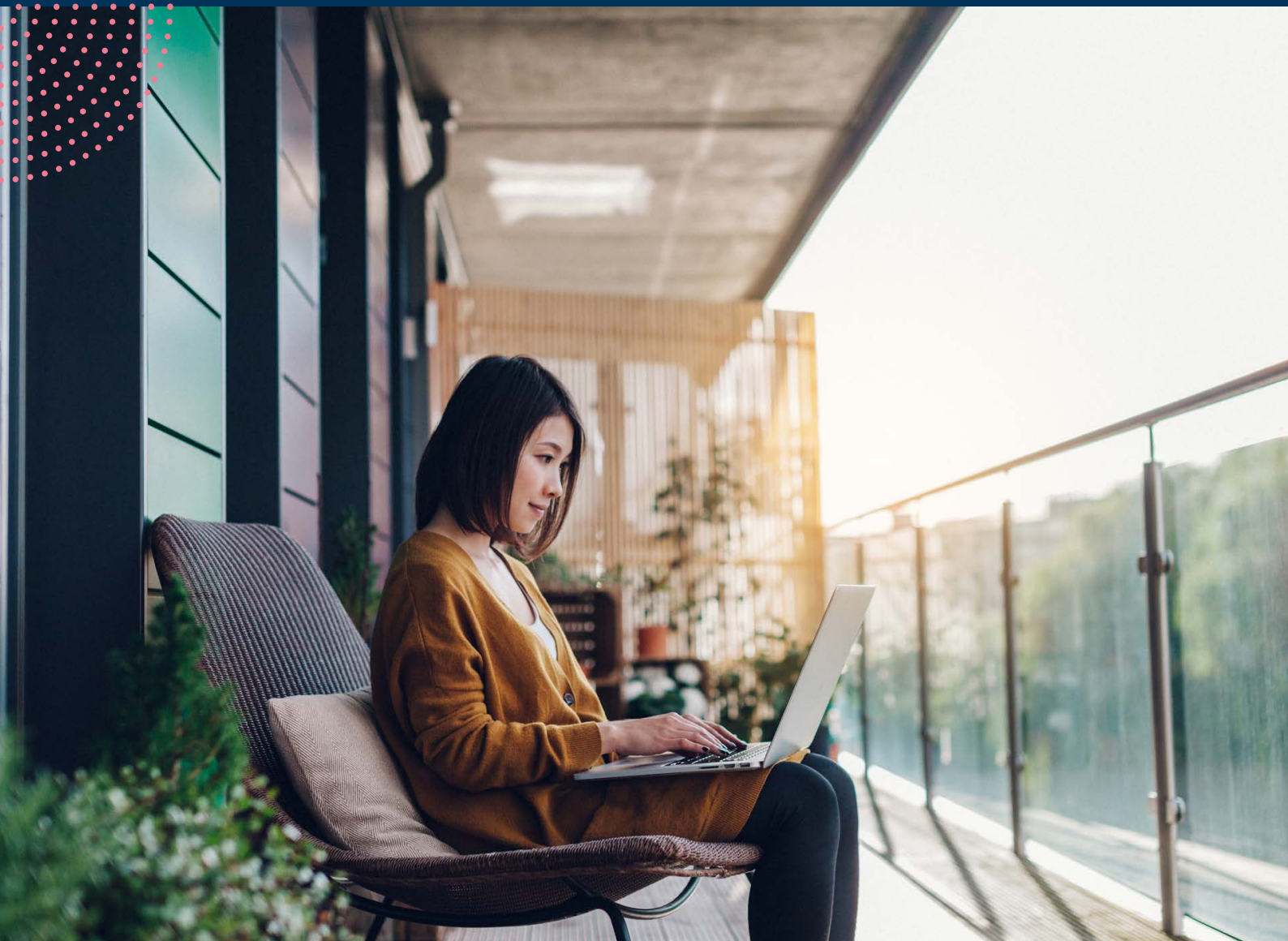




A guide to transferring your pension

For anyone considering transferring their pension savings to Smart Pension

October 2022





Introduction

If you are considering transferring an existing pension to Smart Pension, please read this guide. It provides information on the potential risks and benefits so that you can consider if a transfer is right for you.

We recommend that you talk to a financial adviser before making your decision. You can find one in your local area at www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser.

What you should know

Many people prefer to have all their pension savings in one place. However the decision to transfer can come with a number of different risks that need to be considered.

