

## Pension Consolidation - Is it right for you?

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As we find ourselves in a new year and a new decade; is reviewing your existing pension arrangements something you have been meaning to find the time for?

A common question we are asked at Wingate Financial Planning is: **should I consolidate my pensions?**

Amalgamating multiple pensions into one may have its advantages such as; a tailored investment approach which is in line with your risk profile and strategy, simplified administration, keeping in line with legislation changes etc. However, there are several important considerations which form part of our analysis to determine the suitability of a consolidation exercise, principally to ensure that you are not financially disadvantaged.

At Wingate Financial Planning we regularly assist clients with pension consolidation exercises. As part of our analysis that we conduct, we look at various factors which I touch on below.

### Guarantees

This is arguably the most important area to look out for when reviewing a pension. Does your pension have a potentially valuable guarantee? They come in all shapes and sizes:

- Guaranteed Annuity Rates (GARs) – could your pension buy an annuity at a specified percentage rate? Common rates are typically anywhere between 8-10%, potentially double what you could achieve on the open market.
- Guaranteed Minimum Pensions (GMPs) – did your pension scheme contract out of the State Earnings-Related Pension Scheme (SERPS) prior to 6 April 1997? If so, your pension may offer a minimum income level which would often include specific retirement options such as a spouse's pension and an escalating income, which many clients desire.
- Guaranteed growth rates for With Profits funds – will the With Profits fund you are invested in guarantee a certain investment return regardless of the underlying performance?
- Protected tax-free cash – is your tax-free cash in excess of the normal 25%?

Furthermore...

### Ongoing costs

Charges must be made transparent. Typical charges could include plan charges, fund manager charges, transactional costs and advice fees (if any). What is the total cost of your plan against what you could achieve elsewhere?

### Fund range

What range of funds do you have to select from, and do they meet your needs in terms of your attitude to investment risk and investment strategy?

### **Death benefits**

What happens to your pension upon your death? Will your pension fund be used in the most tax efficient manner?

### **Financial strength**

Is your pension provider financially sound?

### **Legislation**

Since [The Freedom & Choice](#) reforms introduced in 2015, pensions that are up to date with legislation typically have much greater flexibilities.

All of the above considerations contribute to making pensions a complex area of financial planning as terms will vary dependent on your individual pension policies.

If you would like to explore pension consolidation further, please contact me directly and I would be happy to arrange a no-obligation meeting to see how I could assist with a potentially long-awaited review of your pensions to start the new decade off on the right foot.