Weighing up your options

Helping you decide if you should transfer your pension savings

ROYAL LONDON

A pension transfer is when you move your pension savings from one pension to another. Bringing pensions together by transferring is sometimes called 'combining your pensions' or 'pension consolidation'.

Your employer has set up a pension plan with us, Royal London, to help you save for retirement. You are now able to put the pension savings you built up in your previous plan into your new plan with us, using our free workplace pension transfer service.

Pension transfers can be complicated. When it comes to transferring your pension savings, there's a lot to think about so we've put together some key information to help you decide if it's right for you.

Section 1 of this guide will tell you all you need to know about how to use this service.

Section 2 of this guide is for if you have any other pension that you wish to combine.

You should read this guide carefully to make sure you understand your options.

What's inside

Section 1

Workplace Pension Transfer Service

Features & Benefits

There's a lot to think about when it comes to transferring your pension savings. So we've put together some of the key information to help you decide if its right for you.

Your **key features** tell you more about the risks and benefits of the Royal London scheme.

We sent you this document in your welcome pack, but if you can't find it let us know and we'll send you a new copy.

Your previous provider can give you this information about their scheme too.

Your other plan might have valuable features and benefits. If you decide to transfer, we will check to see if any of these apply to your plan as part of the workplace pension transfer service.

We are unable to accept your transfer if you either of the below apply:

- **Guaranteed Annuity Rate (GAR)**
- **Loyalty bonus**

If either of the following apply to your plan, we will check to ensure that these benefits can be retained as part of the workplace pension transfer:

- **Protected tax-free cash**
- **Protected pension age**

Depending on how long your plan has been active, you may not have any of these benefits linked to your plan.

If you have crystallised benefits you won't be able to transfer them. Crystallised benefits are where you've already started taking your pension savings (money or income) from your other plan. You may be able to transfer any uncrystallized benefits in your plan.

If your other plan is subject to any of the following you will need to provide additional documentation if you decide to transfer:

- **Pension Sharing Order**
- **Trustee in bankruptcy / receiving orders**

If any of these apply to you then please contact us to discuss the documentation required to proceed with a transfer.

Some pension terms might leave you scratching your head, so we've included a glossary at the back of this guide.

Things to consider

Charges

It's important to check and compare what the existing charges are on the pension plan you're considering transferring against the new charge.

Your new plan may have higher, or lower charges than your other plan. We've highlighted these for you in our email.

You should also check if your current pension provider will apply an exit charge or penalty if you decide to transfer.

Changes to minimum pension age

The government has confirmed a rise in the minimum pension age. You can normally start taking your pension savings any time after age 55 – even if you're still working. This will increase to age 57 from 6 April 2028.

Investments

We'll invest your pension savings in your new plans **default investment choice**. You can find out more about your plans default investment in your Royal London plan documentation.

Your pension is invested so the value of your plan can go down as well as up, and you could get back less than you pay in.

Small Pots

If you have small pension pots worth less than £10,000, and you might take more than the tax-free amount from your pension funds while still paying in, you may want to keep them where they are. Taking the full amount of a small pot of less than £10,000 doesn't affect the level of any future contributions you might want to make to other pension plans without a tax charge applying. However there are also benefits in combining them as it makes it easier to keep track of your pension savings. More information can be found on the Money Helper website.

You can find the information you need about your previous plan's charges in the plan documents for that plan, or by contacting your previous provider.

Need advice?

There are a lot of different things to consider before you transfer your pension. If you're unsure, at any stage of the process, we recommend you speak to a financial adviser. There's more information in the Find an adviser section to help you if you don't already have one.

Time to make a decision

Once you've weighed up the risks and benefits of transferring, you can decide what to do with your pension savings.

You have time to decide – this is called the 'offer period' and your transfer email will tell you when it ends. During this time the transfer process is simpler and you may be able to keep some benefits associated with your plan if you choose to transfer during the offer period. You'll need to let us know if you're transferring your pension savings to your new plan by this date.

