

Your guide to transfers

Helping you understand pension transfers



A pension transfer is when you move your pension savings from one pension company to another. Bringing your pensions together in this way is sometimes called ‘combining your pensions’ or ‘pension consolidation’.

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

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

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

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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.

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 7 for more details):

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

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

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 its 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 at [moneyhelper.org.uk](https://www.moneyhelper.org.uk).

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

The tax treatment depends on individual circumstances and may be subject to change.

Frequently asked questions

When it comes to pension transfers, there's lots to get your head around. Here's answers to your frequently asked questions about pensions transfers.

1. Types of pensions
2. Features and benefits
3. Charges and exit fees

1 Types of pensions

What's a 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)

What's a defined benefit (DB) pension?

A defined benefit (DB) is a pension scheme where your pension is based on several factors like your pensionable service and pensionable salary.

These can sometimes be referred to as a '**final salary**' or '**career average revalued earnings**' (CARE) scheme.

The scheme will provide you with a guaranteed income throughout your lifetime. The scheme rules may also provide for the payments to increase in future and/or for a pension to be paid to dependants on your death.

If you wish to transfer a defined benefit pension into your Royal London plan you should speak to a financial adviser.

What's an Additional Voluntary Contribution (AVC) to a DB scheme?

This is where you make an additional contribution over and above the contributions 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.

What's a Deferred annuity contract?

A deferred annuity is a contract that promises to provide you with a regular income stream, starting at a future date. For example, a person in their 40s may have chosen to purchase a deferred annuity that will start paying out when they retire at age 65.

2 Features and benefits

What's a 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 provides a pension for your spouse if you die.

What are Guaranteed Annuity Rates (GARs)?

Sometimes referred to as 'Guaranteed Annuity Options' (GAOs), 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 in your other plan than the annuity rates available in the market when you retire. As this is such a valuable benefit you should seek financial advice before making any decision. We can't accept transfers from plans with a GAR.

What's the Normal Minimum Pension Age (NMPA)?

The government is increasing the NMPA from age 55 to 57 from April 2028. This is the earliest age that most people will be able to access their pension savings.

What's a protected pension age?

Age 55 (57 from April 2028) is normally the youngest you can be before taking your pension. In some circumstances, you might have a pension age that's lower - this is called a protected pension age. Your existing pension provider should tell you if that's the case.

If you are transferring a plan with a protected pension age and you want to retain that entitlement, then you will need to contact our transfer team as a separate plan will need to be set up. By proceeding with the transfer via the transfer hub or mobile app, the transfer payment will be applied to your existing pension plan and any protected pension age entitlement will no longer apply.

What's protected tax-free cash – also known as Protected Pension Commencement Lump Sum (PCLS)?

You can normally take up to 25% of your pension fund tax-free from age 55 (57 from 2028). Older pensions may allow you to withdraw a higher percentage of tax-free cash known as protected tax-free cash.

What are With Profits Funds?

The performance of a With Profits fund is shared out to its investors through a system of bonuses. There are two types of bonuses that are usually added to a plan:

- **Regular (reversionary) bonuses** are added during the lifetime of a plan and increase the guaranteed amount payable when benefits are taken. But it's likely to be less if you transfer to another provider.
- **Final (terminal) bonuses** are added when benefits are taken. Final bonuses are not guaranteed and may go up or down. This would be lost if you choose to transfer.

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.

You should check if your plan is invested in a With Profits fund with your existing pension provider. They can confirm what benefits this gives you to make sure you're not giving up something of value.

3 Charges and exit fees

What charges might be payable?

Providers will often take a yearly charge for managing your plan, for example administration costs. It's taken automatically from the value of your pension savings each month. The yearly charges you pay to your other pension provider could be lower or higher than your Royal London plan charges so you should compare our charges with your other plan.

We won't charge you anything on top of the yearly charge for transferring your pension savings to us.

What are exit fees?

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 your 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.)



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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.**

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