

BRINGING SOME ORDER TO MULTIPLE PENSION POTS



This case study focuses on Andrea who has held seven different jobs over a period of twenty years, something we see very often. While she has information about pensions from four of these jobs, she believes there may be additional pensions from the other three jobs. Complicating matters further, Andrea has experienced multiple changes in housing, including living at home with her parents, various rented homes, buying a home with her sister, and finally settling in her current home that she shares with her husband. Her primary objective is to gain clarity on their existing pensions, locate any forgotten pensions, and simplify her pension arrangements. Additionally, she wants to look at retirement planning and maximising her financial resources.

Andrea lacks a comprehensive overview of her pension arrangements. Moving jobs and moving home has made it challenging to keep track of important documents, including pension information. A colleague of hers recently put in place plans to retire after working with us and puts Andrea in touch.

Pension Evaluation

We start by contacting the providers that Andrea is aware of to gain a comprehensive understanding of her existing pensions. We also use a pension locating service to locate any forgotten pensions from the three jobs where details are currently unknown.

One of the three pension providers with which Andrea believes she should have a policy doesn't respond. We gather as much information about the employer as Andrea can remember and use a Government website to find the right contact for the scheme. Using this information, we contact the provider who confirms she does have a small scheme with them.

Consolidation and Simplification



Once all pension information is gathered, Andrea can simplify her arrangements by consolidating some, or potentially all, her pensions into a single provider. To do this we first identify the type of pension held. Is it a Defined Benefit Scheme or a Defined Contribution. We then compare various aspects including investment options, fees, customer service, usability, flexibility, transparency, and the availability and benefit of any guarantees to ensure it aligns with Andrea's needs.

Retirement Planning

In addition to consolidation, we look at what Andrea's goals and objectives in terms of retirement age and income.

We start by conducting a comprehensive cashflow analysis to understand her current financial situation, retirement income requirements, and potential shortfalls. We always explain that this is only a guide as past performance is not a guarantee of future performance. As Andrea doesn't have any specific goals in mind yet, we start by showing her a variety of reports on her maximum anticipated pension income based on her retirement age.

She's pleased to see that she could expect retire comfortably before sixty if she wanted to. The reassurance that her pension provision is sufficient gives her great peace of mind.

Implementation and Review



We implement the recommended strategies and conduct periodic reviews to ensure Andrea's pension arrangements and retirement plans remain on track. These regular check-ups assess the performance of the pension, track progress towards retirement goals, and adjust strategies as needed. Cashflow analysis is a great tool, but it can't guarantee the results it gives. These are based on historic investment performance which is not a guarantee of future performance.

Conclusion

This case study underscores the importance of consolidating pension arrangements and engaging in proactive retirement planning. By evaluating existing pensions, locating any forgotten pensions, consolidating with a preferred provider, and conducting a cashflow analysis, Andrea can simplify her pension arrangements, gain clarity on her retirement goals, and make informed decisions to optimise her financial future.