

Private & Confidential

DATE

Dear ,

I am writing to you to confirm the advice to be given in respect of your pension benefits following on from the pension sharing order that has been given.

You were referred to us by IFA NAME and I am now writing to advise you accordingly on these benefits.

I have attached a full report that details the options available to you along with the advantages and disadvantages that need to be taken into consideration. I can confirm that I am authorised to advise on this area of financial planning and we have treated you as a retail client.

I trust that you will find this information to be in order, but please do not hesitate to contact me if you have any questions or queries.

Kind Regards

*Mark Werner Dip PFS
Managing Director*

ENC's

PENSION SHARING REPORT

For

NAME

DATE

PREPARED BY

Mark A Werner Dip PFS

Managing Director

Harvard Pension Specialists



Range of Advice

This report is based upon the content of our recent discussions, and the Fact-Find I have completed with you which contains details of your financial and personal circumstances.

As Independent Financial Advisers we offered you a full financial review. However, as you have an existing relationship with MR SMITH, you asked that I only offer advice surrounding the pension and divorce settlement from your ex-husbands pension with the XYZ Pension Scheme.

I summarise the results of the fact find and the priorities that you placed on the specific areas below:

Mortgage Planning	Priority Number 5
Life Assurance	Priority Number 5
Critical Illness Cover	Priority Number 5
Permanent Health Insurance	Priority Number 5
Pension Planning	Priority Number 1
Lump Sum Investments	Priority Number 5
IHT Planning	Priority Number 5
Long Term Care	Priority Number 5
Regular Savings	Priority Number 5

Please note that those areas you did not wish to discuss in the fact-find, if detailed, may have impacted the advice and options that have been given.

I confirm that I have advised you on this pension sharing order and it has not been conducted on an execution only basis.

I can confirm that you were supplied with Harvard Financial Management's following documents on the 29th January 2009:

- Client Agreement Form
- Key Facts detailing our Services and Costs.

Summary of Current Situation and Objectives

You have been awarded a share of your ex-husbands pensions benefits as part of your divorce settlement. According to the Pension Sharing Annex dated the 31st March 2008, your share equates to 100% of Mr's Pension Scheme benefits.

NB : Please note that we did not get involved in calculating or advising on the amount of the pension sharing order. We have only advised you on the options available with the credit that was awarded.

The above court order also stipulated that the charges associated with the credit should be paid in full by the Transferee. This means that you are liable for these.

As the Court has made a "sharing order" in relation to your ex-husbands benefits under the Scheme, the Trustees will transfer the amount credited to you to another suitable pension provider. The Trustees of the Scheme will also reduce the value of the member's benefits accordingly. In fact as you have been awarded with all of his pension fund, he will have no further benefits under this Scheme.

The Scheme have confirmed that there is no shadow membership available to you so therefore the only option available to you is an external transfer to a suitable individual pension provider.

As you are looking to take financial advice on the most appropriate way to transfer your share of your ex-husbands pension into your own arrangement, I have taken the following factors into consideration:

- You are 52 years old.
- You are divorced.
- You are employed, working as a
- The state of your health is good.
- You are a basic rate taxpayer, earning £9,000 per annum.
- You receive maintenance of £7,800 per annum
- You have a conservative attitude to investment risk
- You wish to retire at age 65
- You own your property and this is valued at £330,000. There is an outstanding mortgage of £135,000, which is on a repayment basis.

Your main requirement is to take the value of the pension fund and transfer this to your own personal arrangement.

We have confirmed that you do not have access to an Employer sponsored arrangement and no other pension plans that can accept the transfer payment.

What are your Options?

The Scheme have confirmed that the cash equivalent transfer value (CETV) of Mr pension as at the 31st March 2008 equated to £45,422. Therefore based upon the pension credit award of 100%, you are entitled to the full amount.

The cash equivalent transfer value was quoted in the Pension Sharing Annex dated March 2008, and therefore it maybe recalculated by the scheme and your share will be based upon the revised figures at time of transfer. Harvard Financial Management did not become involved with the pension credit until January 2009 and we offered no advice in respect of the share that you were awarded.

Based upon the information supplied by XYZ and that contained with the consent order, we have not been provided with a split of the transfer value.

Please note that you may have a portion of your fund referred to as safeguarded pension rights. These benefits cannot be used to provide tax-free cash nor can they be taken before age 60. Although pension legislation came into effect from April 2006 to allow tax-free cash from protected rights, the rules did not extend to "safeguarded rights" in the instance of divorce.

We are aware that there are proposals to change the options on retirement for safeguarded rights, which will enable you to take tax-free cash from this portion. These are due to be introduced in April 2009, but we have based our advice on the current rules. We expect the changes to be retrospective and therefore they should benefit you either way.

Recommendations

As the XYZ Scheme do not offer shadow membership, you have to transfer the benefits to an appropriate pension plan.

I therefore recommend that you transfer the pension credit that has been awarded to a Stakeholder Pension Plan with Scottish Widows. They have access to a wide range of pension funds and this will allow you to create a portfolio of funds to maximise the investment returns, within a low charged contract. I have detailed my recommendations for Scottish Widows later in this report.

The transfer will enable you to accrue benefits in your own individual pension arrangement. This will be entirely separate from the Occupational Pension Scheme that your ex-husband accrued pension benefits in.

What is a Stakeholder Personal Pension ?

For a full description of a Stakeholder Personal Pension or to remind you what a personal pension is, please refer to page 3 of the Scottish Widows Key Features document that has been supplied to you.

