



Case Study - EU/UK Pension Changes

In September 2005 the UK government required companies to implement the cross border elements of the EU Occupational Pensions Directive. As a result Coats needed to review the situation of all members of their European pension schemes. Because the funding required by the new regulations, which greatly exceeds normal UK funding requirements, was understandably deemed to be too onerous, Coats planned to help affected employees move into an alternative International Plan. New arrangements were designed to target the gap between the accrued and expected benefits of those concerned.

The move from one scheme to another brought up many cross border tax issues and general pensions queries. Coats understood that this could be a difficult time for those affected and so decided to help individuals overcome their concerns by providing unbiased, fee-based advice. Coats chose clarity to deliver this advice on a one-to-one basis to help individuals understand the financial implications of the changes. Due to the nature of the business all expatriate employees were part of the senior management team whose personal financial affairs tended to be more complex. Meetings were arranged in Germany and the UK to discuss how the changes would affect individuals and to explain how Coats had planned for the new defined contribution scheme to match the expectations of those leaving the defined benefit scheme.

In addition Coats identified another group of employees affected by changing pensions law, this time by part of the UK Pensions Simplification regulations. Again they sought to assist this group of employees through this very complex area of finance by employing clarity. Most were members of the Coats defined benefit scheme whose pension benefits were approaching or had already exceeded, the new lifetime allowance. The circumstances of every case are different and advice must be uniquely tailored. clarity guided individuals through the process of registering and the subsequent regime of contributions that they would be required to follow.

All those Coats employees advised by clarity benefited from one to one advice augmented by full web support. In addition, there are a series of calculators for mortgages, investments and pensions. There is also a transaction service for ISA, PEP transfers and Unit Trusts (including OEICs), which is offered at nil initial commission and with heavy further discounts to initial charges.