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Multiple Pension Plans

Is Consolidation For You?

A better financial future.

Should I Move My Pensions?

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Over the years, you may have accumulated multiple employer workplace pensions.

People who have changed employers multiple times throughout their working lives may have accumulated different pension plans and may not have had the time or inclination to review and consolidate them each time.

> *These days, people can have up to six or seven different pensions.*

Ideally, you should review your pension at least every three years, and you may discover that your old pensions are invested in portfolios that are now too risky or too low risk.

There is a danger that long-forgotten plans will end up in expensive, underperforming funds, and the paperwork alone can make it difficult to understand the combined performance of your investments.

By the time you reach retirement age, you may not know what options are available or what level of income you can expect to receive in the future.

Due to the fact that different plans have different rules, it can be difficult to determine whether or not consolidating them is the best option.

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The Potential Benefits of Consolidating.

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Consolidating your pension plans can generate a number of benefits:

+ **Ease of administration and peace of mind:**
It can be overwhelming to receive a lot of statements and paperwork for different plans. It's much easier to understand and keep track of everything when you have just one pension. With only one statement to keep track of, record-keeping is simplified.

+ **Trackable Performance:**
Reports from pension providers tend to be mailed at different times of the year. With a single source of truth, you will always know where you stand and how your pension is performing.

+ **Fee Transparency:**
Consolidating your pensions can also provide you with the benefit of understanding the charges, and there may even be a reduction as a result of combining them under one policy.

+ **Retirement Savings Flexibility:**
Pension schemes established before 2015 (prior to Pension Freedoms) may not have the same flexibility as newer pensions. These schemes allow you to access your pension savings whenever you need it from age 55*, while reinvesting the remaining funds in a way that provides an ongoing retirement income.

*The minimum pension age is changing to age 57 from the 6th April 2028.

+ **Simplified transactions:**
Especially useful if you want to make a large, one-time contribution and to mop up any unused pension carry-forward allowances. If you have a multitude of pensions, it can become a mammoth task contacting each provider separately for information, and the slowest provider holds you up.

+ **Investment Choice:**
With just a single plan, it is easier to administer changes to investments. With some providers, you can hold a variety of investment funds all within the same plan. Therefore, it is easier to diversify your portfolio, rather than sticking with the default funds offered by each provider.

+ **Fee Reductions:**
Fee discounts may become available for fund values over a certain size. Therefore, by combining your pension pots, you could become eligible for a reduced fee.

By reviewing your pension plans with a view to consolidating, you will have a much clearer picture of what you have accumulated so far. This allows your Financial Adviser to assess how much you will need to continue contributing towards your desired lifestyle in retirement. Some clients have realised how close they are to their goals, enabling them to retire earlier than they expected.

Considerations Before Consolidating.

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Consolidating several different pension schemes can simplify retirement for an individual with multiple pension plans. However, care must be taken.

When reviewing your pension before consolidation, it is important to consider the disadvantages:

+ **Guarantees:**
The old pension policies may have valuable guarantees, such as guaranteed minimum pensions or protected tax-free cash percentages. When the policies are transferred, these may no longer exist. If you feel any of your policies may contain these, it is always a good idea to seek advice.

+ **Fees:**
The new plan, fund or underlying investment strategy may be more expensive. However, this could be because it delivers increased value for your objectives. Some plans offer a more structured and suitable approach which negates any increase in costs

+ **Exit Fees:**
It varies from provider to provider how much it costs to transfer. There are other considerations to be made when moving pensions, and one of them is the exit costs versus the cost of the new pension. Since the exit costs are capped if you are close to retirement, the exit costs often decrease with time and may no longer apply to your policy. Speaking to a Financial Adviser will enable you to calculate whether you would be in a better or worse position over a longer time horizon.

Summary.

Combining pensions won't be right for everyone and not all pension types can or should be transferred. It's important to get financial advice before moving your pension, so that you are confident that you understand the costs, benefits, risks and implications involved that you are thinking of transferring.

The value of investments can fall as well as rise and you may not get back the original amount invested.

Seek Professional Advice.

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Now that you have this information regarding the pros and cons of consolidating your pension, it is important to seek professional financial advice.

At Baggette + Co, we appreciate the importance of integrity, professionalism and impartiality, core values that underpin the investment service and independent financial advice we provide.

When it comes to making your money and investments work for you – you need a relationship you can trust.

At Baggette + Co, we invest the time in understanding your personal or business goals helping you plan towards a financially secure future.

Using current investment thinking we focus on both wealth enhancement and wealth protection.

- **Investment Planning**
- **Pensions + Retirement Planning**
- **Mortgage Arrangements**
- **Insurance + Protection**
- **School Fees Planning**
- **Inheritance Tax Planning**
- **Business Protection**
- **Long Term Care**
- **Later Life + Lifetime Mortgages**

+ Please feel free to give us a call on 01202 676 983, or alternatively, you can book a call with us here:

BOOK A CALL

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