

# Your guide to pension transfers



This guide has all the things you need to think about if you're considering transferring your pension to Legal & General.

It's designed to help you weigh up the pros and the cons so you can make an informed decision.

## Contents

How to use this guide	2
Understanding the risks	5
Questions & answers	6
Your transfers checklist	9
Terms explained	10
Contact us	12



For a copy of this, or any item of our literature, in larger print, Braille or audio format, contact us by email at [transferinpack@landg.com](mailto:transferinpack@landg.com) or call us on **0345 070 8686**.

### Important note

The personal information collected from you will be shared with fraud prevention agencies to prevent fraud and money laundering and to verify your identity. If fraud is detected, you could be refused certain services, finance, or employment.

Further details of how your information will be used by us and these fraud prevention agencies, and your data protection rights, can be found on [legalandgeneral.com/cifas](https://legalandgeneral.com/cifas)

## How to use this guide

One of the important features of your Legal & General pension plan is that it can accept transfer payments from other registered pension schemes.

For some people, bringing their pension plans together by transferring from one plan to another can make sense.

However, for other people, this simply wouldn't be the right choice. This is because while some transfers are straightforward, others can involve significant financial risk.

This guide aims to give you the information you need to think about, so you can make the decision that's right for you.

This guide is especially important if you're considering transferring a pension plan from another registered pension scheme without talking to a financial adviser.

You should read this guide together with the other information we make available to you before making your decision.

### Old and new

Throughout this guide we refer to the plan you're thinking about transferring from as 'your old plan'. The plan you're considering transferring into is 'your Legal & General plan'. We use this terminology even if your old plan is another Legal & General plan. We refer to the firm that ran your old pension plan as 'your old provider'.

## When not to use this pack

You can't use this pack to transfer if any of the following apply to you:

- Your old plan has benefits that are classed as **safeguarded benefits**;
- You're in a defined benefit pension scheme (also known as '**final salary**');
- Your scheme has a **guaranteed annuity rate (GAR)**;
- Your scheme has a guaranteed minimum pension (GMP);
- You're invested in a with profits fund.

This is because Legal & General will only accept a transfer payment from schemes where these apply if you have received financial advice, and the outcome of this advice was a recommendation to transfer.

Also, you can't use this pack if:

- Your old plan is in **Income Drawdown or Flexi-Access Drawdown**

You may be able to transfer from a defined benefit pension scheme without advice if the value of your transfer is under £30,000. You should be aware of the risks of transferring from a defined benefit pension scheme and understand the consequences of doing so.

If you have any questions, or would like more information, please get in touch with us. Call our helpline on **0345 070 8686** (call charges will vary, and we may monitor and record calls).

## The choice is yours

We're only providing information in this guide to help you decide what to do. We're not recommending that a transfer is the right thing for you. If you choose to transfer without taking financial advice, you must accept responsibility for your decision.

## Terms explained

Financial language can be complicated. We try to eliminate this as much as possible. Despite our best efforts to avoid technical terms, sometimes it's just not possible. For example, some of the terms in this guide are legal terms for which no alternative exists. That's why we've provided a 'Terms explained' section at the end of this guide to provide a detailed explanation of terms that you might not be familiar with. Whenever terms covered in 'Terms explained' appear in the main text, we've highlighted them in **green, like this**.

**Remember, if you're still unsure what to do after reading this guide, you should seek financial advice.**

If you do not have a financial adviser, you can find one by visiting [unbiased.co.uk](https://unbiased.co.uk). You should be aware that if you do use a financial adviser, they may charge you for their services.

Legal & General can help you to access guidance and advice. Please visit your scheme website (if applicable) to see what services are available to you. Or you can call us on **0345 070 8686** for more information. Call charges will vary and we may record and monitor calls.

You can get free, impartial guidance from Pension Wise, a service from MoneyHelper, at [moneyhelper.org.uk/pensionwise](https://moneyhelper.org.uk/pensionwise)

## Things you need to know

To help make the decision that's right for you, there are important things to consider before you transfer your pension into your Legal & General plan.

### Your decision to transfer

Depending on your circumstances, there's many reasons why consolidating pensions by transferring from one plan to another can be a good idea. For example, you may find that you can:

- Save money: charges in one plan may be lower.
- Have more choice: investment choices may be better for you in one plan than another.
- Save time: dealing with fewer pension providers can save valuable time whenever you want to make changes.
- Have different options when you decide to access your pension plan.