Once the offer period ends, you can still transfer your pension savings from your previous plan. The process for this is slightly different to the one we've told you about in this guide. You can find out more about this and transferring any other pension savings in Section 2 of this guide.

Your options and next steps

Transfer your previous pension savings to your new Royal London plan

Follow the steps on the next page.

Leave your previous pension savings where they are

You don't need to do anything; we'll contact you when the offer period has ended.

Transfer your previous pension savings to another provider

You might want to shop around to find the best option for you. If you decide to do this, you should speak to a financial adviser.

What to do if you change your mind

If you decide to transfer then change your mind, you have 30 days from when you receive your plan documents to let us know in writing.

If you change your mind about transferring, there are risks to consider:

- The previous pension provider may not accept the money back.
- If they'll accept it back, but the value of your plan has fallen by the time the transfer's cancelled, we'll send back the value of your new plan to the previous pension provider. This will be less than what you paid in.
- If the value of your plan has increased by the time the transfer's cancelled, the amount we'll send back to the previous pension provider will be your original transfer value.

Further information and support

If you're still not sure whether transferring your pension savings is right for you, you should speak to a financial adviser.

If you don't already have an adviser, you can find one in your area by visiting our website.

Advisers may charge for their services – though they should agree any fees with you up front.

You can also get free, impartial information about transferring your pension from moneyhelper.org.uk

Transferring other plans may not be in your best interests, and some plans can't be transferred, so we recommend you speak to a financial adviser before making any decisions.

How to transfer your pension savings via our mobile app

There's a lot to think about when it comes to transferring your pension savings. While there could be benefits of transferring, it's important to take some time to understand the risks. If you decide it's right for you, you can authorise the transfer of your pension savings using our mobile app.

1. Log in to our mobile app using touch/face ID or your password. If you're not already registered, it's easy to start. You can download our mobile app for free via the App store or Google play - just have your plan and NI number handy.

Download on the App Store

GET IT ON Google Play

2. On **Your plans** screen tap **Workplace pension - see your plan**.
3. Scroll to **Ways to boost your plan** tap this option.
4. Next tap **Transfer payments** - then continue journey to transfer your other workplace plan to Royal London.

Use the checklist on page 9 to help you keep on track with your transfer.

We can only accept authorisation for your transfer via our mobile app if it's the full plan value being transferred.

