Thinking about transferring or cashing in your pension?

Make sure your financial adviser works for you

Taking financial advice

Transferring away from a defined benefit pension scheme like the Leonardo Electronics Pension Scheme (the Scheme) is a big decision – you would give up the guarantees provided by the Scheme and you cannot change your mind after you have transferred. This can be the right decision for some people but there are many things to consider. **This means it is really important that you take high quality financial advice that enables you to make the right decision for your circumstances.**

You may have seen some headlines about financial advisers who are not acting in the best interests of their customers, and this leaflet is intended to help you when seeking financial advice.

Finding a suitable financial adviser

There are a range of Independent Financial Advisers ("IFAs") in the UK, all with different specialities, not always in advising on leaving pension schemes such as ours, and not always looking at all the providers in the market place. Finding one that is right for you and understands pensions is very important.

Pension Transfer Gold Standard – There are a number of IFA's in the UK who hold the Pension Transfer Gold Standard which means they adhere to a set of principles over and above those they are required to follow by regulation.

The Gold Standard is a code of best practice voluntarily adopted by regulated financial firms and advisers offering specialist advice on pension transfers. This should provide further comfort that the firm is operating professionally and with the required pension transfer specialism.

The Trustee of the Scheme recommends you use an adviser who adopts the Pension Transfer Gold Standard.

The Government has set up some online services to help members of pension schemes to find an IFA that is right for them. They also highlight the IFA's who hold the Pension Transfer Gold Standard.

The Money Advice Service	The Money Advice Service was set up by the Government. They hold a directory of retirement advisers regulated by the Financial Conduct Authority (the Regulator of financial services companies) who are able to advise on the whole market place. www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/finding-a-retirement-adviser
Unbiased.co.uk	An independent register of authorised advisers, regulated by the Financial Conduct Authority. Through a series of simple questions, they direct you to the companies in your area. www.unbiased.co.uk

Just because you have found an IFA though the above websites, this does not automatically mean that they are the right choice for you.

This leaflet contains a checklist of the key questions and warning signs that you should be thinking about when considering whether to transfer your pension and appoint an IFA.

How can I check my financial adviser is the right person for me?

When you make the decision to seek financial advice, it is important you find a professional you are comfortable with. You will be giving them access to your entire financial situation and trusting them to make the very most of your money.

Finding the adviser best suited to your needs can be a minefield. Here are some key questions to ask yourself and your adviser to help make sure your financial adviser is the right person for you:

How much is my IFA being paid, and *how* are they being paid?

It is likely that you will need to pay for the advice 'up front', whether or not you decide to transfer.

Your IFA should provide you with details of their charges before doing any work for you.

There are two types of advice.

- 'Abridged Advice' which is initial advice and can tell you whether a transfer is likely to be appropriate for you, or whether the IFA is unable to give a recommendation without undertaking a full review. The aim of this is to help you access initial advice at a more affordable cost. You would then be asked if you want to proceed to 'Full Advice'.
- 'Full Advice' during which the IFA looks at your whole financial situation, and makes a recommendation as to whether to transfer or not. The IFA can also advise on the new provider to transfer your funds to.

While you should check what the advice will cost you, you should also check the **ongoing charges for the chosen provider**.

Remember: cheaper does not automatically mean better value. Good quality advice can help you to maximise the benefits that you receive on retirement. This does not have to come at an excessive cost but often cheaper, less comprehensive advice can miss important options available to you or features of your personal financial circumstances and ultimately give you a worse outcome in your retirement. In some cases, cheaper advisers may receive payments or incentives from the providers they promote. **In addition, be aware of the charges of the provider and take care that you are not paying for having flexibilities that you will never use.**

Remember: check your adviser's charges carefully. Your IFA could be charging you a management charge from your funds each year in your retirement for advice that you may not need or want.

Does my IFA offer the right services, and have the right expertise, for my circumstances?

A good IFA will be able to assist with preparing for retirement, building a pension pot, investments, and inheritance planning, though some may specialise in particular areas. Consider the level of experience the adviser has in the areas where you think you need help and ensure the adviser has experience dealing with your situation.

Beware: we have seen cases of unregulated advisers giving advice which they are not qualified to do. They then get the paperwork signed by an authorised adviser that the member has never actually spoken to.

Remember: ensure whoever you choose is authorised and regulated by the Financial Conduct Authority. You can check this on their website: https://register.fca.org.uk/

Even better – use an IFA with the Pension Transfer Gold Standard!

Is it the right thing for me to transfer my benefits or remain in the Leonardo Electronics Pension Scheme?

Neither Leonardo nor the Trustee can provide you with financial advice. Your IFA should make a recommendation on whether to transfer or not. This recommendation should take into account the factors below.

Your attitude to risk	The benefits that you have in the Leonardo Electronics Pension Scheme are secure and payable until you die. Transferring to another arrangement usually reduces the security and certainty over the level of benefits provided. Taking a transfer value will provide you with more flexibility over your benefit options but will mean you are taking all the investment risks.
Your financial needs and lifestyle	You may prefer the guaranteed level of pension that is payable from the Leonardo Electronics Pension Scheme or you may prefer to have flexibility in how you take your benefits.
How long may you live	If you have a lower life expectancy or are in poor health, you may feel you will benefit by taking your benefits outside the Leonardo Electronics Pension Scheme.
Benefits payable to your spouse on your death	Taking a transfer value means that you give up all rights to benefits from the Leonardo Electronics Pension Scheme. This includes the death benefits which include a spouse's pension. However, transferring the value of your benefits may allow you more flexibility in the way you use your pension to provide spouse's benefits (or not). You should consider how much you value the spouse's pension when considering whether to take the transfer value.
Your tax position	Taking a transfer value will enable you to take your benefits more flexibly so you may be able to manage your tax position more easily. This applies to both income tax and inheritance.

Remember: Your IFA should consider the factors above. If you intend to transfer, make sure you are comfortable with all of these factors before proceeding. If you are not comfortable, then be prepared to stop!

Pension scams

So far we have discussed advice that is legitimate but may not be in your best interests. There is also a more sinister threat in the form of pension scams. This is where fraudsters convince pension scheme members to transfer their pension into bogus investments that will never meet their promises or aim to steal the money.

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Pension scam victims 'lost £91,000 each'

By Kevin Peachey
Personal finance reporter

14 August 2018

6 warning signs that your IFA may be part of a scam

1. They cold-called or approached you – this is illegal in the UK!
2. You were not thinking about transferring before you met them.
3. You met them at a non-professional place (e.g. the pub or the shopping centre).
4. They don't seem to know much about pensions.
5. They have pressurised you to transfer your pension, don't give you time to read the paperwork, or have attempted to persuade you to transfer after you have already said no.
6. They have given you the advice, but it is someone else (who you have never spoken to) that is signing all the paperwork.

If you have any doubts about whether transferring your pension is right for you, then do not rush into any decisions – carefully read this leaflet and use the questions and warnings in this leaflet to make sure your adviser is suitable for you.

You are entitled to remain within the Leonardo Electronics Pension Scheme – you do not have to transfer your benefits out.

If you would like any further information, or have any questions in relation to this leaflet, then please contact the administrators, XPS:

Telephone: 0117 440 2491

Email: LEPS@XPSGroup.com

Post: LEPS, XPS Group, PO Box 562, Middlesbrough, TS1 9JA.