

## Pensions Lifehack by Philip Sutton

### Expression of Wishes Forms – Avoiding Pitfalls

#### What Is the Issue?

Many schemes routinely encourage members to keep their expression of wishes (EOW) forms up to date. This is a good discipline, but, when it comes to member communications on the topic, careful consideration is necessary. Would a reminder about the benefits potentially subject to the EOW be worthwhile?

#### A Specific Complication

In particular, no lump sum is generally available to a pensioner in a defined benefit scheme once the five-year guarantee has expired. It is all too easy for members' financial planning to proceed on a misunderstanding of what benefits will be available, leading to the risk of complaints against trustees. Also, potential beneficiaries often mistakenly think that the EOW is binding on the trustees.

#### General Comment

The death of a member is clearly a very distressing time for families. Unexpected problems with the member's pension benefits can be hard to take and generate avoidable complaints. As members can find pensions confusing, clear and accurate communication is key to helping them make informed financial planning decisions. We have seen particular issues where unmarried partners are involved.

#### Top Tips

1. Make sure all member communications are clear about the purpose of the EOW and when lump sum benefits cease to apply.
2. Include a clear message on the EOW itself, if possible, rather than directing members to separate communications such as member newsletters, scheme websites or benefit statements.
3. Consider sense checking the wording of the EOW with a sample of members to check their understanding of the benefits covered.

