



Pensions update

This section has some important pensions issues we think you should be aware of

Protect yourself from pension scams

Losing retirement savings to a fraudster can ruin people's lives, both financially and emotionally.

Scammers try to persuade savers to transfer their entire pension pot, or to release funds from it, by making attractive-sounding promises they have no intention of keeping. Anyone can be the victim of a pension scam, no matter how financially savvy they think they are.

During the first five months of 2021, more than £2.2 million was lost to pension scammers, according to Action Fraud*. The average loss per person was nearly £51,000 – more than double the figure for the previous year. Many people believe that scammer tactics have become more sophisticated and harder to spot since the pandemic.

And the true scale of the crime is likely to be much larger, as some victims are reluctant to report that they have been scammed, while others don't realise until years later.

Here are some of the key things to watch out for to help keep your pension safe:

- Be suspicious of unexpected offers
- Always check who you are dealing with
- Don't feel rushed or pressured to make financial decisions
- Take impartial advice from an FCA-registered adviser before making any decisions

Flip the context

The Financial Conduct Authority (FCA) is urging those saving for their retirement to 'flip the context' when approached with pension offers online, by imagining the same offer in person, in an everyday, offline setting like an afternoon in the pub or a trip to the shops.

Recent research from the FCA shows pension holders were nine times more likely to accept 'advice' from someone online than from a stranger they met in person*. The research also revealed that pension holders were five times more likely to be interested in a 'free pension review' from a stranger online than from someone in their local pub.

*Source: www.fca.org.uk/news/press-releases/scammers-target-pension-pots

Protecting your pension if you decide to transfer

To try and combat pension scams and as a result of new requirements in the Pensions Act 2021, the Trustee and XPS now have to look very carefully at any requests to transfer out.

There's now a traffic light system for low, medium and high-risk transfers, and XPS must check whether any flags are identified. If an amber flag is identified, they will contact you directly to explain their concerns and they may require you to make an appointment with MoneyHelper for a 'Pension Safeguarding Guidance' appointment before being able to let the transfer go ahead. If they have serious concerns and identify a red flag, they have the power to block transfers that have all the signs of being a scam.

These new measures may mean that your transfer could take longer than you expect, so it's important to talk to XPS early on and provide all of the information they request, to minimise any delays

The State Pension

The maximum flat rate State Pension increased to £10,600.20 a year from April 2023, following a record-breaking increase of 10.1% as announced in last year's Autumn Statement.

The amount you will get will depend on your National Insurance record. You can get a forecast of how much you might get from www.gov.uk/check-state-pension

A change to the normal minimum pension age

At the moment, Government rules allow you to access your pension from age 55 – although the pension you receive will be adjusted to account for its longer payment. However, from April 2028 new rules come into force which increase the earliest age you can take your pension to 57.

So, if you're starting to think about when and how you want to take your pension from the Plan, you may want to explore whether you may need to reconsider your plans.