## You need to take the following into consideration:

- You'll be giving up the terms and conditions of your old plan, including any guarantees that may have applied. The terms, conditions and features of your Legal & General plan will apply instead.
- If you decide to cancel the transfer and the value of your pension has gone down, the amount we'll return may be lower than the amount we received. For more information, see 'Can I change my mind?' on page 8.
- The charges deducted both by us and your old provider directly affect how your pension fund grows. Make sure that charges in your Legal & General plan justify transferring from your old plan.
- Since the government introduced pension freedoms, you should check that your new scheme offers the options you may want to take in the future.

- If your old plan is invested in a with profits fund, please read pages 6 and 11.
- These are complex issues and you may want to speak to a financial adviser. Please refer to 'Should I get financial advice?' on page 8 for more information.

## Things may change

- If the cost of managing your plan should increase for any reason, we may increase our charges – but we'll always let you know before we introduce any changes.
- The law and tax rates may change, which could affect the value of your pension.
- The value of your pension pot may fall as well as rise. Future returns may differ by comparison to your old plan.
- The funds in your Legal & General plan may be managed differently to the funds in your old plan – even if they're similar funds with similar objectives.

## Details about your old plan

Whatever type your old plan is, you should always ask your old provider to clarify anything you're unclear about. If you're still contributing to your old plan, think carefully about the value to you of any life assurance cover or **Waiver of Premium Benefit** it provides.

If your old plan is an **occupational pension scheme** operated by your current or a former employer, you can ask the Trustees or employer to give you the information you need.



# Understanding the risks

The decision to transfer your pension plan may not always be a straightforward one. Whilst there can be advantages, there's risks that you need to consider too.

For example, some pension schemes may have special features or include special entitlements that you would (or may) lose if you transfer. In some cases, the risks can be immaterial.

As an example, if you're not planning on taking benefits before age 55 then the loss of entitlement to a **protected pension age** may not have an impact. However, some of these features can be really worthwhile. We've listed the main ones in this section.

- Some providers award a **loyalty bonus** to reward customers who stay with them for the longer term. If you transfer, you'll lose this entitlement.
- If your old plan has **guaranteed annuity rates (GARs)** you'll lose them if you transfer. Although GARs can be relatively inflexible (some, for example, may pay the GAR only from a fixed date, which may not be when you want to access your pension plan), they're usually well worth holding onto.  
You cannot use this pack to transfer if your old plan had **guaranteed annuity rates (GARs)**.
- You may be entitled to **protected tax-free cash**. Usually, this would apply only if your old plan is an **occupational pension scheme** that you were a member of before 6 April 2006. However, it could also apply if your old plan is a personal or Stakeholder pension that has previously received a transfer-in from an occupational pension scheme.

If you transfer again now, you'll lose any entitlement to protected tax-free cash unless your transfer satisfies the **block transfer** conditions prescribed by HM Revenue & Customs (HMRC).

- If you're thinking about transferring from a pension scheme that entitles you to take retirement benefits before age 55, you'll lose this **protected pension age** entitlement if you transfer. This is unless your transfer satisfies the **block transfer** conditions prescribed by HMRC.

- Some investment options offered by some providers have **guaranteed investment rates (GIRs)** – a guarantee that your investment will grow by at least a specified amount.

These guarantees may be valuable for some investors. GIRs are more common on with profits investments, but some other funds may also have GIRs. If your old plan is invested in such a fund you'll lose that guarantee if you transfer out.

You cannot use this pack to transfer if your old plan had **guaranteed investment rates (GIRs)**, e.g. with-profits.

- If you're still paying contributions to a Personal or Stakeholder pension your old provider may be covering you for **Pension Term Assurance**, or **Waiver of Premium Benefit**, or both.
- **Pension Term Assurance** is a type of life assurance policy that pays out a predetermined sum if you die before your selected retirement age provided you continue to pay contributions. The insurance premiums are usually deducted from your pension contributions, and may (depending on when you set up your policy) benefit from tax relief.

If you stop contributing and transfer from your old plan you'll lose this benefit. You may, therefore, unintentionally reduce your overall life assurance cover – which you could find more expensive to replace now or, if your health is not good, difficult or impossible to replace.

- **Waiver of Premium Benefit** is a type of insurance that continues to pay your pension contributions should illness or injury prevent you from working. Again, the premiums are deducted from your pension contributions. So, if you stop contributing and transfer from your old plan, you'll lose this benefit.
- Unless your old plan is a Stakeholder plan, your old provider may apply a **transfer penalty**. This means that the transfer value they pay will be less than the ongoing value of your fund if you leave it where it is.

