

## INTRODUCTION

BWCI Insurance Broking Limited ("BWIB") provides assistance to Trustees securing annuities for members of Defined Contribution ("DC") Schemes approaching retirement.

Details of the services which BWIB offers Trustees are set out below.

## ANNUITY ADVICE

When a member of an occupational DC pension scheme retires it is usually a requirement that an annuity is purchased. An annuity converts the amount saved in respect of that member into an income for life.

The service provided to members of the scheme on behalf of the Trustees would usually include the following:

- an explanation of what an annuity is and how it works
- an explanation of the options available to members purchasing an annuity and how the features affect the level of benefit purchased
- enhanced terms available to smokers and individuals who are regularly prescribed medicine or have suffered from a serious illness
- the option of a meeting with the Scheme member to discuss annuity options
- provision of a range of annuity quotes based on the estimated purchase price
- execution of an annuity contract on behalf of the Trustees

A client agreement would be drawn up between BWIB and the Trustees to cover the provision of advice to the Trustees.

## IMPLEMENTATION OF SERVICE

The precise details of the service can be discussed but a possible approach is as follows.

- The administrator provides a list of members retiring in the next Scheme year two months before the start of the Scheme year to BWIB
- The administrator will provide details of any early or late retirements as and when these arise.

- BWIB will contact each member between one and two months before their retirement date providing factual information on annuities and notifying the member of the arrangement between BWIB and the Trustees in relation to annuity advice and setting out the options available.
- BWIB will meet with the member to discuss annuity options (if required).
- Annuity quotes will be provided to the member by BWIB.
- An annuity policy will be executed for the Trustees with options as discussed with the member and agreed by the Trustees.

*\*Some members may wish to have a meeting with BWIB to help them understand the annuity options available to them. In other cases we are able to gather information from members and provide quotes without an individual meeting.*

## ABOUT BWCI

The BWCI Group is the largest firm of actuaries and consultants in the Channel Islands. We provide a broad range of employee benefits, investment and insurance services to our clients. The BWCI Group is the Channel Islands member of Abelica Global, the international organisation of independent member firms which provide actuarial and consulting services around the world.

The BWCI Group has experience of providing insurance broking advice over a number of years through our insurance management subsidiary. BWIB was formed as a specialist insurance broking company at the start of 2009 so that this advice could be provided through a specialist insurance broking company. BWIB supports our employee benefit consulting practice and is able to advise on the purchase of annuities and placing group life and disability cover.

BWIB is licensed by the Guernsey Financial Services Commission to give insurance advice in Guernsey. Under current regulations advice can also be provided to members of Schemes resident in Jersey.

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## FEE TERMS

BWIB generally charges for services on the basis of the time-cost of the work undertaken. For some processes where the time-cost is consistent, such as provision of annuity quotes, we are able to offer a fixed cost.

BWIB does not take commission on insurance products purchased by clients. In some cases the annuity income can be enhanced on a nil-commission basis. Alternatively commission (at up to 5%) could be used to offset our fees, (as shown in the example below). The following table shows an indicative cost for providing the services discussed in this note.

If a member wishes to discuss any pension arrangements outside the Scheme then any extra costs incurred would be billed to the member direct and would be subject to a specific agreement directly with the member.

## SUMMARY

- BWIB is experienced in the provision of insurance broking advice for annuities in Guernsey and Jersey.
- BWIB is regulated by the Guernsey Financial Services Commission and can provide advice in Jersey.
- BWIB is familiar with Channel Islands annuity providers.
- BWIB is independent of all annuity providers and does not receive commission (unless specifically agreed with the client).
- Fees are charged on a time-cost basis to ensure costs reflect the amount of work undertaken.

| Service   | Cost (no VAT) |
|---|---------------|
| Provision of annuity factsheet and quotes               | £150          |
| Optional meeting with member to discuss annuity options | £200 to £300  |
| Execution of an annuity contract                        | £300 to £500  |
| Less commission (based on 2.25% of an example £50,000)  | - £1125       |
| Funds available to Trustees after meeting BWIB costs    | £175 to £475  |



### Focused

because we are focused on our clients' needs and provide a service to suit their individual requirements.

### Practical

because we deliver solutions in practical, commercial and cost-effective ways.

### Innovative

because we seek innovative solutions to complex financial problems using advanced analytical tools and software.

**Location** | PO Box 68, Albert House  
South Esplanade, St Peter Port  
Guernsey, GY1 3BY  
**Tel** | +44 (0)1481 728432  
**Fax** | +44 (0)1481 724082  
**Web** | [www.bwcigroup.com](http://www.bwcigroup.com)

**Location** | Kingsgate House,  
55 Esplanade, St Helier  
Jersey, JE2 3QB  
**Tel** | +44 (0)1534 880112  
**Fax** | +44 (0)1534 880113  
**Web** | [www.bwcigroup.com](http://www.bwcigroup.com)