How to transfer your pension savings via our transfer hub

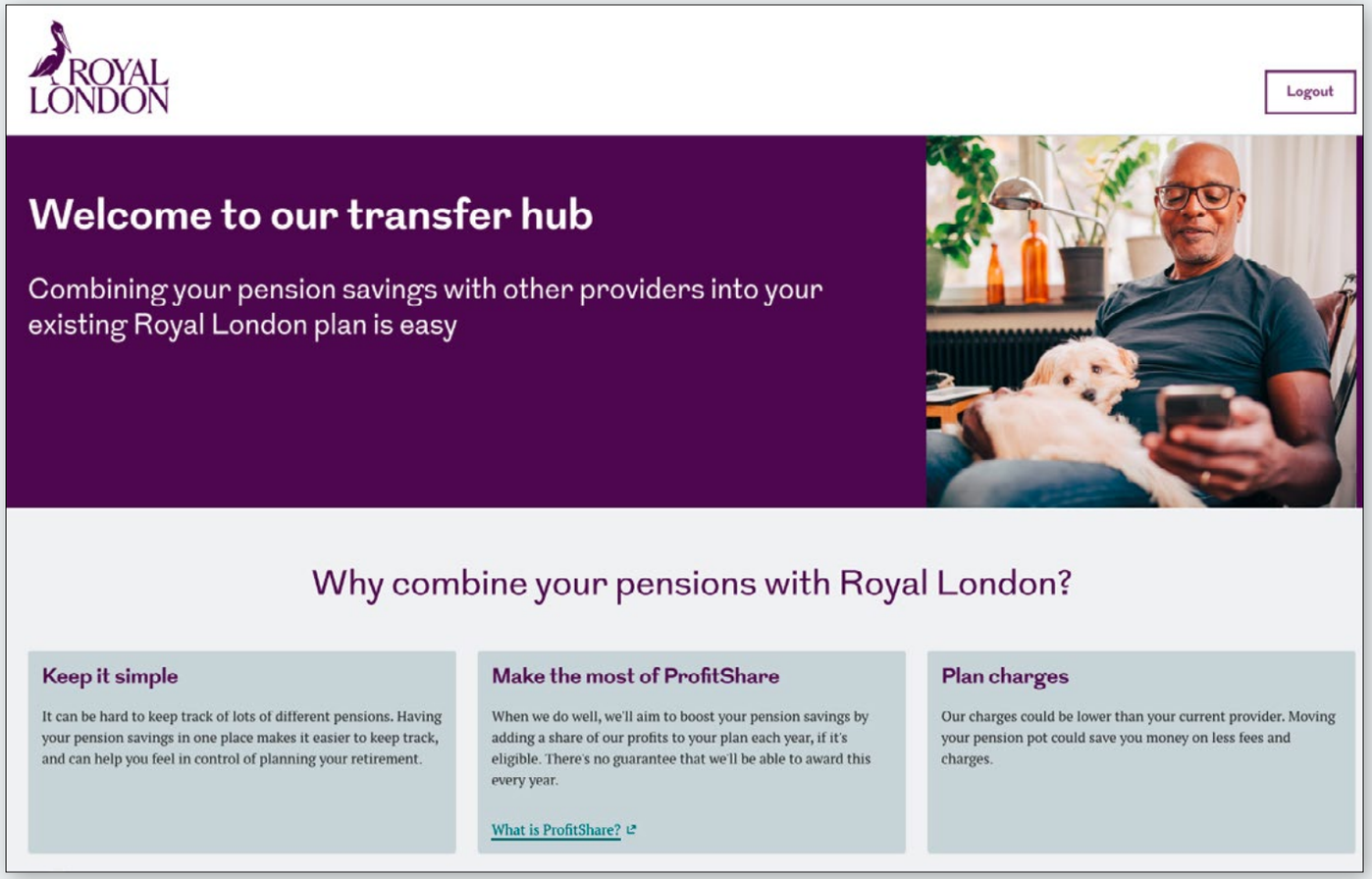
There's a lot to think about when it comes to transferring your pension savings. While there could be benefits of transferring, it's important to take some time to understand the risks. If you decide it's right for you, you can authorise the transfer of your pension savings using our transfer hub. Use our step-by-step guide to help you.

Start a transfer online via our Transfer Hub

You can start the transfer process using our online service by following the link below:

https://pensiontransfers.royallondon.com

Alternatively, you can complete the application form we sent to you and email it back to us at transfersin@royallondon.com. If you'd like a paper version of the application form with a pre-paid envelope, you can call our dedicated transfer team on **0345 600 6042** (option2)



Checklist

If you'd prefer to complete and return the application form then follow the steps below to keep you on track.

- Review and complete the application form, remembering to sign and date it.
- Include discharge paperwork from your previous provider if we've asked for this.
- Return your completed application form by emailing transfersin@royallondon.com, or using the pre-paid envelope if you requested a copy of the application form by post.

Get in touch

If you have a question about the contents of your transfer pack, our dedicated transfer team can help.

Phone
0345 600 6042 (option 2)
Lines are open Monday to Thursday 8am-6pm and Friday 8am-5pm.

Email
dotv@royallondon.com
Remember email is not secure so please don't include any personal details.

Address
Royal London
Royal London House
Alderley Park
Congleton Road
Nether Alderley
Macclesfield
SK10 4EL

Section 2

Your Other Pensions

This guide is about transferring any old pensions you might have with other pension providers into you Royal London plan

When it comes to transferring your pension savings, there's a lot to think about. We've put together some of the key information to help you decide if it's right for you.

You should read this guide carefully to make sure you understand your options.

Do you have any other pension savings?

