WOODRUFF
FINANCIAL PLANNING

# What you need to know about...

# Pension Transfers

**Many people do not realise it, but it is possible to transfer from one pension product to another, a little like remortgaging your house. It is very common these days for a person to have many different employers, and often therefore many different pension schemes, each with different pension companies. This factsheet highlights the benefits of reviewing these old schemes, with a view to switching to a new provider.**

## Why consider transferring old pensions?

There could be many reasons why you would choose to review your old pension plans. The main reason would be to review the charging structure, to see whether a new plan would be cheaper.

### Lower charges

The market for pensions has changed a lot since 2001, when stakeholder pensions were brought in. Effectively, most pension plans are now much cheaper than old style schemes, so if you have a plan that was taken out before this date, it is likely that you could find a cheaper option on the market.

In practice this means that by switching plans you could boost your retirement income without further cost to you.

### More flexibility

Most modern plans are far more flexible than older schemes. They have the ability to vary contributions and invest in different types of assets. Often these plans allow you to switch funds easily and even to switch products with no exit penalties.

### Better fund links

This is a vital ingredient in any pension plan - after all you want your funds to grow in value. Many older schemes would have limited the fund choices you had to just a few from the company that holds the pension contract. Now the best companies have opened up the market to allow you to choose from a variety of funds, even from external companies. This gives you maximum flexibility, and can mean that you have a much better chance of generating better returns. The other side to this is that often clients do not review their fund choices; over time these funds could be poor performers.

### Death benefits

This is often overlooked, but could end up costing your thousands of pounds. If you die before taking retirement benefits some older schemes simply pay back the premiums that were invested. If your fund has grown over the years, this growth could be lost. Newer schemes offer a full refund of the fund value at date of death.

## How do we review your pensions?

We follow a definite process with all cases of this type to ensure that you get the best advice for your situation:

### Valuations and projections

We start by gathering all the technical data we need on your current scheme. This will usually consist of a valuation of your current plan, a transfer value (which indicates if you have any exit penalties for the current plan), plus a projection of benefits through to your selected retirement age.

Continued overleaf...

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**Compare projections**
We would then take your current plan's information and use our specialist pensions research tool to compare the projections with every other pension plan on the market. This compares over 50 schemes to see whether you would be better off to switch.

Because this system compares on a like for like basis, you can be sure that it accurately compares the costs of every scheme.

**Compare product features**
We then use a separate research tool to compare the product features, flexibility and quality. We do this because the suitability of a scheme is not limited to the cost. We feel that you should also review other aspects such as fund choice and the financial strength of the pension company.

**Compare pension funds**
Obviously, you want your savings to grow over time. The best way to achieve this is to invest in the best funds for your risk profile. We ensure that we understand the risks that you are prepared to take with your money (if any), and develop a portfolio of funds to match that risk level. We then use a specialist funds analysis tool to choose individual funds according to their past performance, and ability to generate returns in the future. Of course, nothing is guaranteed, but this does give you the ability to generate good investment performance over time, regardless of fund charges.

## Other factors
There are sometimes other factors which need to be examined in relation to your existing pensions. For example, it is extremely rare that we advise you to transfer old final salary pensions. This is because final salary schemes provide you with a pension that is guaranteed by your employer, which would be ill advised to give up. After all, personal pensions do not offer guarantees.

Also, you may have other features in your old scheme which may mean that you should leave it where it is. For example, the old scheme may have guaranteed annuity rates. This means that the scheme may pay out a higher rate of income when you come to retire than any new scheme. Since annuity rates have dropped over the years, this is often a valuable benefit to retain.

## Regular reviews
We recommend that you regularly review your retirement savings to ensure that they remain on track to achieve your goals. It is common for people to receive less income in retirement than they were expecting; often this is due to the fact that they had not reviewed their savings over the years to check that the funds performed correctly, and that they were saving enough for retirement.

After all, if you retire at 65, you could expect on average to live for a further 20 years or more.

## Why use us?
1. **Free** initial consultation
2. **Guaranteed** satisfaction with our advice
3. **Fee-based** - no commission hungry salesmen
4. **Fully independent** from insurance companies
5. State of the art **research tools**
6. Regular contact & **services to suit you**

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