Whilst we accept transfers from most benefit types, we strongly encourage you to seek either independent financial advice or impartial guidance when you are thinking about transferring a pension with any of the following:

- Protected tax-free cash and / or a protected pension age
- With-profits investments - please note, if this includes some form of guaranteed bonus rate, you will be required to seek independent financial advice

If you are looking to transfer from a pension that is classed as a 'safeguarded benefit', you must get 'appropriate independent advice' from a qualified authorised financial adviser - unless the value of the 'safeguarded benefit' is £30,000 or less.

The following is classed as a 'safeguarded benefit' transfer:

- A transfer of defined benefit pension rights away from a defined benefit scheme (can also be called a final salary or career average scheme)
- Guaranteed Minimum Pension (GMP)
- Some form of guaranteed pension benefit (for example, a guaranteed annuity)

You should be aware that transfers of these types of benefits can be much more complex and if you transfer out of a scheme with any of the benefits mentioned above you will lose a benefit that could be valuable to you.

We do not accept transfers from overseas schemes.





Reasons to transfer

There are a number of reasons why it may be a good idea to consolidate your pensions.

Save time with fewer providers

Having all of your pension savings in the same place not only gives you one pension account but also reduces the amount of paperwork and statements you need to look at. If you only have to deal with one pension provider instead of multiple providers, this may save you time if you need to make changes.

Save money with consolidated charges

Some older schemes have higher fees, so it's worth checking that you are not paying over the odds. If the charges of the old scheme are higher than those of the new scheme, you could save money by consolidating your pension pots.

Smart Pension provides a comprehensive service and extensive investment choices with a simple to understand charge. Moreover, Smart Pension does not charge for transferring in or out of the scheme.

Investment choices to suit you

If your pension savings are invested in a low return fund, and you are still some way from retirement, you could potentially be missing out on money. It is worth noting though, that previous performance does not guarantee future returns.

Smart Pension may offer investment options that better suit your beliefs, your retirement goals or the amount of risk you want to take. You can invest in one of our model strategies, where investments will be moved towards lower risk funds as you approach your selected retirement age. Alternatively you can choose your own investment options from a range of funds, including Ethical and Sharia funds.

Easy management

If you use Smart Pension's member portal to manage your pension savings, you'll know how easy this is. You may want to manage all of your pension savings in this way. You'll be able to get up-to-date valuations whenever you like, allowing you to more easily track performance against your retirement goals.

Smart Pension is constantly improving and innovating, making sure we provide the best customer experience whilst still maintaining the standards you would expect from your pension provider. With the introduction of the new Smart Pension app, and the ability to manage your account from Amazon Alexa or Google Home you can rely on us being at the cutting edge of pension technology.



Reasons not to transfer

Just as there are reasons to transfer other pension savings into your current pension scheme, there are also reasons not to. Before you make a decision, it's important that you understand the risks.



Loss of benefits

Some pension schemes have special features or include a guarantee which will be lost on transfer. You will need to consider how valuable these benefits are to you as some will have more impact than others.

The main benefits you could lose are:

Defined benefit (also known as final salary) / Career average revalued earnings schemes - secures an eventual pension benefit based on an individual's length of service and either salary at the point of retirement or average earnings, which is guaranteed to be paid for life. Ordinarily, this will also benefit from annual inflationary increases (usually up to a limit) and include a survivor's / spouse's pension benefit.

Guaranteed annuity rates (GARs) - it may be worth keeping a GAR until you are sure what you will do in the future as you may get considerably more income. If you transfer, you'll lose this entitlement. However, GARs can be inflexible and they may not match your retirement objectives. As an example, a GAR may only apply if you buy a specific type of annuity at a specific date.

Other guarantees - you may have other guarantees associated with your pension savings, such as a guaranteed return or a GMP. If you transfer, you'll lose any guarantees.

Protected tax-free cash or protected retirement age - these could apply if you were originally a member of an occupational pension scheme before 6 April 2006. If you transfer, you'll generally lose these benefits.

Loyalty bonus - some providers award a loyalty bonus to reward those who stay with them for longer. If you transfer, you'll lose this entitlement.

Additional benefits - some older personal pensions included benefits such as Pension Term Assurance (life insurance within the pension should you die before retirement) or Waiver of Premium Benefit (insurance that continues to pay your pension contributions if you cannot work due to illness or injury). These benefits may only continue where contributions continue to be made to that scheme.