If so, you may be able to transfer other plans to Royal London. You also have the option to transfer your pension savings from your previous provider after the offer period mentioned in this guide has ended. While we'd love to accept all transfers, some plans have valuable benefits or restrictions that stop us doing this.

Some of these include if:

- you've got a **guaranteed annuity rate**.
- there's **protected tax-free cash**.
- you've got a **defined benefit/final salary** plan.
- you've started to take your pension savings.

Why combine your pensions?

Here are some reasons that may prompt you to think about combining your pensions.

- you're changing job.
- you want to transfer to a pension provider that might offer more choices and options.
- you have other pensions with different providers.

Choosing to transfer your pensions to Royal London could simplify your pension savings and help you feel in control of your financial future.

Keep it simple

Most people end up with more than one pension, especially if you work for different employers over the course of your working life. Having your pension savings in one place could make it easier to keep track of them.

Plan for the future

Feel in control of planning for your future by having all your pension savings in one place. This could make it easier to see if you're on track for the retirement you want.

Make the most of ProfitShare

When we do well, we'll aim to boost your pension savings by adding a share of our profits to your plan each year, if it's eligible.

We call this ProfitShare. We've added to the pension savings of our eligible customers for the last seven years, but there's no guarantee we'll be able to make an award every year.

For more information on ProfitShare, visit our website.

When it comes to pension transfers, there's lots to get your head around. We've included a Glossary section at the end of this guide to help you. It includes explanations of some of the different pension types.

What types of pension can I transfer?

You can transfer a wide range of pensions to Royal London, including:

- Personal Pensions
- Self-invested Personal Pensions (SIPP)
- Stakeholder Pensions
- Group Personal Pensions (GPP)
- Group Stakeholder Pension
- Occupational money-purchase scheme (including Master Trusts)

While we'd love to accept all pension transfers, there might be times when we're unable to accept your transfer. This may be because of the type of pension it is or because it has valuable benefits you would lose.

We can't accept transfers from any of the following types of pensions:

- Defined Benefit (DB) scheme
- Additional Voluntary Contribution (AVC) to a DB scheme
- Deferred annuity contract
- Section 32 buyout bond (S32)
- Executive Pension Plan (EPP)
- Small self-administered scheme (SSAS)

We also can't accept transfers from plans which have any of the following features or benefits (see page 17 for more details):

- **Guaranteed minimum pension** (GMP)
- **Guaranteed Annuity Rates** (**GARs**) (sometimes known as Guaranteed Annuity Options)
- **Protected tax-free cash** (Protected PCLS)

Key things to look out for

You should make sure you understand if you can transfer your pension and if a transfer is right for you. It's important to consider all the pros and cons before you decide what to do. It's important you weigh up your options and make an informed choice.

Here are some things you should consider:

Retirement income

If you choose to combine your pension plans there's no guarantee you'll get a higher income or bigger pension pot. Your pension is invested, so it's value can go down as well as up and you could get back less than invested.

Benefits and guarantees

Your existing pension plan may provide you with benefits or guarantees that will be lost if you decide to transfer. These could be valuable to you so it's important you understand what you could be losing.

Charges

It's important to check and compare what the existing charges are on any pension plans you're considering transferring against the new charge. The new charge may be more than you're currently paying. You should also check if your current pension provider will apply an exit charge or penalty if you decide to transfer. We don't charge for accepting a transfer.

Small pots

If you have small pension pots worth less than £10,000, and you might take more than the tax-free amount from your pension funds while still paying in, you may want to keep them where they are. Taking the full amount of a small pot of less than £10,000 doesn't affect the level of any future contributions you might want to make to other pension plans without a tax charge applying. However there are also benefits in combining them as it makes it easier to keep track of your pension savings. More information can be found on the Money Helper website.

Investment options

You should check the investment options available on your new plan. You might find your new plan doesn't offer the same investment choices, or it may offer a better range.

Finding the details of your plan

To find out more about your pension you can check the plan details from your other pension provider – if you don't have the plan details to hand, you can request these from them or you can ask them to provide us with this information. You may also find the information you need on your annual statement.