If you don't know whether any of these features apply to your old plan, you should ask your old provider.

## Questions & answers

As well as understanding the differences between your pension plans, there are other factors that will affect your decision to transfer. It's important that you make an informed decision. Here's some questions that we believe you should be asking, together with an explanation of why these factors are important.

### Is an employer still contributing to my old plan?

If your employer has been paying contributions on your behalf, they may not be prepared to pay contributions to another provider or scheme. We would, therefore, recommend that you speak to a financial adviser and/or your employer before proceeding.

### Is my old plan invested in a with profits fund?

If you're invested in a with profits fund you can't use this pack to transfer and you should speak to a financial adviser. There's a number of significant risks associated with transferring out of a with profits fund.

Your old provider may reduce the amount they pay if you transfer or move your pension plan out of a with profits fund to another investment option. This is called a **market value reduction (MVR)**.

Your old provider may have offered guarantees of future bonuses and/or interest for a with profits fund. These depend on a number of factors that are difficult to determine. You'll lose these guarantees if you transfer from your old provider.

What you receive from a with profits fund investment will depend on future bonus rates which can change.

The above doesn't cover all the risks and you should discuss your personal circumstances with a financial adviser if you are considering transferring.

You can find out more about your old provider's with profits fund by asking them for a copy of their Principles and Practices of Financial Management (PPFM). This is a technical document that must be produced by all insurance companies and describes how they run their with profits business.

## If I choose to transfer, where will my transfer payment be invested?

Unless you are told otherwise, when you apply, your transfer value will be invested in the same fund or funds that your regular contributions are paid into – and in the same proportions. For example, if your regular contributions are split equally between two funds, we'll split your transfer payment equally between those funds.

If you're not currently paying regular contributions, your transfer value will be invested in the same fund or funds as your current fund value, again in the same proportions.

You can change your investments at any time, after the transfer is completed, by visiting Manage Your Account at [legalandgeneral.com/manageyouraccount](https://legalandgeneral.com/manageyouraccount) (unless you are transferring into **Flexi-Access Drawdown**), by writing to us at the address shown on page 12, or by calling us on **0345 070 8686**. Call charges will vary. We may monitor and record calls.

## Will my transfer be affected by an 'out of market' period?

While your transfer is being completed there could be a short period of time when your money is not invested. This is the time between when your old pension provider sells your investment units held with them and pays your transfer to Legal & General.

If the market rises during this period, an element of investment growth may be missed out on. However, the opposite can also happen and markets could fall between the encashment of the units held with your old provider and when the cash is received at

Legal & General. In this scenario your cash transfer value will purchase more units in the new investment fund or funds your new plan invests in.

For this to have a considerable impact, the market would probably need to move significantly, although it's still a risk that you need to be aware of.

When there's volatility in the stock market, it's possible for the 'spreads' (difference between buy and sell unit prices) to widen and this can have an impact on your transfer value.

## Can I transfer out from my Legal & General plan in the future?

Yes, you can transfer your pension plan to another registered pension scheme at any time. We don't currently charge a **transfer penalty** if you do this.

## How will I know how much has been transferred?

If you decide to transfer, we'll send you a statement showing the amount we have received from your old provider.

## What happens if I die before accessing my pension pot?

The way your benefits can be paid will depend on a number of factors. Full details are in your Member's booklet.

## What about my previous Nomination of beneficiary form?

Keep in mind that if you completed a **Nomination of beneficiary form** in respect of your old plan, then your instructions will no longer apply following a transfer. This will be the case even if your old plan is also a Legal & General plan.

So if you wish to transfer, and you haven't already completed a **Nomination of beneficiary form** for your Legal & General plan, please do so as soon as possible. You can find this form online at [legalandgeneral.com/retirement/pensions/workplace-pensions/document-library](https://legalandgeneral.com/retirement/pensions/workplace-pensions/document-library)

## What happens if I change my employer in the future?

If you're transferring into one of our **contract-based pension schemes** (WorkSave Pension Plan or Group Stakeholder Pension) this will be an individual contract between you and us. That means it's not tied to any particular employment. Whatever happens in the future, you can continue to use it and manage it as you wish. This includes making new contributions and transferring in other pension plans.

If you're transferring into one of our **occupational pension schemes** you will need to refer to your Member's booklet.

## Should I get financial advice?

As we've explained in this guide, there are a number of possible financial risks involved in transferring benefits from one pension scheme to another. So if you're not confident that you understand and accept these risks, you should seek financial advice.

