

# Keeping it Brief

## Transferring pensions

**This explains what you need to think about if you want to transfer a pension pot and who can help you with the transfer.**

Transferring your pensions into one pot or reducing the number of pots you have can benefit you by simplifying your administration, giving you a clearer view of your retirement picture and making the management of them easier.

However, transferring isn't always right for everyone as you may have guarantees within certain plans that you might not want to give up or penalties to pay on transfer that reduce the value of your pot.

### What should I consider when transferring pensions?

The decision to transfer a pension is a personal one and you should seek financial advice if you are unsure. However, it is important to review what you are transferring from and to, therefore comparing the following can help you in any decision-making process:

- The total charges applicable to the plans. This will give you an indication of the total running cost of your plan and whether or not you will pay more in annual charges when it is transferred.
- Where your savings are invested. Check where your plan is invested and compare this to the plan you wish to transfer to and what options are available under each plan. Past performance does not guarantee future performance, but it's important to check you are comfortable with the investment options and you know what you are transferring from and to.

**It is also important to find out if your old pension has any of the following which may be lost on transfer:**

#### Life insurance

A lump sum death benefit payable in addition to the return of fund value usually payable on death.

#### Enhanced tax-free cash or protected pension age

If your pension started before 2006 it's possible you could have enhanced tax-free cash or a protected pension age. Enhanced tax-free cash entitles you to take more than the usual 25% of your pension pot tax free. A protected pension age might allow you to take benefits earlier than the normal minimum pension age, the earliest age at which most people can currently access their pension. This is currently age 55 but is increasing to 57 in 2028.

#### With profits investments

If you are invested in With Profits, you may lose any guarantees and future bonuses by transferring away. Your transfer value could also be less than your fund value, as it may be subject to a Market Value Reduction (MVR), or a Market Value Adjustment (MVA). MVRs and MVAs could apply if the total

amount of bonuses you have received exceeds the performance of the fund's assets during the time that you have been invested in the fund. This could mean that the amount available to transfer is reduced.

## Safeguarded benefits

Safeguarded benefits have a special feature which guarantees the holder benefits that may be better than those available on transfer to another pension plan. Examples of safeguarded benefits include:

- **Defined benefit pensions:** In a defined benefit scheme, the benefit you receive is normally based on your length of service and salary.
- **Guaranteed Annuity Rates (GAR):** The current provider will offer you an annuity using a guaranteed rate when you decide to take your benefits.
- **Guaranteed Minimum Pension (GMP):** If you have a GMP, you will have originally built-up pension rights in an employer's pension scheme which undertook to provide benefits to replace part of your State Pension. A GMP cannot be transferred unless the transfer value covers the cost of providing the GMP. The way the GMP rights are treated following a transfer depends on the type of scheme they are transferred to.

If you have safeguarded benefits and they are worth more than £30,000 you must take advice from a suitably qualified regulated financial adviser before you can transfer. Even if the value of your benefits is below £30,000, it's still a good idea to take advice.

## How do I transfer?

If you decide that you would like to transfer a pension you should contact the provider that you wish to transfer the pension to. The provider can normally help you understand the information you need to consider before you make any decision to transfer, but they will not provide any advice.

Therefore, it is often recommended to seek financial advice before transferring to make sure you fully understand the potential positive and negative aspects of the transfer.

You may feel that you do not want or cannot afford to pay for financial advice. In certain circumstances the provider may let you know that they will not accept the transfer without you receiving financial advice first.

When you contact your provider, it is recommended that you have your latest plan statement to hand and know the following information about the pension you want to transfer:

- An up to date fund value and transfer value
- Details of the annual management charge
- Any other charges within the plan

## Transferring a pension overseas

For more information if you are considering transferring a pot to an overseas pension, please read our '**Keeping it Brief... Moving overseas**'.

Transferring pensions is about more than just simplifying your pension arrangements. Consider your options carefully and, if in doubt, speak to a financial adviser.



If you are unsure about transferring pensions, you should seek further information and consider taking financial advice. You should be aware that an adviser will normally charge for using their services. If this is something you would like to discuss, please contact Second Sight at [enquiries@second-sight.com](mailto:enquiries@second-sight.com)

**And always be wary of pension scams. If it sounds too good to be true, it usually is!**  
[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

**Please note:**

This briefing note gives an overview only. It does not provide specific advice. It is based on our understanding of tax regulations for the 2026/27 tax year which may change in the future.

A pension is a long-term investment. The fund value may fluctuate and can go down, which would have an impact on the level of pension benefits available. Pension income can also be affected by interest rates at the time benefits are taken. Pension savings are at risk of being eroded by inflation.

When investing your capital is at risk.

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