If you need to contact your other pension provider, have a look at our useful questions on the next page. These will help you get the information needed.

Your benefits and features

Depending on how long your plan has been active, you may not have any of the benefits or features listed. But it's wise to check because once you transfer, any benefits or features attached to your plan may not be replaced.

! The information in this guide is not exhaustive and you should research the benefits and guarantees within your existing pension before you request a pension transfer.

Useful questions to ask

If you need to contact your other pension provider for information, we've created a list of questions to ask.

This should help you to understand more about your pension plan and answer the questions in our Transfer Information form (included as part of this pack).

Before you begin, you'll likely be asked for the following:

- Your plan number
- Your address
- Your date of birth
- Your National Insurance number

Having this information to hand will make things easier.

The transfer value

- What is the current plan value and transfer value? Your current plan value is the current worth of your pension savings. The transfer value is the amount that would be transferred after the deduction of any outstanding charges and exit penalties. By finding out both values, it's easy to identify if your provider is applying an exit penalty on transfer.

Plan type

- What type of pension is this? (For example, is this a Defined Contribution (DC) pension, a Defined Benefit (DB) Scheme, a Deferred annuity contract, a Section 32 buyout bond, an Executive Pension Plan, or a Small self-administered scheme?)

Benefits and features

- Does my pension have a Guaranteed Annuity Rate, Guaranteed Minimum Pension or Protected tax-free cash?
- Are payments still going into this plan? If yes, who is making these payments?
- Have I already taken any income from this plan?
- Is my pension fund subject to an earmarking order or a pension sharing order?
- Does this plan have a protected retirement age? Will it let me retire earlier than usual?
- Please provide details of any other benefits or features associated with this pension plan that I should consider before I transfer

Charges & exit fees

- What charges are applied to this plan?
- If I were to transfer out of this plan, are there any exit penalties?

Further information and support

If you're not sure transferring your pension savings is right for you, we recommend you speak to a financial adviser.

If you don't already have a financial adviser, you can find out more at royallondon.com/find-a-financial-adviser

An adviser can help:

- Understand your needs
- Discuss potential solutions
- Highlight the pros and cons
- Make a recommendation.

Advisers may charge for their services – though they should agree any fees with you upfront.

You can also get free, impartial information about transferring your pension from moneyhelper.org.uk.

