If you have previously worked with an employer that offered a Defined Benefit scheme with guarantees, or "safeguarded" benefits, this INFORMATIVE brochure will help you decide what you should be considering

Final Salary / Defined Benefit Pension Transfers

"Safeguarded" benefits are pension guarantees linked to your income or lump sum

Know the FACTS!

1. The FCA (regulator) take the view that most people should retain safeguarded benefits and should not transfer them.
2. You should never, in our opinion, take advice about the transfer from one party (who you may never have met) and then do a transfer and the ongoing investments with a second party.
3. The FCA are concerned about firms "signing off" pension transfers at a client's insistence, or from unregulated introducers due to poor client outcomes.

Remember: There is no reverse gear after a Defined Benefit transfer takes place.

How do you identify yourself:

SEEKING THE TRUTH

You have been encouraged to transfer your safeguarded benefits after a cold-call or unsolicited referral from a colleague/friend.

SEEKING THE MONEY

You have heard that you can cash in your pension fund and use the money to buy an asset, e.g. a car or house, or pay off debts.

SEEKING WHAT'S BEST

You are considering your retirement and wish to investigate your pension benefits and options.

If you are seeking what's best for you, and are considering retirement, or wish to investigate your pension benefits and options, then read on

QUESTION: Are there genuine reasons for considering a pension transfer?

ANSWER: YES!

"WHAT WILL YOU REALLY LOSE BY NOT TRANSFERRING A SAFEGUARDED OR DB PENSION?"

1. If you are not married, nor have a recognised civil partner, your death may lead to loss of any benefits to your beneficiaries.
2. If you accept the loss of guarantees, then sometimes even a low risk investment outlook can produce higher income and lump sums if you transfer, but with no guarantee.
3. Some guarantees are insufficient to compensate low future benefits.
4. Retaining a safeguarded pension may be the wrong decision in some circumstances as they are inflexible.
5. In the event of your death the outcome is inflexible and, as a result, your beneficiaries may lose out substantially.

"WHAT WILL YOU REALLY LOSE BY TRANSFERRING A DB PENSION?"

1. The cast-iron guarantee to you and your surviving spouse of an income in retirement for life.
2. The greatest government pension success story in recent times – the added security of the Pension Protection Fund – will be lost.
3. You lose that precious commodity – no risk to your income arriving in your bank account, and increasing each year for the rest of your life.
4. Reduced worry for you or your surviving spouse, with little cost or administrative burden.
5. The flexibility to reconsider a future transfer in light of future legislation (always available up to 12 months from stated retirement age).

KEY POINT: There are other wins and losses linked to your personal situation.........
which is why you MUST take advice!

If you are seeking the truth, and you have been encouraged to transfer your safeguarded benefits (specifically defined benefit pension) after a cold-call or unsolicited referral, then you are likely to have heard:

1. You can "take control" of your pension.
2. Provide funds for your loved ones when you are no longer here.
3. British pensions schemes have large deficits and are in danger of collapsing.
4. The Pension Protection Fund (PPF)** cannot cover all these failing pension schemes.
5. You will have increased flexibility and be better off.

KEY POINT: It could be the case that the advice is based around the fees the adviser earns, rather than what is beneficial for you.

Generic reasons, such as those on this page, are usually found to be nothing more than marketing, and often spurious when professionally qualified pension specialists later review the advice.

** The PPF is a marked success story and offers a separate guarantee which is in addition to employer guarantees. It is also currently in surplus (Nov 2018)

FAKE NEWS

What should you try to avoid?

If you want to avoid losing your funds or future retirement (as many other people have, especially overseas) then you should be aware of potential red flags.

POTENTIAL RED FLAGS

1. Be clear, "taking control" actually means taking away the safety measures in place, stripping out guarantees, and placing all the risk onto you and your future retirement.
2. Your adviser talks about death or loss to your beneficiaries emotively, rather than factually, and never discusses with you other options available.
3. If you are told about BHS, British Steel or even "Maxwell" and 'Pension Deficits' and nothing about the PPF then walk away now!
   ** The PPF is a marked success story and offers a separate guarantee which is in addition to employer guarantees. It is also currently in surplus (Nov 2018)
4. You may be encouraged to believe that your money will be safe from UK government "tax grab" and at the same time have greater protection. A utopia that exists only in the mind of a salesperson with a colourful brochure!
5. If you are seeking the pension funds to buy an asset, or pay off debt, this may motivate you to take an action that ultimately will damage your future retirement.

On the next page we discuss GENUINE reasons that should be considered for 90% of people – are you one of them?

WHEN SHOULD YOU DEFINITELY CONSIDER TAKING SAFEGUARDED PENSION ADVICE?

1. You are sufficiently wealthy as to not need the guarantees of a safeguarded pension in retirement.
2. You have genuine poor health issues – impaired life annuities/death benefits*.
3. You are able to accept the personal risk to try and obtain better returns (subject to (1).
4. You have no spouse, but other beneficiaries.
5. You want flexibility for genuine tax planning.
6. You really do wish to accept risk, take control of your investments, and ensure that the potential lump sum is invested professionally for the benefit of yourself and others.

KEY POINT: A transfer to a QROPS is only likely to be of benefit to genuine expats and not UK residents. Be wary of any adviser recommending a QROPS if you intend to retire in the UK.

KEY POINT: If your death occurs within 2 years of a transfer then, even as an expat, HMRC could TAX the pension at inheritance tax rates without careful planning.

* Those of you in poor health should speak to your trustees about the options for enhanced pension / lump sum payments

Take advice in 1....2......3 Straightforward Steps

Your attitude to risk and asset value, as well as your personal views are so critical to successful outcomes. If you live overseas then Double Tax Treaties (and other tax agreements on pensions) are key to understanding where you should base your funds

1. If you are approached on a cold-call or a referral from a friend or colleague (even if they are trusted!) and you fail to heed our warnings then do not be surprised if you end up receiving bad advice, poor outcomes, and a worse retirement.
2. Make your own enquiries and take a second opinion avoiding wording such as page 3 – Fake News – When you hear such things you are not talking to the right adviser.
3. Only take advice from a fee-based adviser that charges a fee for the advice, and is a UK regulated adviser CURRENTLY. Check whether the payment for the advice is CONTINGENT on you transferring your pension.

Talk to us!

We are SEC registered and FCA regulated and have advisers qualified to Certified and Chartered status. We have the relevant specialist pension qualifications to review the advice given to help you reduce costs and improve outcomes.

We can assist you in getting that much needed pension and investment advice.

Click for more details

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