

Transferring your pension

Important information to consider before transferring your pension

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About Vanguard

Vanguard Asset Management, Limited ("**Vanguard**") provides the Vanguard Personal Pension through its online service for personal investors. Vanguard is authorised and regulated by the FCA. Vanguard's registered office is at 4th Floor, The Walbrook Building, 25 Walbrook, London EC4N 8AF.

For more information about Vanguard, please visit our website at www.vanguardinvestor.co.uk.

As you are self-managing your investments please note that Vanguard does not provide personal advice based on individual circumstances and so is not required to assess the suitability or appropriateness of any investment which you may choose or other services provided to you. This means that you do not benefit from the FCA's rules on assessing suitability. If you are not sure of the suitability or appropriateness for you of any particular investment, product or service, you should consult an authorised financial adviser.

Is transferring your pension a good idea?

Pension transfers can be complicated and there are a lot of things to consider before making a decision to transfer your pension. Transferring existing pensions may not be suitable for everyone. As with all financial decisions there are important factors you need to consider. This document provides important information to help you decide whether or not to proceed with a pension transfer. It is important that you understand the benefits and any guarantees that you may have in your current pension, as these could be lost on a transfer to a new pension provider. You should also

consider your own personal circumstances carefully and undertake a full comparison of the charges, features and services offered between pension providers. As you are self-managing your investments we provide information on our products and services but we do not provide advice or give a personal recommendation.

You should read this document carefully and obtain advice from a regulated financial adviser if you are in any doubt about transferring a pension.

Why do individuals transfer their pension(s)?

There are a number of reasons why individuals consider transferring their pension(s):

1 Easier to manage

Over the course of your working life it is likely that you will have a number of pensions. By bringing all your pensions together, and having only one pension to deal with, makes it easier for you to manage and keep track of your investments and retirement savings.

2 Save on costs

Transferring to a more cost effective pension that meets your requirements can make a difference in the long term, as the less you pay on charges the more your savings will work for you. You should compare our charges with your existing pension(s). Full details of our charges can be found in our Key Investor Information Document (KIID) and our Vanguard Personal Pension Key Features Document.

3 Access to features/options that may not be available in my current scheme

Some pension schemes offer more features, for example they may offer a wider choice of investment types and different retirement options.

What else should you consider?

Loss of guarantees

If your current pension contains any guarantees, these will usually be lost on transfer to a new pension scheme.

Guaranteed income

Some schemes, including final salary pensions, can pay a guaranteed pension income for life. Some of these schemes will also increase your pension income yearly, offering you protection against inflation.

Guaranteed Annuity Rates (GARs)

Some pensions offer GARs. Like a lifetime annuity, GARs can pay a guaranteed income for life. However, these can be more competitive and may provide higher guaranteed income than normal annuity rates available.

Additional death benefits

Some schemes have guaranteed death benefits in excess of the value of your pension.

Earlier retirement benefits

The minimum retirement age is currently set at 55 increasing to 57 from 6th April 2028, however some pension schemes may have a protected pension age, which entitles you to take benefits before this.

Tax-free cash lump-sum greater than 25%

If you were a member of the pension scheme before 6 April 2006, depending on your personal circumstances, you may be entitled to more than the standard 25% tax-free cash lump-sum from your existing pension scheme.

Guaranteed investment return or annual bonus

Some schemes offer a guaranteed investment return, or provide an annual bonus and a maturity or terminal bonus. This means that even if markets do not perform, you may still benefit from these guarantees. These policies may be subject to Market Value Reduction, which will reduce the size of your pension fund available to transfer. If applicable, you should also consider when the next bonus payment is due, as you may wish to wait to receive this into your pension before proceeding with a transfer.

Will my new pension provide better income in retirement?

You should also remember that there is no guarantee that transferring a pension will result in a higher retirement income. Past performance is not a guarantee of future results and you may receive a higher or lower pension in retirement than you could have received if you had decided not to transfer.

Are there any charges if I transfer from my current pension?

Some pensions may apply a charge when you transfer out. You should check with your current pension provider to see if there are any exit charges or penalties if you transfer out of your current pension. We will not cover these costs.

Can I change my mind?

You normally have 30 days to change your mind. However, your previous pension provider may refuse to reinstate your previous pension policies, including any guarantees that may have been applicable prior to transferring your pension. The cancellation amount will be equal to the value of your investments at the time Vanguard sell or return them.

Comparing pensions and providers

Before going ahead with a pension transfer, we would urge you to undertake a full comparison of the charges, features and services your pension offers against the benefits that Vanguard can provide.