Choice of Product Provider – Scottish Widows

Given that we are looking to transfer to a Stakeholder Personal Pension contract that offers greater investment opportunities and the ability to take retirement benefits in a flexible manner, it is imperative that the new pension provider has accessibility to a wide range of funds. Online valuations must be readily available, as must be the opportunity to take advantage of the flexibility that A Day has brought.

I have conducted research within the marketplace based on the following criteria: -

- Financial Strength and Service (for both existing and new business)
- Fund choices – the number of fund links and external funds
- Options at retirement – including the ability to take Unsecured Income

I have recommended that you when you take the pension credit, you use Scottish Widows as the Provider for the following reasons: -

- Superior financial strength
- Good service – Local support and service
- Good range of fund choice
- Online valuations and fund switching
- The ability to offer unsecured income options for safeguarded rights

Scottish Widows has been looking after the financial wellbeing of people from all walks of life for just over 190 years. They are renowned for their financial strength and are rated AA1 (Excellent) by Moody's, one of the leading independent ratings specialists.

Scottish Widows provides high standards of customer care and service and is committed to striving to keep improving its service.

Retirement Opportunities

From A-Day the requirement to purchase an annuity by age 75 is removed which enables you to retain the investment control and maintain death benefits.

The Scottish Widows Personal Pension offers the flexibility and the facilities under their contract to take both Unsecured and Secured Income ie: the option to guarantee an income for life through annuity purchase. A further improvement is that any tax free lump sum can be taken without drawing a regular income under the Unsecured Pension route. This gives us the ability to manage a flexible income whilst taking into account your current income tax situation.

Please note that Scottish Widows currently impose a minimum of £100,000 into Unsecured Income. This means that if your pension fund does not maintain the minimum level, you may be unable to access this facility.

Investment Portfolio Recommendation

Investment performance is the single most important aspect of your contract and will make the greatest impact on the pension you receive in retirement.

I have therefore attached a full Investment Report which details my advice and the recommendations for the portfolio of funds that I have recommended.

Risks

Past performance is not necessarily a guide to future performance and investment returns may be affected by changes in the basis of taxation. The price of your Scottish Widows units (and income from them) can go down as well as up. This may partly be as a result of exchange rate fluctuations in investments that have an exposure to foreign currencies.

You should remember that the eventual pension income purchased will depend on the future investment performance of your plan and the movement of annuity rates, which are based on long term gilt yields. The rate used when projecting your possible pension may be higher or lower than the actual rate available when you vest your benefits.

The rates quoted are not a minimum or maximum and you should take into account the effects of inflation over the long term. We discussed the fact that I cannot guarantee investment performance of your new plan.

Illustrations/Key Features

I have provided you with an illustration showing a projection of benefits and charges. These documents support my advice and should therefore be read in conjunction with this report. They are very much a generic document that shows figures assuming a standard set of assumptions set down by the Financial Services Authority. It gives you an indication of how the future situation can develop. The actual investment returns may be less or more than those shown in the illustrations provided.

I would also like to draw your attention to the two Key Features Documents that have been supplied to you along with an illustration of future benefits. In these documents there are a number of important areas that apply to your decision to proceed, namely:

Rights to change your mind - Page 6

Charges associated with the plan - Page 6

Risk warning associated with the plan - on Page 2

Charges

The 'effect of the charges' on the fund growth required by the Financial Services Authority is shown on illustrations for the new Stakeholder Pension Plan with Scottish Widows.

The required figure is shown on page 4 of the enclosed illustration where you will see that on a gross assumed rate of investment return of 7% per annum the effect of charges is to reduce this figure to 5.9%. This indicates that the combined costs of the initial charges and ongoing annual management charges equate to 1.1% per annum.

This is a Stakeholder Pension Plan and therefore the charges are capped to a maximum of 1.5% per annum with effect from April 2005.

Details of the charges can be found on page 3 of the Scottish Widows illustration that has been provided to you. If you would like further clarification on the charges please do not hesitate to contact me.

Costs for the Advice

Harvard Financial Management will receive a fee on successful completion of the transfer, this amounts to 4.2% of the transfer value and is paid as a one off payment from Scottish Widows. A proportion of this fee is payable to Mr Smith to cover his work to date and the referral of this case to us. Confirmation of these costs can be found on the last page of the illustration.

Please note that Mr Smith will be responsible for the ongoing management and monitoring of your Scottish Widows pension plan and to ensure that your expectations are managed effectively.

Summary

In summary the transfer of your pension credit of £45,422 to a Scottish Widows Stakeholder Pension offers flexibility of fund choice and income at retirement. It meets with your requirement to move the pension fund to an individual arrangement and move the funds away from the Pension Scheme.

The advice provided is based upon the information you have disclosed and therefore if this report does not accord with your view of the situation, or if you require any further clarification, you should contact me immediately.

All statements concerning the tax treatment of products and their benefits are based on my understanding of current tax law and Inland Revenue practice. Levels and bases of, and relief from taxation are subject to change.

I would be grateful if you would sign the enclosed copy of your report to acknowledge receipt and return it in the pre-paid envelope for my records.

Yours Sincerely

Mark Werner Dip PFS
Managing Director

Declaration

I confirm that I understand and agree with the advice given to me in respect of the pension credit from the Scheme to Scottish Widows. I also confirm receipt of the key features document and understand my statutory rights to cancel my plan within the prescribed cooling off period.

Signed.....Date.....

CLIENT NAME