Consolidating your pensions

It sounds complicated, doesn't it? Well, it needn't be.

The days where people worked for the same company for their entire career are long behind us. We have a much more transient workforce, in a time where opportunities are everywhere. What this means for a pension perspective, however, is that workers are going to accrue lots of smaller pots, rather than one big one. While there's no problem in that - after all, the pots are yours and yours alone - it would be like hiding your monthly salary in different rooms, drawers and pockets all over your house. At some point, you're going to forget where the cash is and lose it! The latest estimate is that there is almost £50 billion in 'lost' pension funds in the UK alone, and that figure is expected to rise exponentially over the next 25 years.

So, in most cases, it's likely to be beneficial to consolidate your pensions into one pot for ease. There will be some caveats depending on the age of your plans and any underlying protected benefits, but that's something your pension providers will be able to confirm for you. Below, we've outlined the steps to start the consolidation process.

1. Trace your pensions

Start by making a list of all the pensions you have accumulated. if you're organised and have a list if all the pensions, pension providers and account numbers, then you're already 90% of the way there. If, like most of us, you don't have all this to hand, start by making a list of all the information you do know. Very often, you'll have been enrolled in a work place pension and not paid attention to who that pension was with. Fear not, the Government has introduced a Pension Tracing Service to help you track down those old workplace pension schemes, which you can visit by clicking here.

2. Contact the providers to request updated information

Once you know who to call, give them a ring and ask for an updated statement of your benefits. It's worth also asking for any transfer forms they may need signed and a confirmation that there are no 'protected' benefits. This latter point is less common in modern schemes but, if your pension is from 20+ years back, it's worth double checking, as you may lose some valuable guarantees by transferring.

Once you have all your information back, check through the paperwork to compare costs and features - such as minimum retirement age and whether the plans offer Flexi Access Drawdown (don't worry if these terms seem like double Dutch - a glossary is included at the end of this blog). Compare this to what your current pension provider offers and see if it matches up.

3. Contact your existing pension provider

If you're a member of a workplace pension, you can normally transfer in new funds if you're actively contributing. Many pension companies use a system called Origo Options, which reduces the need for screeds of paperwork.

If you haven't already, arrange to have online access to your current provider - often this can be done via online portal and/or mobile app. This will allow you visibility of your plan and track any transfers.

Many of the providers allow you to request transfers via this method, but if you would feel more comfortable, you can tell them and provide the details over the phone.

Surprisingly, that's it! You can repeat the process if you move to a new job and it means you will continue to only have the one 'pot' , giving you full visibility of your retirement savings.

However, we need to stress that you need to check the 'protected benefits' & the minimum pension age before making any transfers. The legislation is changing the minimum pension age from 55 to 57 in April 2028, so we don't want you to get caught out. If you are unsure at any stage, please contact your appointed DAM consultant to discuss - we're more than happy to give you guidance.

Scottish Widows	0800 029 4315	https://www.scottishwidows.co.uk/retirement/pension-transfers.html
Aviva	0800 096 8281	https://www.aviva.co.uk/retirement/transfer-your-pension/?source
The Peoples Pension	0300 2000 555	https://thepeoplespension.co.uk/help/member-category/transfers/
Nest	0300 020 0393	https://www.nestpensions.org.uk/schemeweb/nest/my-nest-pension/transfer
Aegon	(0)3456 081 681	https://www.aegon.co.uk/customer/learn/guides/combine-your-pension-pots-with-aegon
Royal London	0345 602 1885	https://www.royallondon.com/pensions/pension-transfers/?gad_source

Glossary

Flexi Access Drawdown - A feature of your pension plan which allows you ultimate flexibility in drawing down your pension. The FAD allows you to draw ad-hoc lump sums or a regular income, depending on your needs.

Minimum Pension Age - This is the earliest you can access your pension savings. At the time of writing, this is age 55, although will be changing to 57 from April 2028. It is expected that this will remain 10 years below State Pension Age, should this also increase.

Origo Options - A back office system shared by many of the main pension providers, negating the need for most paperwork and increasing the simplification of pension consolidation.

Statement of Benefits - Information relating to the current value of your pension, your contribution history, charges and investment strategy. Often, this will also contain information on protected benefits, such as Guaranteed Annuity Rates (GARs) or Protected Tax free Cash. If in doubt, ask your DAM consultant.

Workplace Pension - A pension set up via your employer. Once you leave this employment, the pension will revert to a personal pension.

Please note, DAM are regulated by the Financial Conduct Association (FCA) in the UK. The FCA rules imposed on providers state that they can only provide services to individuals resident in other countries where they have the necessary FCA permissions to 'passport' their services into that country. DAM do not have the permissions and as such we only provide guidance in this area. DAM are not tax advisers so can only offer guidance on the matter