Overseas pensions - we do not currently accept transfers in, from overseas pensions.

Benefits that have already been crystallised - We are unable to accept transfers in from benefits that have already crystallised. A pension becomes a crystallised pension as soon as you cash it in and start taking your retirement benefits. You can crystallise your pension from the age of 55 (age 57 from 2028) and can access your crystallised pension via drawdown or an annuity.

If you are unsure whether any of these apply, you should ask the provider of the scheme you are considering transferring to Smart Pension.

Protected tax free cash

On 5 April 2006, some individuals had accrued benefits which were in excess of the new limits being introduced from 6 April 2006. In the case of tax free cash, some individuals had already earned an entitlement in excess of the new 25% limit. Subject to certain conditions, such individuals qualified for scheme specific lump sum protection which allowed them to continue to take tax free cash in excess of the 25% limit. This is known as protected tax free cash.

In addition to the scheme specific lump sum protection rules, there are unique 'stand-alone lump sum' rules, for those individuals who had accrued lump sum rights of 100% in relation to a particular membership. Again, this is subject to certain conditions being met, including no further benefit accrual being allowed in that arrangement after 5 April 2006.

What do I need to do?

If you think you might have protected tax free cash entitlement with us, you should get in touch by completing our [contact form](#).

If I do have protected tax free cash entitlement, what are my options?

In line with HMRC rules, protected lump sum rights must be taken at the same time. If we confirm you are entitled to protected tax free cash, the following options are available:

- purchase a lifetime annuity through the open market option
- transfer the balance of your pension savings to another provider as a 'drawdown to drawdown' transfer
- get your pension savings as a taxable lump sum.

Transfer penalties

Some schemes apply a transfer penalty when you leave them. You should check whether this applies before making a decision to transfer. It could mean that you will be transferring less than you thought you were.



Market risks

There is likely to be a short time where your pension savings are not invested during the transfer process, as your old pension provider has to sell the shares you hold with them and transfer the funds across to be invested by us. If the market rises during this period, you could miss out on some investment growth but the impact is likely to be small unless there is a very significant rise. You will also be protected if the market falls because your pension savings will purchase more shares.

Future changes

The following factors could affect your pension savings, whether you transfer or not:

- the law and tax rates may change in the future
- charges could increase
- investment returns could be better or worse
- the options available at retirement may change



Questions and answers

How do I transfer my pension?

If you have decided to transfer an existing pension, the first step is to complete a Letter of Authority. This allows us to contact the transferring scheme on your behalf. We will then request the money from the transferring scheme. Once we receive the transfer and have invested it, we will contact you to let you know how much was transferred.

If you are transferring a pension which includes any of the following benefits, you will also need to complete a supplementary form and read our relevant summary guide:

- Defined benefit final salary or career average revalued earnings
- Guaranteed minimum pension (GMP)
- Guaranteed pension at retirement (also known as a deferred annuity)
- Guaranteed annuity rate (GAR)
- Protected tax-free cash and/or pension age
- With-profits investment

You can find further information about this by going to our 'How to transfer money into Smart Pension' section at www.smartpension.co.uk/members-articles/move-your-pension-savings

How long will it take?

Most transfers can be completed within a few weeks as the information and the money will be moved between providers electronically. However, not all schemes deal with transfers electronically and they may contact you for further information before sending a transfer. If this is the case the transfer is likely to take longer.

Where will my transfer be invested?

Your money will be invested in line with your current investment options, but you can switch to a different investment option at any point through the member portal or via the app.

Can I change my mind?

If you change your mind after you have transferred, it is unlikely that your old provider will agree to take the amount back into the original pension account. For that reason it is important to carefully consider the decision and seek financial advice if you need it.

Can I transfer out of Smart Pension in the future?

Yes, of course. You will be able to transfer out to another pension scheme and we will not charge any penalty if you do so.

Legal Disclaimer

Smart Pension does not provide advice on transferring your pension savings from another scheme. We recommend that you seek financial advice before transferring.

MoneyHelper provides independent and impartial information and guidance about pensions, free of charge, to members of the public www.moneyhelper.org.uk/en/pensions-and-retirement.

The value of your pension savings is subject to the performance of your chosen investment option and can fluctuate as a result.



Contact us

If you have any questions about this guide, please do not hesitate to contact us at: smrt.pe/member-contact



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