



Dear Member

We are writing to you as you may be considering transferring your pension. In these times of financial uncertainty, we are asking you to be very careful. Since the coronavirus outbreak began, stock markets have fallen and are likely to go up and down for some time. However, your pension remains a safe, long-term investment for your retirement, and transferring it is a serious decision so please do not do anything in haste.

If anyone approaches you directly to offer transfer advice, be on your guard. The government has banned cold calling for pensions, so if anyone calls you out of the blue about yours, just hang up – it could be a scam. You can also visit the ScamSmart website at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart) to check the firm you are dealing with is regulated and to see whether what you're being offered is a known scam or has the signs of a scam.

There are two types of pension – defined benefit (DB) and defined contribution (DC). If you have a DB pension, the benefits you'll get in retirement (including how much you get paid each month) are specified – whereas with a DC pension, your benefits will depend on the performance of investments and the level of contributions made by you and your employer before your retirement.

Legislation gives you the right to 'transfer' your pension. However, whilst you have this right, in most cases, transferring out of a DB pension scheme into a different type of pension arrangement is unlikely to be in your best long-term interests as you'll be giving up a valuable level of predictability in your retirement income. You will also give up the protection that is offered by the Pension Protection Fund (PPF), in case your employer becomes insolvent.

The PPF has a duty to protect people with an eligible defined benefit pension when an employer becomes insolvent. So, if you are a member of an eligible DB scheme and your employer goes out of business and cannot afford to pay you the benefits due then the PPF will pay you compensation. This provides an important safety net if your scheme can't pay what was promised. More information on the PPF and the level of protection it gives to eligible DB schemes can be found at: <https://www.ppf.co.uk/who-we-are>

**Please remember that you can't change your mind once you've transferred out of a DB pension.**

It is therefore really important that you get guidance or advice before making a decision. The Pensions Advisory Service (TPAS) is part of the Money and Pensions Service and offers free specialist pensions guidance and will help answer any questions you may have. If your transfer value is more than £30,000, you are required by law to take advice from a suitably qualified financial adviser regulated by the Financial Conduct Authority (FCA), before you can transfer your benefits to a DC pension scheme.

Take your time to make all the checks you need – you can find suggested questions to ask your adviser on the FCA’s website: <https://fca.org.uk/consumers/what-ask-adviser> with further information on pension transfers at <https://www.fca.org.uk/consumers/pension-transfer>

We hope that you are able to stay safe and well in these difficult times.

Yours sincerely



Nicola Parish  
The Pensions Regulator



Megan Butler  
Financial Conduct Authority



Alex Connolly  
The Money and Pensions Service