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| **Procedure:** | With Profits | **From (date):** | 2023 |
| **Replacement?:** | Y | **Produced by:** | Essentials |
| **Signed off by:** | (SMF16) | | |

**With-Profits procedures**

**Description of the procedure to be carried out**

To follow the process below in the event that a recommendation is being made in connection with an investment containing a with-profits element.

**Individuals who are required to carry out this procedure**

All advisers

**Individuals responsible for ensuring that this procedure is carried out**

SMF16

**Circumstances under which procedure must be carried out**

Whenever a recommendation is being made in connection with an investment containing a with-profits element, irrespective of whether the recommendation involves new business or review of existing business.

**Arrangements for monitoring**

Random client file audits.

**Pension – Questions to be asked:**

1. Establish current value and transfer value
2. Is any difference between current value and transfer value wholly attributable to a Market Value Reduction?
3. Is there any element of terminal bonus included in the transfer value – if so, how much?
4. Are there any points in the future at which the Market Value Reduction will not apply?
5. Are there any guaranteed annuity rates applicable?
6. Is there any guaranteed fund value applicable?
7. Is there any guaranteed growth rate applicable?
8. What is the latest asset allocation of the With-Profits fund (ex PPFMs) and how does this impact on future payouts?
9. What is the ongoing financial strength of the fund?
10. What is the past payout history of the fund?
11. What other funds are available for investment with the provider product?
12. What are the charges applicable for the other funds?

**Recommendations**

Comparisons should then be made as to whether the expected return from the With-Profits fund (assuming current value) outweighs the expected return from an alternative product.

If guaranteed annuity rates are applicable, these will need to be taken into account.

**Investment Bonds: questions to be asked**

As for pensions except items 5 and 6.

**Recommendations**

Comparisons should then be made as to whether the expected return from the With-Profits fund (assuming current value) outweighs the expected return from an alternative product.