

INTRODUCTION

BWCI Insurance Broking Limited ("BWIB") provides assistance to Trustees securing annuities for members of Defined Contribution ("DC") Schemes approaching retirement, for members situated in Guernsey, Jersey or the Isle of Man.

BWIB provides the service to the Trustees of the pension scheme on an execution only basis and does not provide any advice to either the Trustees or members.

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

ANNUITY SERVICE

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 the option of or have suffered from a serious illness
- 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 annuity service 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 communicate with the member via the administrator unless the Trustee directs BWIB to communicate directly with the members.
- BWIB will contact each member between one and two months before their retirement date providing information on annuities and notifying the member of the arrangement between BWIB and the Trustees in relation to annuity services and setting out the options available.
- Annuity quotes will be provided to the member/Trustee by BWIB based on instructions received from the member/Trustee.
- An annuity policy will be executed for the Trustees with options as discussed with the member and agreed by the Trustees.

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 services in Guernsey. Under current regulations services 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. However the charge is capped at 1.5% of the premium available for purchasing the annuity and the expense is borne from the member's DC account. The following table shows an indicative cost for providing the services discussed in this note.

SUMMARY

- BWIB is experienced in the provision of insurance broking services for annuities in Guernsey, Jersey and the Isle of Man.
- BWIB is regulated by the Guernsey Financial Services Commission and can provide advice in the required other locations by virtue of an overseas exemption.
- BWIB is familiar with Offshore annuity providers.
- Fees are charged on a time-cost basis to ensure costs reflect the amount of work undertaken.
- BWIB is independent of all annuity providers and does not receive commission (except in payment of the time cost of the work undertaken)

| Service | Cost (no VAT) |
|--------------------------------------------------|---------------|
| Time incurred by BWIB | £500 to £1000 |
| Commission (based on 1.5% of an example £50,000) | - £750 |
| Fee restricted to | £500 to £750 |



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.

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