If you don't have a financial adviser but you'd like advice from one, you can find one in your local area by visiting [unbiased.co.uk](https://unbiased.co.uk)

You should be aware that if you seek advice, your financial adviser may charge you for their services. Legal & General can help you to access guidance and advice. Please visit your scheme website (if applicable) to see what services are available to you. Or you can call us on **0345 070 8686** for more information. Call charges will vary and we may record and monitor calls.

You can also get free and impartial guidance from Pension Wise, a service from MoneyHelper, at [moneyhelper.org.uk/pensionwise](https://moneyhelper.org.uk/pensionwise)

## Can I change my mind?

If you decide to transfer into a **contract-based pension scheme** and you later change your mind, the law allows you up to 30 days to cancel your instruction.

Once we've processed your transfer value, we'll send you a Cancellation Notice that you can

return to us if you decide not to go ahead. We'd then make every effort to return your transfer payment to your old provider, minus any investment loss over the period. It's important to note that we'll only be able to do so if your old provider is willing to take it back. If they're not, your transfer value will have to remain in your Legal & General plan unless you instruct us to transfer it to another plan or you choose to take benefits from it. Please note that you can only take your benefits if you are aged 55 or over.

If you decide to transfer into an occupational pension scheme and you later change your mind it may not be possible to return your transfer to your old provider. In this circumstance, your transfer value will stay in your Legal & General plan unless you access your pension plan or transfer to another provider.

## What are my options when I start to access my pension plan?

The options available will depend on the type of Legal & General plan you're transferring into.

You'll find details of these options within the documentation on your employer's scheme website.

## Where can I find more details about my Legal & General plan?

You can use our 'Manage Your Account' facility to find information and literature and to manage your pension savings online at a time that suits you. Visit [legalandgeneral.com/manageyouraccount](https://legalandgeneral.com/manageyouraccount) (unless you are transferring into **Flexi-Access Drawdown**).

You can call us on **0345 070 8686**, or write to us at the address on the back page of this guide. Call charges will vary. We may monitor and record calls.



# Your transfers checklist

**Make sure you can answer the following questions, before you make this important decision:**

- ☐ How do the two sets of charges compare?

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- ☐ Will I have all the investment choices I need if I transfer?

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- ☐ Will consolidating my plans offer me more flexibility and easier management of my pension planning?

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- ☐ Will my old provider charge a **transfer penalty**?

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- ☐ Will I lose out on any special features, such as a **loyalty bonus**?

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- ☐ Will I lose any **protected tax-free cash**?

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- ☐ Will the minimum age I can access my pension plan from change?

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- ☐ Will I lose any **Waiver of Premium Benefit** or Life Assurance cover if I transfer?

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- ☐ Am I still paying contributions to my old plan? Is anyone else contributing to my old plan?

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- ☐ Will the existing pension scheme pay into my Legal & General plan if I transfer?

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- ☐ Does the plan I am transferring into offer the options that I might want to take when I access my pension plan?

# Terms explained

## Block transfer

This is a mechanism for retaining any protected tax-free cash or protected pension age that may have been available in your old plan. There are certain conditions prescribed by HMRC that must be met for a transfer to be a block transfer.

- Two or more members of the old scheme must transfer to the new scheme at the same time.
- It's a requirement that either the member is not a member of the pension scheme to which the transfer is being made, or they've been a member of the pension scheme for less than one year.

## Contract-based pension scheme

This is a type of pension where the contract is between the pension provider (for example Legal & General) and the individual member only – even though a company has arranged the scheme and collects and pays contributions on the members' behalf.

## Final salary

This type of pension can be provided by an employer to its staff and is also known as a defined benefit pension scheme. If you're a member of this type of pension scheme, your benefits at retirement are based on your earnings while employed with the company and how long you're an active member of the scheme. If you've now left that employment and kept your benefits within the scheme, the benefits you've built up are usually guaranteed and revalued each year.

## Guaranteed Annuity Rates (GARs)

These used to be a fairly common feature of many older style pension plans. When a provider offered a GAR, they guaranteed to pay a minimum level of retirement income (the guaranteed annuity) for each £1 of fund value that a member had accumulated at their selected retirement age. The annuity you're offered may be higher than the annuity you'll be offered by other providers.

## Guaranteed Investment Rates (GIRs)

Some providers offer GIRs on some of their investment funds. These offer a guaranteed rate of investment growth year on year. GIRs were normally used to provide a minimum level of growth, irrespective of how the underlying funds perform.

