



Money Matters – Keeping Your Pension on Track

Pensions is a vast topic and here I am considering pensions where there is a fund being built up rather than a fixed benefit from a defined benefit type scheme (e.g. a final salary scheme). This could be through a defined contribution scheme; a personal pension or an executive pension to name the most significant types.

Most people I meet have more than one pension pot – personally I have three (Scottish Widows; Norwich Union and now Mowatt Financial Planning). In my case only the most recent one is a personal pension and the others will provide me fixed benefits at the scheme retirement ages. Research carried out by Skandia in July 2009 shows that almost half (46%) of those with a personal pension have more than one, with 16% having between three and five different personal pension pots.

Whether you have one pension or more than one, it's important to make sure that it is offering you what you need. There are a number of reasons why you might want to move your current pension or consolidate your pensions where you have more than one:

- to get an overall reduction in charges
- to have access to specific investments
- because of concerns on investment performance
- in order to manage all your investments in line with your attitude to risk

Overall reduction in charges

If you have an older pension it may be possible to get a reduction in charges. In addition by pooling all your pensions together it may be possible to reduce the charges which are being taken.

Access to specific investments

Some pensions will only have a limited choice of funds available and it might be beneficial to have a wider choice of funds to provide diversification of your investments. This would include access to specific asset categories such as Emerging Markets as well as to lower charged funds known as tracker (or passively managed) funds which track a specific index.

Performance

Are the funds available offering good performance? For instance it's now possible to get access to a wide choice of fund managers through one pension provider which wasn't necessarily the case in the past.

Attitude to risk

Are your pension fund investments being managed in line with your attitude to risk? This is difficult to do when your investments are held over a number of different pension providers. By consolidating your pensions together; it's much easier to align them with your attitude to risk.

As you can see there are a number of reasons why it's worth reviewing your pensions. It will not always make sense to move or consolidate your pensions but it does make sense to have a look.

If you feel that it would make sense to review your pensions, let me know and I will check your current pensions against the above criteria and will advise you whether it's in your interests or not to move your pension. If it's not in your interest there is no charge. If it is in your interest to move or consolidate your pensions I can do this for an agreed fee.

Will
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