

Pensions Liberation Warning

The Pensions Regulator and HM Revenue & Customs are leading an initiative to warn scheme members about 'cashing in' their pension through 'Pensions Liberation' and 'Early Release Plans'.

Upon leaving the scheme, you may be entitled to apply for the transfer of your Scheme benefits to another pension arrangement whose administrator or managers are permitted by law, and willing, to accept the appropriate transfer payment. However, in recent weeks the Pensions Regulator and other bodies have issued guidance warning members about 'pension liberation fraud'.

Many of you will be aware that pension scheme rules limit the circumstances in which benefits can be drawn. For example, you cannot normally access your pension before age 55 (other than on grounds of ill-health or protected pension age), cash payments are capped and you cannot take a loan from your pension savings.

There are a number of companies that apparently offer large cash sums and other incentives to members who withdraw their pension by transferring to a new scheme either in the UK or overseas. Text messaging, unsolicited phone calls and e-mails may be used to encourage members to participate in such arrangements.

This activity can have serious consequences, including tax consequences. HM Revenue and Customs (HMRC) will tax any cash payments that are paid illegitimately at a rate of 55% of the total value of pension's savings that are accessed in this way. Once your savings have been transferred it will not be possible to undo the transfer. In addition, large administrative fees may be charged by these companies as a condition for obtaining cash sums. The combination of fees paid and tax charges mean that very little of your pension savings will be left for your future needs.

Further guidance is available from the [Pensions Regulator](#) and [HMRC](#).

If you are thinking about transferring your pension you should consider taking professional financial advice before doing so.