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GET IT ON Google Play

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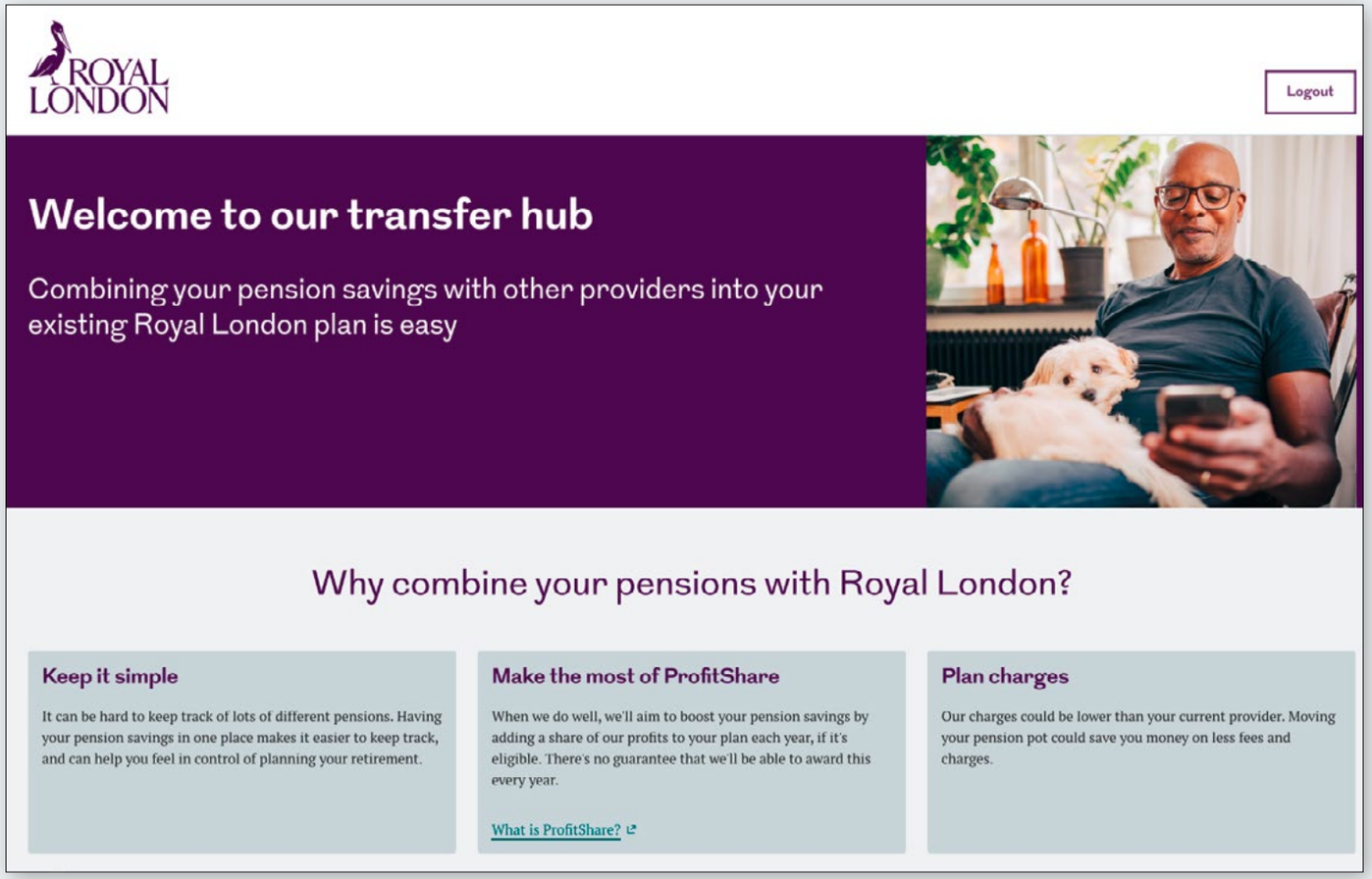

Glossary

When it comes to pensions, there's lots of jargon to get your head around. Here's some definitions to help you.

Additional Voluntary Contribution (AVC)

This is where you make an additional contribution over and above that you are required to make under the DB scheme. These additional contributions will build up a separate pot of money which can be used to buy an additional income in retirement.

Annual Management Charge (AMC)

Whoever your pension is with, they'll apply a yearly charge for managing your plan. This is the annual management charge or AMC. It's taken automatically from the pension savings you've built up. We won't charge you anything on top of the AMC for transferring your pension savings to us.

Crystallised Funds

These are sometimes called 'crystallised benefits'. If you've already started taking your pension savings from your previous plan, they are 'crystallised' and you won't be able to transfer them. You may be able to transfer any uncrystallized benefits in your plan.

Default Investment Choice

When you save money into a pension plan, it's invested to help it grow. Your employer will usually choose a default investment and your pension savings will be invested here unless you decide otherwise. If you want more control, you can choose your own investments. Some investments carry an extra charge. If you decide to choose your own investments or need help deciding, it's a good idea to speak to a financial adviser.

Defined Benefit (DB) Pension

A defined benefit/final salary plan is an employer-sponsored pension plan where employee benefits are calculated using a formula that considers several factors, like length of employment and salary history.

Defined Contribution (DC) Pension

A defined contribution, or money purchase pension scheme, is built up through your own contributions, employer contributions and tax benefits from the government. Defined contribution schemes give you a pension pot and when you retire you can choose to take some or all of your plan as a cash lump sum, buy an annuity or opt for income drawdown. The most common types of defined contribution pensions are: Personal Pension, Stakeholder Pension, Group Personal Pension (GPP), Group Stakeholder Pension, Self-Invested Personal Pension (SIPP), Occupational money-purchase scheme (including Master Trusts).

