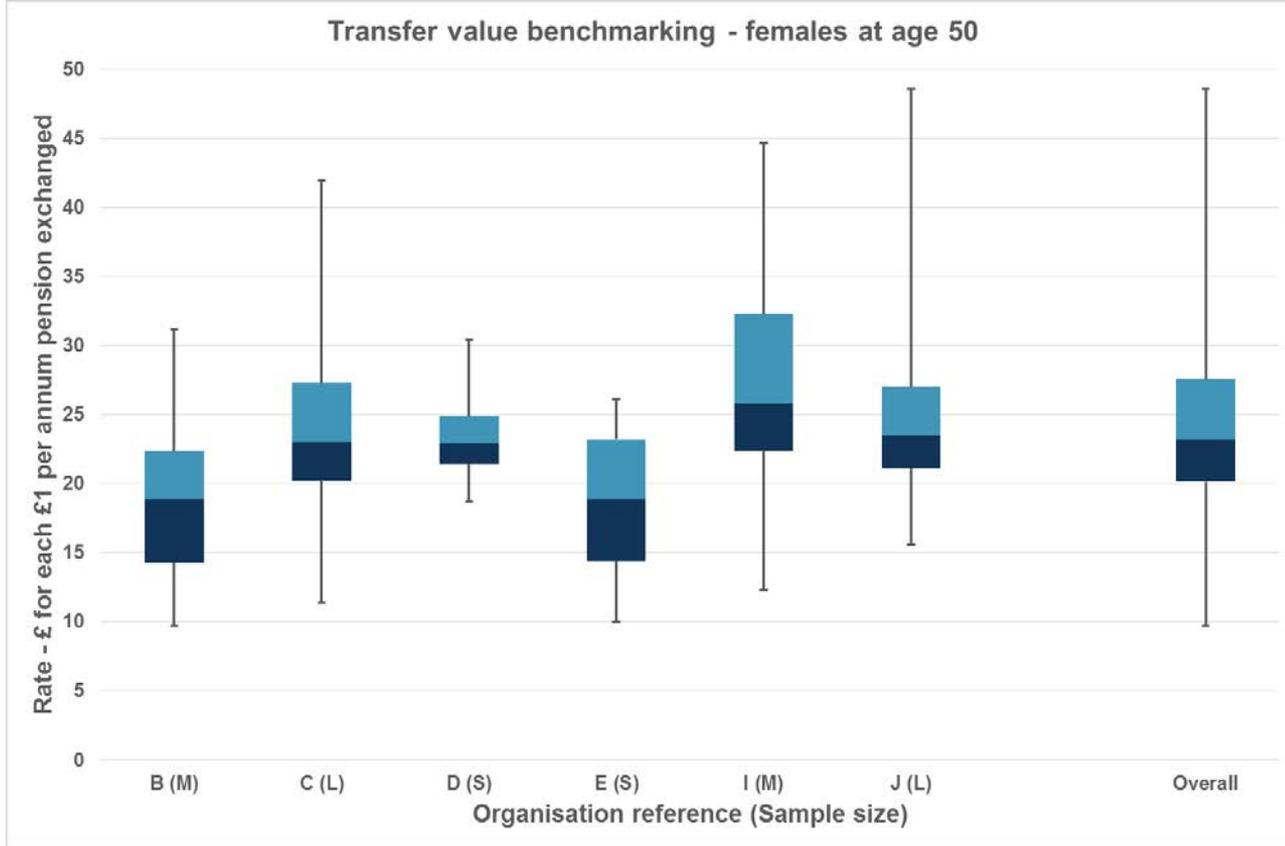
Transfer values – females at 50

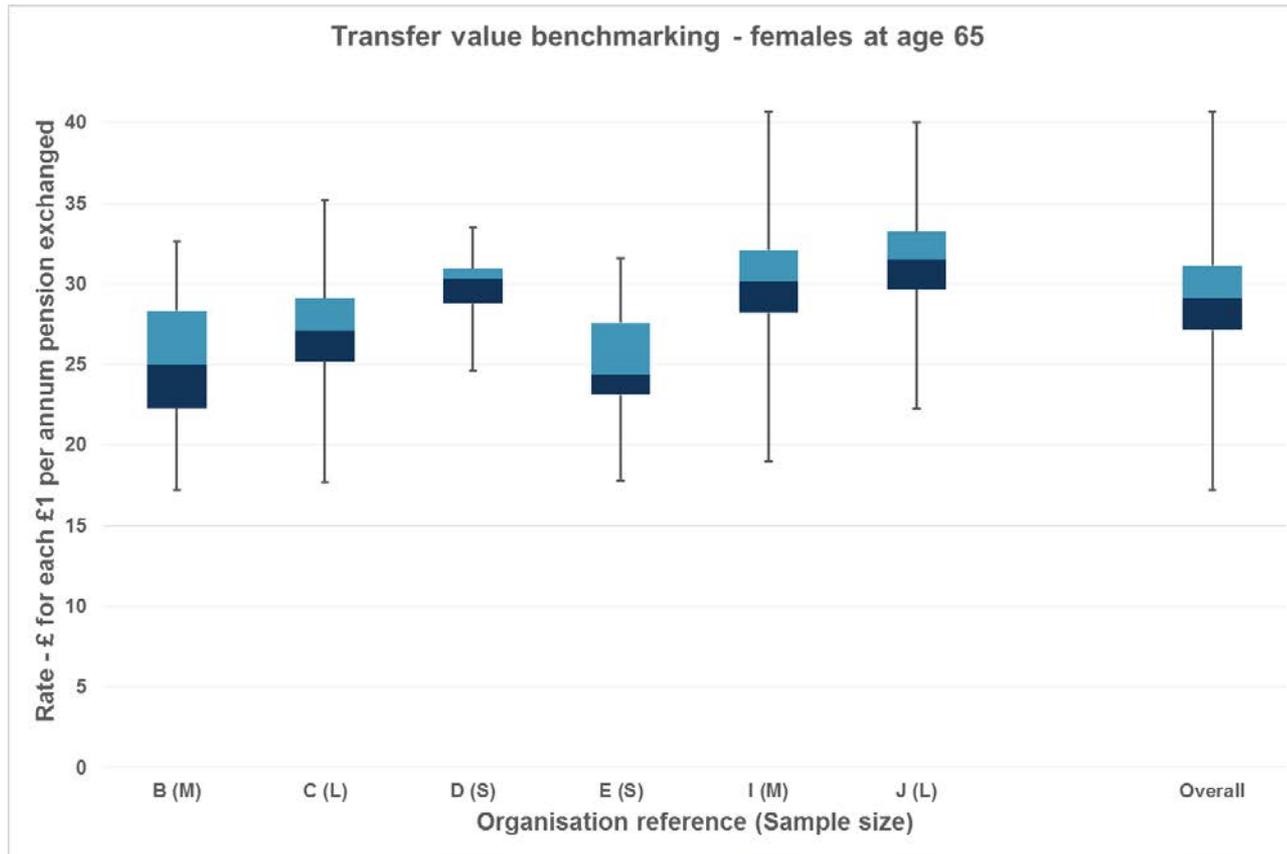
Transfer values – females at 65

Commutation rates – females at 65

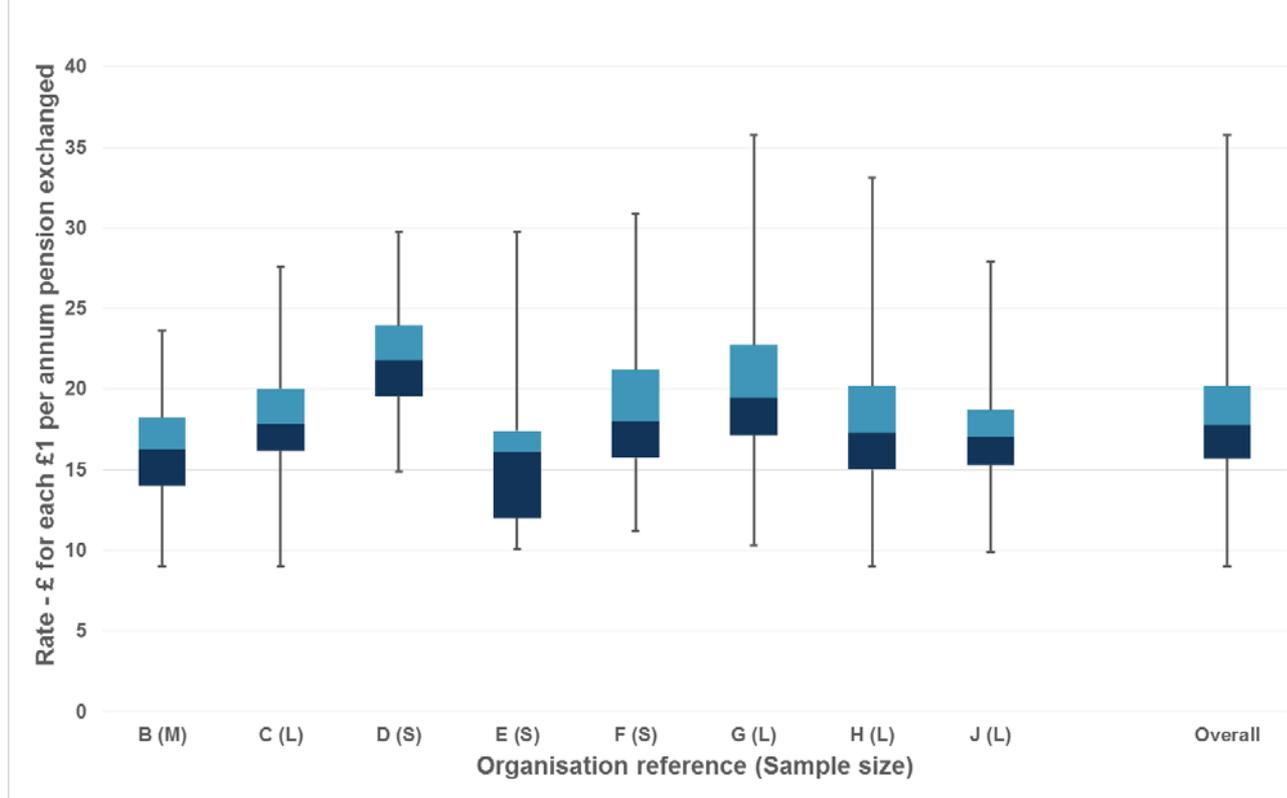








### Commutation rate benchmarking - females at age 65





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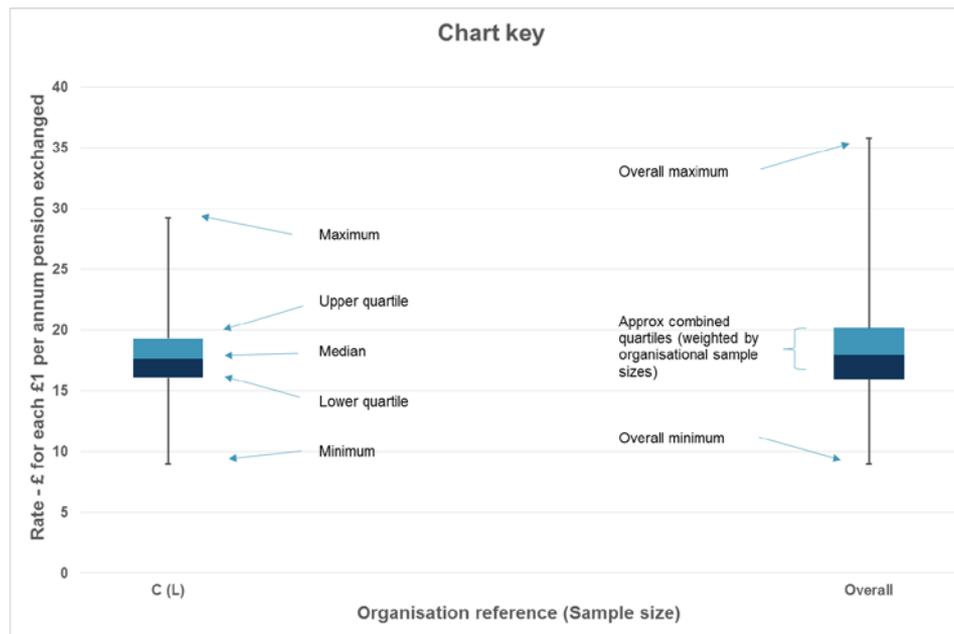
## Additional material

Explanatory note on benchmarking charts  
Notes on benchmarking methodology



# Explanatory note on benchmarking charts

- The figures shown in each chart represent the overall ranges of transfer values and/or commutation rates seen by organisations. A transfer value (TV) of 18 means that the member would be offered a transfer value of £18 for each £1 a year pension transferred. Likewise a commutation rate (Comm Rate) of 18 means the member would be offered £18 for each £1 a year given up (or 'commuted').
- The median figure is shown at the border of the light and dark blue bars, the lower quartile and upper quartiles are shown at the bottom of the dark blue and the top of the light blue bars respectively. Half of the results therefore lie in the area covered by the light and dark blue bars.