## Guaranteed Minimum Pension (GMP)

This can apply to you if you were part of a contracted out final salary scheme from 1978 to 1997. The guarantee is that at State Pension age you (and your widow/ers) will receive a pension from the scheme that is broadly at least as much as what you would have got if you'd not contracted out. If your final salary scheme was subsequently closed, your GMP might have been moved to a Section 32 buyout plan. The buyout plan provider has a legal duty to ensure that the pension payable to you is at least as much as the GMP would have been.

## Income Drawdown or Flexi-Access Drawdown

This is where you have taken tax-free cash from your plan and left the rest of your money invested for you to take as a flexible income.

## Loyalty bonus

This is a financial reward that some pension providers offer their customers for 'sticking with them' over the longer term. They do this by paying back some of the charges they've deducted over the period of the customer's membership.

Loyalty bonuses take different forms – and vary in value – but they can mean that staying put is a more financially viable option than transferring.

However, they may offer relatively poor value – especially if the fund value is relatively small or if there are other reasons why transferring may be better. Consequently you should check not only whether a loyalty bonus will be paid, but when it will be paid and how much it might be.

### Market value reduction (MVR)

This may be applied when you switch out of or transfer away from a with profits fund. An MVR can be applied to a with profits plan, normally when investment performance means that the value of the assets backing your policy is lower than the value of the units held under your plan, together with any additional bonuses added to the policy. An MVR will not normally be applied to death payments or if you access your pension plan on or after your selected retirement date. For details of how MVRs operate in regards to your old plan, please refer to material from your old provider.

### Nomination of beneficiary form

You can choose to nominate a person(s) to receive any money left in your pension plan when you die by completing a 'Nomination of Beneficiary' form, sometimes called an Expression of Wish form. Depending on the type of scheme you have, either Legal & General or the Trustees have discretion as to whom payment is made but will take your nomination wishes into account.

### Occupational pension scheme

This is a type of pension that's established by a company (or connected companies) and has Trustees who are responsible for managing the scheme on behalf of its members in accordance with the Trust Deed and Rules. This includes contribution collection, administration, investment and benefit payment. Occupational pensions are sometimes also called 'trust-based schemes'.

### Pension Term Assurance

This is a type of life assurance policy that pays out a predetermined sum if you die before your selected retirement age, provided you continue to pay contributions. The premiums are usually deducted from your pension contributions, and may (depending on when you set up your policy) benefit from tax relief.

### Protected pension age

This entitles you to take your benefits before the normal minimum pension age of 55 (age 57 from April 2028). You'll be able to keep your

protected pension age if you transfer as part of a block transfer (see page 10).

### Protected tax-free cash (PTFC)

Before 6 April 2006 when new pension tax rules came into force, occupational pension schemes could pay a higher proportion of benefits as tax-free cash than can be taken from some individual schemes. If you were entitled to a tax-free cash amount above 25% as at 5 April 2006 this amount was protected. To ensure that members transferring from such schemes aren't disadvantaged, it's possible to protect the tax-free cash so it's available in the new scheme instead. In order for this higher amount to be protected the transfer must form part of a block transfer (see page 10).

### Safeguarded benefits

Safeguarded benefits are pension benefits that include some form of guarantee or promise about the rate of secure pension income that a member, or their survivors, will receive or have an option to receive. Examples of safeguarded benefits include:

- Final salary schemes
- Pensions that have guaranteed minimum pensions (GMP)
- Pensions that have guaranteed annuity rates (GARS).

### Transfer penalty

This is a charge made by your old pension provider when you transfer your pension pot to another provider. When this applies they'll pay a transfer value that is less than your fund value: the difference is the transfer penalty. The amount of transfer penalty can vary, and in some cases can significantly reduce the transfer value – so it's always worth checking whether one would be applied and, if so, how much it would be.

### Waiver of Premium Benefit

This is a type of insurance that continues to pay your pension contributions should illness or injury prevent you from working. The premiums are deducted from your pension contributions.

# Contact us

If you've any questions and want to talk to us about your pension plan, please get in touch with us.

Call our helpline on **0345 070 8686**

8.30am–7pm, Monday to Friday.

Call charges will vary. We may record and monitor calls.

Please be aware our helpline staff cannot provide financial advice.

Email us at [employerdedicatedteam@landg.com](mailto:employerdedicatedteam@landg.com)

**Please do not attempt to email any personal information including bank details as nothing on the internet is one-hundred percent secure.**

Or you can write to us at: DC Pensions, Legal & General,  
PO Box 1560, Peterborough, PE1 9AS



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