If you are unsure about the type of scheme you currently hold and what benefits are available to you, contact the provider of the scheme. We believe it is essential that you receive financial advice in order to make an informed decision. This list of features is not exhaustive and you should research the benefits available to you within your existing pension before you request a transfer.

Can I transfer my pension(s) to Vanguard?

Is there a minimum balance requirement to transfer my pension to Vanguard?

No, we do not have a minimum pension transfer value.

I am planning to transfer my pension to Vanguard so that I can start drawing down pension income from the Vanguard Personal Pension. Does Vanguard support income drawdown?

Yes.

Can I transfer my overseas pension to Vanguard?

We only accept pension transfers from UK registered pension schemes. We currently do not accept Qualifying Recognised Overseas Pension Schemes (QROPS) including those from crown dependencies (Jersey, Guernsey and Isle of Man).

Can I transfer a final salary pension scheme to Vanguard?

You can transfer a final salary pension to us, but we'll need you to send us a cash equivalent transfer value – also known as a CETV. You'll need to contact your final salary pension provider and ask them to give you a CETV before starting your pension transfer.

A CETV tells us, and you, the value of the pension you'll get in exchange for giving up your final salary pension.

A CETV is only valid for three months. Please make sure you initiate your transfer at least 30 business days before it expires or we may have to ask you for a new one during the transfer process (your pension provider may charge for this).

If the pension you want to transfer is worth more than £30,000, you'll also need to:

- Have the transfer signed off by a qualified financial adviser before your pension scheme will release the money
- Have your financial adviser sign our adviser declaration, confirming that they recommended the transfer
- This is to protect you and make sure you're fully aware of what you're giving up. Please note that we cannot facilitate the payment of financial adviser fees from your pension and any adviser fees will need to be funded and settled by you directly with your adviser.

My pension contains benefits awarded to me from a divorce settlement, can I transfer to Vanguard?

When individuals are awarded benefits from a divorce settlement, these are defined as either qualifying or disqualifying pension benefits. Qualifying are pre-retirement benefits and disqualifying are post-retirement benefits i.e. drawdown. We can accept transfers of qualifying pension benefits, however unfortunately we are unable to accept transfers of disqualifying pension benefits.

My pension contains guaranteed annuity rates (GAR), can I transfer these?

If your benefits are worth more than £30,000 and you have a Guaranteed Annuity Rate, you'll need to have the transfer signed off by a suitably qualified financial adviser before your pension scheme will release the money. Vanguard will also require your adviser to complete and sign our adviser declaration confirming that they have recommended the pension transfer. This regulatory rule is there to protect you and make sure you're fully aware of what you're giving up.

My pension is already in drawdown, can I still transfer to Vanguard?

Yes, you can access your benefits from the Vanguard Personal Pension through flexible income (drawdown) or single cash lump sum payments.

We will not begin payment of benefits until such time as your Transfer has completed. You should be aware that where your existing provider has stopped making income payments prior to your Transfer completing, your receipt of pension income may be interrupted. In such circumstances, and in any event, you will need to manage your income requirements whilst your Transfer is in progress.

We cannot accept partial transfers of pensions where benefits have been taken, only the full value will be permitted.

If you started taking benefits from your pension before 6 April 2006 we won't be able to accept your transfer.

We don't accept transfers of pensions that are in capped drawdown. Capped drawdown is a way of withdrawing money from your pension that was available to investors until April 2015.

If you started taking money from your pension before 5 April 2015 we recommend that you review your most recent drawdown Illustration from your current provider to see if you are in capped drawdown. In the current benefits section you should see a 'Current max income' and 'Next review date'. This could indicate that you are in capped drawdown and so will not be able to transfer.

If you're still not sure, contact your pension provider before starting a transfer.

I already hold Vanguard funds in my pension. Will Vanguard re-register these assets or will my scheme sell down these assets and transfer the proceeds to Vanguard in cash?

Yes, although there are some funds offered by other providers which we cannot transfer in specie (re-register). In these instances even if you already hold Vanguard funds in your current pension, these will be sold and the transfer will proceed on a cash basis. Once we receive the transfer proceeds, we will invest into your chosen investments.

Please note that if some of your pension will be moved to us as cash, you will be out of the market while your money is being transferred, so you could miss out on any income or growth if the market rises during this time. Transfer times all depend on how your current provider works. Electronic transfers are quicker than paper transfers - whichever method they use, we'll do everything we can to progress your transfer. We'll aim to complete your transfer within 30 business days, but depending on your provider, and the investments you currently hold, this could take considerably longer.

Important information

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