Earmarking Order

If you get a divorce you might split your assets with your former partner. A pension is one of the biggest financial assets you'll own and it's often included in a financial settlement. An earmarking order states how much of your pension should be paid to your ex-spouse or civil partner. This could be either an amount of money or a percentage of your total pension savings when you come to take them. An earmarking order could apply if divorce proceedings started on or after 1 July 1996. Any earmarking order that applies to your previous pension plan will automatically transfer to your new pension plan.

Exit Charges

Your pension provider might apply exit charges or penalties if you withdraw or transfer your pension savings. You can check this with your pension provider. If you're over age 55, the maximum early exit charge that your pension provider can apply is capped at 1% of the value of your benefits.(If you have to pay an exit fee to transfer you pension savings and it's more than 1% of the value of your benefits you might want to consider waiting until you're age 55 before transferring.)

Guaranteed Annuity Rates (GARs)

This is a guaranteed minimum level of income that a pension provider will pay when you start taking your pension savings. It will generally be higher with your existing provider than the rates available in the market when you retire. And because this is such evaluable benefit you should seek financial advice before making any decision on your previous plan. We can't accept transfers from plans with a GAR.

Guaranteed Minimum Pension (GMP)

You might have a Guaranteed Minimum Pension (GMP) if you were a member of a defined benefit pension scheme between 1978 and 1997. A GMP gives you a guaranteed income for the rest of your life. It also provides a pension for your spouse if you die first.

Loyalty Bonus

Some pension schemes reward customers with a loyalty bonus after a set number of years. This could be paid by giving back some of your annual management charge (AMC) or as a lump sum when you come to take your pension savings, depending on the scheme. Usually if you choose to leave a pension scheme that has a loyalty bonus you'll lose this benefit.

Pension Sharing Order

A pension sharing order means that a share of your pension is given to your ex-spouse or civil partner at the time of a divorce. It could apply if divorce

proceedings started on or after 1 December 2000.Any pension sharing order applies specifically to your previous pension plan, so it either needs to be applied to your previous plan before your transfer or the order will need to be changed to apply to your new plan.

Protected Pension Age

The age at which you can access your pension savings is known as the normal minimum pension age (NPMA), and this is set by the government. Age 55 (increasing to age 57 from 6 April 2028) is the earliest you can normally take your pension savings.

There are some circumstances where you may be able to access your pension savings prior to the normal minimum pension age, this is known as a protected pension age.

Typically a protected pension age would allow you to access your pension savings prior to age 55.

When the new normal minimum pension age comes into force (6th April 2028) you might qualify for a protected pension age of 55 or 56, depending on your pension scheme rules.

Protected Tax Free Cash

Tax-free cash is the money you can take as a tax-free lump sum when you begin to take your pension. It's currently set at 25% of the fund although there is a maximum normally available of £268,275 across all your plans. Older pensions may allow you to withdraw a higher percentage of tax-free cash. In some circumstances, you can transfer this benefit to your new pension. This ring-fenced amount is called Protected tax-free cash. If the pension savings from your previous workplace pension scheme are transferred, it may be possible to keep this entitlement to more than 25% of the fund, if certain conditions are met. We'll check and let you know.

Small Pot

A small pot is a pension plan with a value of £10,000 or less.

With Profits Funds

A type of fund that invests in UK and overseas companies, government stocks, property and other types of assets. Instead of receiving direct investment returns, like dividends or rents, With Profits customers receive bonuses. It's also worth pointing out that some pension providers may apply a Market Value Reduction (MVR) on transfers to reduce the value of a plan during adverse market conditions. And some pension providers may provide a Guaranteed Rate of Return for their With Profits fund. These guarantees will be lost on transfer.

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We're happy to provide your documents in a different format, such as braille, large print or audio, just ask us when you get in touch.

All of our printed products are produced on stock which is from FSC® certified forests.

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