

Once upon a time we had jobs for life. These days we are more transient in our careers, moving from one role and employer to another several times throughout our working lives. This can result in a number of historic (legacy) workplace pension pots having been built up with different employers. This is likely to be increasingly true as employers are now obliged to automatically enrol eligible workers into a workplace pension scheme and make contributions to it on their behalf. This factsheet looks at what sort of legacy pensions you may have and gives you some useful tips on what to do next.

KEY ISSUES

If you've several past employments you may have pension pots you've lost track of.

Depending on the type, value and features of these plans and your priorities it might be in your interests to consolidate them into a single plan. But consolidation is not right for everyone so you should seek professional advice.

Some previous plans will have special features which make them more or less valuable depending on your circumstances and priorities.

Defined benefits (DB) pensions

These are also known as Final Salary or Career Average pensions and are more usually found with larger, long-established firms. When you leave an employer where you were accruing benefits in a DB scheme you normally become a deferred member. You'll be entitled to an income, based on your length of service, when you reach the scheme retirement age. It is usually possible to obtain a Cash Equivalent Transfer Value (a cash amount that would buy you equivalent benefits on the open market) to transfer to a personal pension plan, but you should always seek advice as to whether that would be in your best interests.

Defined contribution (DC) pensions

These will usually be Group Stakeholder Pensions or Group Personal Pensions, but they may also be individual Personal Pensions into which your employer may have paid. Once you leave employment, these types of plans remain in your name and you can choose to continue to pay into them yourself, stop contributing and leave the pot where it is, or transfer to another personal pension. Again, you should seek professional advice to ascertain what course of action is in your best interests.

Things to look out for

When you're considering whether to hold on to, keep paying into, or transfer your legacy pension pots there are certain features that are important to bear in mind:

- **Guaranteed annuity rates (GARs)**
If your plan has this feature it will ensure a minimum income level for you in retirement.
- **Protected Tax Free Cash**
This may entitle you to more than the usual amount of 25%
- **Spouse's or dependents' benefits**
The plan may provide a lump sum or regular income in the event of your death.
- **Exit penalties**
Some plans, especially older ones, may incur a charge if they transfer out. This needs to be taken into account when considering your options.



What should I do if I think I have legacy pensions?

If you've had several previous employers and think you may have related pension plans your first port of call should be the employer themselves, or if you have some details such as the policy number you could go to the pension provider. If you think you've lost track of a pension, or a previous employer no longer exists, you can contact the [Pension Tracing Service](#) who may be able to provide you with contact details (as long as you have the employer or pension provider's name). But remember, the Pension Tracing Service won't tell you if you've got a pension plan, or how much it's worth.

The importance of advice

Analysing the pros and cons of transferring legacy pensions is complicated. There are so many things to take into account - charges on the existing plans, transfer values, desired retirement age and income, whether to transfer or flexibly access your funds (if you're over 55). A professional adviser will be able to take all these aspects into account, as well as your circumstances and priorities, to help you decide the best course of action.

If you would like to discuss your legacy pensions or need retirement advice call us on 0800 048 0150.