For Professional Advisers only

SCOTTISH WIDOWS PLATFORM: PENSION ASSET SEPARATION AND EM NUMBER GUIDELINES

WHY DOES THE SCOTTISH WIDOWS PLATFORM KEEP CERTAIN PENSION ASSETS SEPARATE FROM OTHER PERSONAL HOLDINGS?

As you may be aware, on occasions when a client inherits or transfers assets onto the Scottish Widows Platform, we place those newly inherited or transferred assets in a separate account. This can happen in the following situations:

- **Beneficiary drawdown (dependent, nominee, or successor)**
- **Pension credit (qualifying or disqualifying)**
- **Scheme-specific protected tax-free cash**

In some cases, the reason for ringfencing the benefits is based on pension regulations (e.g., non-taxable death benefits), but in others, we have made the business decision to ringfence benefits for administrative or platform functionality reasons. Please note that in all cases, we allow the separate portfolios to be linked to ensure the client pays the correct (lower) platform-based charge.

Beneficiary Drawdown and Pension Credit

Any funds that are inherited from a deceased individual or transferred to an ex-spouse following a pension sharing order must be held under a separate EM Ref. From a regulatory perspective, this is more important in some cases than in others (e.g., non-taxable death benefits or disqualifying pension credit), but for consistency and processing reasons, this applies to all of these benefits.

Scheme-Specific Protected Tax-Free Cash

A client may have scheme-specific protected tax-free cash if they were a member of a scheme pre-A Day and had rights to tax-free cash in excess of 25%. If they transfer to us as part of a block transfer, they can retain those rights, but they *cannot accrue additional benefits within that arrangement*. If a client has this protection, we must suspend activity to ensure there is no further accrual. Therefore, if the client wishes to transfer in from another source or contribute new monies, a separate EM Ref must be created.

SCOTTISH WIDOWS

PROTECTED RETIREMENT AGE OF 55

Was the client born after 5th April 1973?

- **NO** → Clients born before 6th April 1971 are able to access their pensions from the age of 55. However, for clients born after 6th April 1971 but before 6th April 1973, it is more complicated. This is because people in this group will reach the current NMPA on their 55th birthday and will normally still have access to their benefits until 6th April 2028. However, if the pension funds are not accessed by then, your client would not have access until their 57th birthday, thereby delaying it further by 2 years.
- **YES** ↓

Did your client hold Pension Assets on the Advance by Embark Platform (AbE) prior to 4th November 2021?

- **NO** → Your client will be impacted by the increase to the Normal Minimum Pension Age. From April 2028, assets will be accessible from age 57.
- **YES** ↓

Does the client still hold pension assets on the Scottish Widows Platform?

- **NO** → Check with their new provider. If they ringfenced your client's pension assets, they may still be able to access them at 55. However, only the amount transferred would be accessible at 55; no top-ups or transfers would be included.
- **YES** ↓

Under current legislation, as the AbE platform had a specified retirement age written into its Scheme Trust Deed and Rules, your client will be able to access their retirement benefits at age 55. Additionally, they are able to top up with new money or transfer onto the Scottish Widows Platform and still access those funds at age 55.

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