- The minimum and maximum figures are shown at the foot and the tip of the two stems.
- For organisational benchmarking, the sample size is shown in brackets for each organisation as Large (L) for more than 150, Medium (M) for 50 to 149 and Small (S) for less than 50 schemes.



# Notes on benchmarking methodology

- We asked organisations to provide outputs from their latest benchmarking surveys on transfer values and commutation rates.
- For transfer values we asked for rates applying in March 2020 at ages 50 and 65, for a benefit payable at age 65, increasing in deferment in line with revaluation orders (consumer price increases up to 5% pa), and in payment with Retail Price Index up to 5% pa, and a spouse's benefit of 50% of pension at date of death.
- For commutation rates we asked for rates applying in March 2020 at age 65, for a benefit increasing in payment with Retail Price Index up to 5% pa.
- Around 700 schemes are included in the transfer values survey and around 1,800 in the commutation rate survey.
- As we asked organisations to provide their latest information, the data will have been compiled at different times and for commutation rates, in particular, will reflect the rates in force at the date of each survey. This means commutation rates that have not been reviewed for several years will be included in the statistics.
- The commutation rates shown are all of those in force for an organisation's clients regardless of the way the factors are set under the scheme rules (ie trustees' power v actuary)
- The transfer value survey information has been provided by fewer organisations and the sample sizes are also smaller for most organisations. Transfer values typically change each month according to varying market conditions so compiling statistics on the ranges of transfer value factor in force at a particular date is more challenging to prepare on a like-for-like basis. We requested figures based on market conditions for March 2020, where possible. Some organisations provided transfer values that they had compiled 'as at' a different date – we have included these unadjusted in the benchmarking.
- Finally, we combined the quartile information by taking weighted averages of each organisation's quartile figures. This may give slightly different results than if we had access to the full data sets from each organisation.

