



Association of British Insurers

Options – Q&A briefing for advisers

1. What is Options?

Options – the Open Market Pensions Transfer Service - has been developed by the UK's leading annuity providers and Origo, the e-commerce standards body.

2. What is its purpose?

To deliver faster transfer turnaround times for customers using the Open Market Option or Immediate Vesting Personal Pension (IVPP) to set up their retirement annuity with another provider. The service will provide a new benchmark in provider service.

3. How does it work?

The service sits between provider firms. Annuity applications received by a receiving provider will initiate the service. Once the receiving provider has loaded an application onto the service, notification is sent to the ceding provider(s) to begin the customer data and fund transfer process. These processes will be done electronically, using new standardised processes. Once this is done, the receiving provider will then set-up the annuity and start payment, according to the customer's chosen payment schedule.

4. What does this mean for advisers?

An end to lengthy OMO/IVPP transfer delays, and significantly improved service for OMO transfer business between the Options providers.

Advisers themselves will have no direct interface with Options, but must ensure that annuity application forms – including discharge, LTA and CA forms – are completed fully and accurately. Many OMO transfer cases are delayed for this reason, so it is essential that forms are completed properly.

Though advisers will have no direct interface we have received valuable input from advisers in its development. Adviser feedback is welcome and should be sent to Origo's John O'Hara at johara@origoservices.com.

5. When will Options go-live?

The first providers will go live on Monday 8th December – AEGON, Legal & General, Partnership, Prudential and Standard Life. This means OMO transfers between these firms will be processed via Options from this date.

Other providers will come on to the service early in 2009. Further details will be provided at the time.

6. Which products does the service cover?

OMO transfers from individual personal pensions, group personal pensions, stakeholder pensions, free-standing additional voluntary contributions (FSAVCs), and s226 (s620) policies. The service will be expanded in 2009 to include pension-to-pension transfers.

7. Which providers are involved?

16 providers are participating in Options, as below. These companies represent over 90% of UK annuity business, and others are expected to join shortly.

AEGON	Norwich Union
AXA	Partnership
Canada Life	Prudential
Friends Provident	Pearl Group
Just Retirement	Scottish Widows
Legal & General	Skandia
MetLife	Standard Life
MGM Advantage	Zurich

8. What is the timeframe for transfers between Options providers?

The initial target is for annuities to be set-up within 30 calendar days, from the point at which the provider receives an annuity application. This initial target will be reduced over time.

The ABI will publish quarterly updates of the performance achieved by the service. The ABI is also working with HM Revenue & Customs and the Department of Work & Pensions to address the causes of delays that are beyond providers' control, in order to further improve transfer times.