



## Pension consolidation

Simplifying and maximising retirement benefits

The employment landscape has evolved significantly over the last few decades, and changing jobs multiple times before retirement is now very much the norm. As a result, many people have multiple pensions set up, as they have been automatically enrolled into a new pension scheme each time they have started a new job.

When you have several pension pots, things can become complicated. If you have accumulated a number of pension pots over the years from different employers, consolidating them could be a sensible move.

### **BRINGING TOGETHER ALL YOUR DIFFERENT PENSION POTS**

You may have pensions that were set up a long time ago and are no longer suitable for your requirements, or you could be over-paying for services such as life insurance that are not required. Monitoring the performance of multiple pensions is also time-consuming. Bringing together all your different pension pots can give you more control over your money and provide a much clearer picture of your overall pension savings.

Consolidating your pension pots enables you to bring together all your different pensions and makes it easier to manage your money. Less time will be needed to monitor each different pension and check performance, and there is likely to be considerably less paperwork once your pensions are combined. You are also likely to get a better

understanding of whether your retirement planning strategy is on track.

### **EASIER TO DETERMINE YOUR OVERALL ASSET ALLOCATION**

Crucially, having all your pension savings in one place should also make it far easier to determine your overall asset allocation. If your pension savings are spread out over many different providers, it can be hard to keep track of your exact asset mix and know how much risk you are taking on. If you have a plan that was set up a long time ago, you may not even know what investments you currently hold.

Additionally, consolidating your pensions can give you the opportunity to lower costs if you switch to a more cost-effective pension provider, or boost your investment options if you transfer to a more flexible provider.

### **A PENSION CONSOLIDATION COULD BE THE APPROPRIATE ACTION TO TAKE IF:**

- You have a number of pension pots and want more control over your money

- You have a number of pension pots and want less hassle
- You are unhappy with the performance of a current provider
- You are unhappy with the choice of investments offered by a current provider
- You are paying high fees with a current provider

### **HOWEVER, A PENSION CONSOLIDATION IS NOT ALWAYS THE BEST OPTION. IT MAY NOT BE SENSIBLE TO CONSOLIDATE YOUR PENSIONS IF:**

- You are a member of a defined benefit pension scheme. If you transfer out of this type of pension, you'll be giving up guaranteed benefits and potentially taking on greater risks
- You have a pension that comes with valuable benefits. For example, a pension may allow you to buy a higher income in the future via a 'Guaranteed Annuity Rate'
- You have a pension provider that charges high fees to transfer to another provider





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## **BEFORE DOING ANYTHING, CHECK WHAT YOU HAVE**

Do you know how many pensions you have and what they offer? Do they, for example, have particular death benefits or financial guarantees, and do they let you take your pension money how and when you want? We can ascertain what benefits and guarantees there are that you would not want to give up and ask your pension providers for up-to-date information.

Combining pensions isn't right for everyone. If you have any pension pots worth more than £30,000, you may have to take financial advice – and it's such an important decision that you may want to take advice even if the amount is less.

## **MAKE YOUR OWN DECISIONS ABOUT YOUR PENSION SAVINGS**

There are a number of ways that pension pots can be consolidated. For example, one strategy is to pick one of your pension pots and transfer the other pensions to this pot. This could make sense if you are happy with the services offered by one provider in particular.

Alternatively, you could bring all your pensions together into a Self-Invested Personal Pension (SIPP) – a government-approved personal pension scheme which allows you to make your own decisions about how your pension savings are invested.

## **IT'S GOOD TO TALK THROUGH THE OPTIONS**

Because there are both advantages and disadvantages associated with consolidating pension pots, it is a complex process to work out whether it's the most appropriate option, particularly if defined benefit plans are involved. There are a number of variables to consider. If you would like to assess your options, please contact us for more information.

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